

**ABBEVILLE HARBOR
AND
TERMINAL DISTRICT
Abbeville, Louisiana**

Financial Report

Years Ended December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Abbeville Harbor and Terminal District
P. O. Box 507
Abbeville, Louisiana 70510

Opinions

We have audited the accompanying financial statements of Abbeville Harbor and Terminal District (the District), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Abbeville Harbor and Terminal District, as of December 31, 2023, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Abbeville Harbor and Terminal District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Abbeville Harbor and Terminal District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Abbeville Harbor and Terminal District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Abbeville Harbor and Terminal District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the management's discussion and analysis on pages 4-6 and the schedule of proportionate share of net pension liability and schedule of contributions on pages 30-31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Abbeville Harbor and Terminal District's basic financial statements. The accompanying schedule of compensation, benefits and other payments to agency head, as listed in the Table of Contents, is presented for purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financials statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the schedule of compensation, benefits and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 18, 2024 on our consideration of the Abbeville Harbor and Terminal District's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana
April 18, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

As management of the Abbeville Harbor and Terminal District (District), we offer readers this narrative overview and analysis of the financial statements of the Abbeville Harbor and Terminal District for the year ended December 31, 2023. Please read it in conjunction with the District's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

The assets of the Abbeville Harbor and Terminal District exceeded its liabilities as of December 31, 2023 by approximately \$5.9 million (net position).

The forthcoming Debt Management Strategy (2024-2025) for our district is robust and forward-thinking. We anticipate no new debt issuances in the next 2-3 years, marking a significant phase of financial stability. Remarkably, we have managed to reduce our 2014 bond debt by 50% over the past decade, with full redemption targeted for 2034. Our financial health is underpinned by a consistent Ad Valorem revenue stream, which has been stable for the past 40 years, fully covering our bond obligations and contributing surplus funds to operational expenditures. Our revenue base is diversified, with 60 percent self-generated through port leases and marine access fees, and 40 percent derived from ad valorem and state revenue sharing.

The economic implications of recent developmental projects within our jurisdiction are promising. The establishment of facilities by Amazon and Starbucks Corporation is expected to boost property tax revenues and create numerous job opportunities. Additionally, a slight increase in oil and gas exploration activities could significantly enrich our Ad Valorem tax base, contingent on the productivity of the wells. The northern sector of our taxing district is witnessing residential and commercial growth, which is further complemented by the high-performing Vermilion Parish School district.

At the Port of Vermilion, significant capital enhancements have been made, including approximately \$750,000 investment in dredging projects. Our port tenants, traditionally linked to the oil and gas sectors, are diversifying their operations into alternative energy structure fabrication, reflecting a broadening of our industrial base.

In terms of valuation trends and future projections, despite a transient dip in 2022 valuations due to the dynamics of movable asset taxation, a rebound is already observable with a 4.5% increase in 2023. We anticipate a stable and gradually ascending trend in valuations, bolstered by the vitality of the real estate and energy sectors. Our financial resilience is further fortified by our strategic "Resilience Fund" and prudent investments in CDs and liquid assets, totaling \$1.1 million.

Looking ahead to Fiscal year 2024 and beyond, we expect stable revenues in 2024, with a projected 17% increase in 2024 driven by a refined investment strategy and operational expansion by our port tenants. Our forward-looking strategy is focused on maximizing rental income and achieving full port occupancy, which currently stands at 80%. Additionally, our tenants are engaging in new energy and regional industrial fabrication projects. These strategic initiatives and financial maneuvers underscore our commitment to fiscal prudence and growth, positioning the District for favorable growth in both the short and long term.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Abbeville Harbor and Terminal District's basic financial statements. The District is a special-purpose government engaged only in business-type activities.

The basic financial statements report information about the District using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position and a statement of cash flows.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing how the District's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The statement of cash flows presents changes in cash and cash equivalents from operational, financing, and investing activities. This statement presents cash receipt and disbursement information without consideration of the earnings event, when obligations arise, or depreciation of capital assets.

The basic financial statements can be found on pages 8-10 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 11-28 of this report. You should read the notes before making assumptions or drawing conclusions about the District's financial condition.

FINANCIAL ANALYSIS OF THE DISTRICT

The following table presents the condensed statement of net position as of December 31:

	<u>2023</u>	<u>2022</u>
Current assets	\$ 1,974,155	\$ 1,879,319
Net pension asset	-	89,833
Rent receivable	712,834	562,858
Capital assets	<u>7,637,465</u>	<u>8,019,663</u>
Total assets	<u>10,324,454</u>	<u>10,551,673</u>
Deferred outflows	<u>81,574</u>	<u>16,222</u>
Current liabilities	246,305	647,985
Lease liability	106,945	112,896
Bonds payable	3,131,562	3,382,613
Net pension liability	<u>39,561</u>	<u>-</u>
Total liabilities	<u>3,524,373</u>	<u>4,143,494</u>
Deferred inflows	<u>1,031,488</u>	<u>870,280</u>
Net position:		
Net investment in capital assets	4,153,007	4,288,415
Unrestricted	<u>1,697,160</u>	<u>1,265,706</u>
Total net position	<u>\$ 5,850,167</u>	<u>\$ 5,554,121</u>

As of December 31, 2023, the largest portion of the District's net position reflects its investment in capital assets net of depreciation and amortization (\$7.6 million) consisting of land, right of use lease asset, buildings, improvements and equipment. These assets are not available for future spending. At December 31, 2023, there was \$3,484,458 of outstanding debt related to the capital assets.

The following table shows condensed revenue and expense data for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Operating revenues	\$ 417,101	\$ 409,769
Operating expenses	<u>1,375,195</u>	<u>1,825,040</u>
Operating loss	(958,094)	(1,415,271)
Net nonoperating revenues	<u>1,254,140</u>	<u>494,002</u>
Net income (loss)	296,046	(921,269)
Net position, beginning of year	<u>5,554,121</u>	<u>6,475,390</u>
Net position, end of year	<u>\$ 5,850,167</u>	<u>\$ 5,554,121</u>

The District generates the majority of its revenue through the leasing of various lots at the Port of Vermilion. Leasing income for the year ended December 31, 2023 was \$363,398 compared to leasing income for the year ended December 31, 2022 of \$363,797. The District also generates revenue through rental income earned by renting unused office space at the District's administrative office building. Rental income was \$37,050 for the year ended December 31, 2023 and \$33,007 for the year ended December 31, 2022.

The District's net position increased \$296,046 for the year ended December 31, 2023.

CAPITAL AND DEBT ADMINISTRATION

Capital assets. The Abbeville Harbor and Terminal District's capital assets as of December 31, 2023 were \$7.6 million (net of accumulated depreciation). These balances include land, right of use lease asset, buildings, improvements and equipment.

Major capital assets include the following:

	<u>2023</u>	<u>2022</u>
Land	\$ 930,000	\$ 930,000
Land improvements	5,129,636	5,129,636
Bulkhead	11,549,524	11,549,524
Furniture and equipment	73,832	73,832
F.W. By Pass	253,486	253,486
Building and improvements	1,819,925	1,819,925
Boat Launch	708,226	708,226
Right of use lease - property	62,250	62,250
Port improvements	834,254	834,254
Accumulated depreciation	<u>(13,723,668)</u>	<u>(13,341,470)</u>
	<u>\$ 7,637,465</u>	<u>\$ 8,019,663</u>

Long-term debt. On October 7, 2015 Limited Tax bonds were issued with a principal amount of \$4,722,868 as discussed in Note 6.

REPORTS FOR INFORMATION

This financial report is designed to provide a general overview of the Abbeville Harbor and Terminal District's finances. Questions concerning this report or requests for additional information should be addressed to Mr. Nick Gautreaux, Executive Director, Abbeville Harbor and Terminal District, 124 North Street, Abbeville, LA 70510.

BASIC FINANCIAL STATEMENTS

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Statements of Net Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets:		
Cash	\$ 8,898	\$ 55,340
Interest-bearing deposits	495,807	1,194,482
Lamp investments	725,247	-
Receivables:		
Ad valorem taxes receivable	365,376	296,980
Rent receivable	324,165	290,421
Prepaid insurance	53,824	41,258
Other	838	838
Total Current Assets	1,974,155	1,879,319
Noncurrent Assets:		
Rent receivable	712,834	562,858
Net pension asset	-	89,833
Capital Assets		
Property, plant and equipment	21,361,133	21,361,133
Less accumulated depreciation	(13,723,668)	(13,341,470)
Net capital assets	7,637,465	8,019,663
Total Noncurrent Assets	8,350,299	8,672,354
Total Assets	10,324,454	10,551,673
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	81,574	16,222
LIABILITIES		
Current Liabilities:		
Accounts payable	354	412,246
Bond payable, due currently	240,000	230,000
Lease liability	5,951	5,739
Total Current Liabilities	246,305	647,985
Noncurrent Liabilities:		
Lease liability	106,945	112,896
Bonds payable net of premium	3,131,562	3,382,613
Net pension liability	39,561	-
Total Noncurrent Liabilities	3,278,068	3,495,509
Total Liabilities	3,524,373	4,143,494
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to leases	1,022,836	801,989
Deferred inflows related to pensions	8,652	68,291
Total deferred inflows	1,031,488	870,280
NET POSITION		
Net investment in capital assets	4,153,007	4,299,893
Unrestricted	1,697,160	1,254,228
Total Net Position	\$ 5,850,167	\$ 5,554,121

The accompanying notes are an integral part of this statement.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2023 and 2022

	2023	2022
OPERATING REVENUES:		
Leases and fees	\$ 417,101	\$ 409,769
OPERATING EXPENSES:		
Bad debt	48,851	-
Board meetings	5,136	4,700
Depreciation	382,198	384,042
Dues and subscriptions	7,049	7,034
Interest	123,005	130,980
Insurance	114,292	104,719
Janitorial	7,749	7,792
Land lease	372	-
Miscellaneous	3,213	3,335
Office supplies	12,256	12,638
Payroll taxes	17,806	14,821
Pension	3,604	(17,338)
Postage	3,533	784
Professional fees	68,115	77,811
Rent	3,360	3,360
Repairs and maintenance	323,645	870,765
Salaries	221,893	193,736
Telephone	7,853	7,329
Utilities	21,265	18,532
Total operating expenses	1,375,195	1,825,040
Operating loss	(958,094)	(1,415,271)
NON-OPERATING REVENUES (EXPENSES):		
Ad valorem taxes	425,901	390,162
State revenue sharing	31,159	31,699
Federal source	162,467	-
Interest income	53,190	37,697
Miscellaneous income	581,423	34,444
Total non-operating revenues	1,254,140	494,002
Change in net position	296,046	(921,269)
Total net position, beginning of year	5,554,121	6,475,390
Total net position, end of year	\$ 5,850,167	\$ 5,554,121

The accompanying notes are an integral part of this statement.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
 Abbeville, Louisiana
 Statements of Cash Flows
 Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 405,377	\$ 205,314
Interest paid	(123,005)	(130,980)
Payments to suppliers	(1,008,035)	(524,444)
Payments to employees and related benefits	(238,900)	(223,072)
Net cash used by operating activities	(964,563)	(673,182)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Ad valorem taxes	357,505	390,162
State revenue sharing	31,159	31,699
Federal sources	162,467	-
Other income	581,423	34,444
Net cash provided by noncapital financing activities	1,132,554	456,305
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	-	(17,624)
Net cash used by capital and related financing activities	-	(17,624)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments on bond	(241,051)	(236,051)
Interest received on interest bearing deposits	53,190	37,696
Net cash used by investing activities	(187,861)	(198,355)
Net increase (decrease) in cash and cash equivalents	(19,870)	(432,856)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,249,822	1,682,678
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,229,952	\$ 1,249,822
Reconciliation of Operating Loss to Net Cash		
Used by Operating Activities:		
Operating loss	\$ (958,094)	\$ (1,415,271)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation	382,198	384,042
(Increase) decrease in rent receivable	37,127	(204,455)
(Increase) decrease in prepaid expenses	(12,566)	(2,364)
Increase (decrease) in lease liabilities	(5,739)	(5,174)
Increase (decrease) in accounts payable	(411,892)	601,893
Increase (decrease) in pension obligations	4,403	(31,853)
Net cash used by operating activities	\$ (964,563)	\$ (673,182)

The accompanying notes are an integral part of statement.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Abbeville Harbor and Terminal District (District) is a political subdivision of the State of Louisiana created under Louisiana Revised Statute 34:333. The District is governed by a Board of Commissioners which consists of six members who serve without compensation. Any vacancy shall be filled by the board of commissioners, for the term of five years, from a panel of names submitted to them with two names submitted by the governing authority of the Town of Abbeville and the Police Jury of Vermilion Parish. The Board is responsible for the regulation of commerce and traffic within the harbor and terminal district.

The operations of the District, which oversee the Port of Vermilion, are managed through an executive director who also services as port director. The Port is located along the Vermilion River in Vermilion Parish and contains 100 acres of land consisting of various sites available for leasing.

The accounting and reporting policies of the Abbeville Harbor and Terminal District have been prepared in conformity with generally accepted accounting principles as applied to governmental units. Such accounting and reporting procedures also conform to the guides set forth in the industry audit guide, *Audits of State and Local Governmental Units* and the *Louisiana Governmental Audit Guide*. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles. The more significant of the District's accounting policies are described below:

Financial Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Abbeville Harbor and Terminal District. There are no component units of the Abbeville Harbor and Terminal District.

Fund Accounting

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

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The District has implemented GASB Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The accounting financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet.

Enterprise funds use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. The District’s Enterprise fund uses the following practices in recording certain revenues and expenses:

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

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

Encumbrance Accounting

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not employed by the District.

Cash and Interest-Bearing Deposits

Cash represents non-interest-bearing demand deposits.

Interest-bearing deposits include interest-bearing demand deposits and short-term time deposits. These interest-bearing deposits are stated at cost which approximates market.

Under state law, the District may deposit funds with a fiscal bank organized under the laws of the State of Louisiana, the laws of any other state in the union or the laws of the United States. Further, the District may invest in time deposits or certificates-of-deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

For the purpose of the statement of cash flows, the District considers only interest-bearing deposits with an initial maturity date of 90 days or less and all non-interest-bearing demand deposits to be cash and cash equivalents.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Under state law, the District may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. All of the District's investments are in LAMP, which are stated at fair value.

Fixed Assets

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

Machinery and Equipment	5 years
Buildings	30 years
Improvements	20-30 years

Prepaid Rent

Revenues collected during the year that are not earned during the operations of the current period are reported as prepaid revenues and are recognized as operating revenues in a subsequent period.

Bonds and related premium

In the financial statements the bond is reported net of the premium which is deferred and amortized over the life of the bonds.

Compensated Absences

The District has two full-time employees, but has not adopted a formal policy on vacation and sick leave. Annual vacation and sick leave are granted at the discretion of the Board.

Due to uncertainty of actual amounts which will be paid for vacation and sick leave, no accruals have been made at December 31, 2023 and 2022 for such absences.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)

Net Position

Restrictions represent those portions of fund equity not appropriable for general expenditures and are legally segregated for specific future use. The District used restricted assets only when unrestricted assets are fully depleted.

Capitalization of Interest Expense

It is the policy of the Abbeville Harbor and Terminal District to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. There was no interest capitalized during the years ended December 31, 2023 and 2022.

Accounting Estimates

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

Leases

The District applies the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The application of GASB Statement No. 87 resulted in the recognition of a lease receivable of \$1,022,836 and \$801,989 and deferred inflow of resources related to leases of \$1,022,836 and \$801,989 as of December 31, 2023 and 2022, respectively.

Subsequent Events

Management has evaluated events subsequent to the balance sheet through April 18, 2024, the date the financial statements were available to be issued.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 2 AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. These taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year. During the years ended December 31, 2023 and 2022, the District was authorized, and levied, 3.28 and 3.28 mill ad valorem taxes, respectfully.

NOTE 3 CASH AND INTEREST-BEARING DEPOSITS

As reflected, the Abbeville Harbor and Terminal District has cash and interest-bearing deposits (book balances) as follows:

	2023	2022
Demand deposits	\$ 8,898	\$ 55,340
Interest-bearing deposits	495,807	1,194,482
Totals	<u>\$ 504,705</u>	<u>\$ 1,249,822</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) are secured as follows:

	2023	2022
Bank balances	\$ 1,258,245	\$ 1,268,286
Federal deposit insurance	271,398	555,340
Balance uninsured	986,847	712,946
Pledged securities (category 3)	2,910,113	3,261,207
Excess FDIC insurance and pledged securities over cash and investments	<u>\$ 1,923,266</u>	<u>\$ 2,548,261</u>

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the pledging institution, or by its trust department or agent, but not in the District's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 3 CASH AND INTEREST-BEARING DEPOSITS (Continued)

At December 31, 2023, interest-bearing deposits consisted of the following:

	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Now Accounts	N/A	N/A	Various	\$ 8,898
Certificate of Deposit	1 year	12/29/2023	2.50%	<u>\$ 495,807</u>
Total				<u><u>\$ 504,705</u></u>

NOTE 4 INVESTMENTS

The District can invest in securities of the United States Government, unless such an investment is expressly prohibited by law. Investments held at December 31, 2023 consist of \$725,247 in the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local government in Louisiana are authorized to invest in accordance with Louisiana R.S. 33:2955.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools.

Credit Risk – LAMP is rated AAAM by Standard & Poor’s.

Custodial credit risk – LAMP participants’ investments in the pool are evidenced by shares of pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity’s investment is with the pool, not with the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk – Pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk – LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP’s total investments is 52 days as of December 31, 2023.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 4 INVESTMENTS (Continued)

Foreign currency risk – Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

NOTE 5 CAPITAL ASSETS

A summary of changes in the proprietary fund type property, plant and equipment is as follows:

	Balance December 31, 2022	Additions	Deductions	Balance December 31, 2023
Land	\$ 930,000	\$ -	\$ -	\$ 930,000
Land improvements	5,129,636	-	-	5,129,636
Bulkhead	11,549,524	-	-	11,549,524
Furniture and equipment	73,832	-	-	73,832
F.W. By Pass	253,486	-	-	253,486
Building and improvements	1,819,925	-	-	1,819,925
Boat Launch	708,226	-	-	708,226
Port improvements	834,254	-	-	834,254
Right of use lease - property	62,250	-	-	62,250
	<u>21,361,133</u>	-	-	<u>21,361,133</u>
Accumulated depreciation and amortization	<u>(13,341,470)</u>	<u>(382,198)</u>	-	<u>(13,723,668)</u>
Net property, plant and equipment	<u>\$ 8,019,663</u>	<u>\$ (382,198)</u>	<u>\$ -</u>	<u>\$ 7,637,465</u>

NOTE 6 LONG TERM DEBT

	<u>2023</u>	<u>2022</u>
Limited tax bonds, Series 2014, issued October 7, 2014, with a principal amount of \$4,920,000, payable in 39 semi- annual installments due March 1 and September 1 of each year beginning 2016 with interest varying between 2% and 4% per annum, payable solely from and secured by a lien upon and a pledge of ad valorem taxes. The bond was issued with a premium of \$209,970.	\$ 3,371,562	\$ 3,612,613
Less current maturities	<u>240,000</u>	<u>230,000</u>
	<u>\$ 3,131,562</u>	<u>\$ 3,382,613</u>

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 6 LONG TERM DEBT (Continued)

The annual requirements to amortize debt outstanding at December 31, 2023, are as follows:

Fiscal Year Ending December 31,	Principal	Interest
2024	\$ 240,000	\$ 120,075
2025	250,000	110,275
2026	260,000	100,075
2027	270,000	89,475
2028	285,000	78,375
Thereafter	<u>1,945,000</u>	<u>218,513</u>
Totals	<u>\$ 3,250,000</u>	<u>\$ 716,788</u>

NOTE 7 LEASE OF LAND BY DISTRICT

The District's current lease agreement is summarized as follows:

	Commencement Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance at December 31, 2023
Property/land	1/1/1988	various	various	3.70%	<u>\$ 194,532</u>	<u>\$ 112,896</u>

The District is presently leasing five acres of land from Weill Enterprises for a primary period of ten years with the option of renewing the lease for an additional eight successive terms of five years each immediately following the primary term. The current lease has been extended to 2027 and future renewals are deemed probable through 2038.

Year Ending December 31,	Principal	Interest	Total
2024	5,951	4,177	10,128
2025	6,171	3,957	10,128
2026	6,399	3,729	10,128
2027	6,636	3,492	10,128
2028	7,254	3,246	10,500
2029-2034	50,220	13,468	63,688
2035-2039	<u>30,265</u>	<u>2,267</u>	<u>32,532</u>
	<u>\$ 112,896</u>	<u>\$ 34,336</u>	<u>\$ 147,232</u>

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 8 LEASES OF LAND AND FACILITIES TO OTHERS

The District is a lessor in a number of lease agreements summarized as follows:

The District leases office space under a 5 year cancellable operating lease effective July 1, 2022 and ending on June 30, 2027. Rental installment payments are due in advance in the amount of \$850 per month.

The District leases office space under a 5 year cancellable operating lease effective March 1, 2023 and ending on February 28, 2028. Rental installment payments are due in advance in the amount of \$1,549 per month.

The District leases office space under a 4 year cancellable operating lease effective January 1, 2020 and ending on December 31, 2023. Rental installment payments are due in advance in the amount of \$470 per month.

The District leases office space under a 4 year cancellable operating lease effective January 1, 2020 and ending on December 31, 2023. Rental installment payments are due in advance in the amount of \$470 per month.

The District leases port property under a 5 year cancellable operating lease effective July 1, 2019 and ending on June 30, 2024. Rental installment payments are due in advance in the amount of \$1,584 per month.

The District leases port property under a 5 year cancellable operating lease effective May 1, 2021 and ending on April 30, 2026. Rental installment payments are due in advance in the amount of \$7,346 per month.

The District leases port property under a 5 year cancellable operating lease effective November 1, 2023 and ending on October 31, 2028. Rental installment payments are due in advance in annually graduated payment amounts of \$2,900 to \$3,264 per month.

The District leases port property under a 5 year cancellable operating lease effective April 1, 2018 and ending on March 31, 2028. Rental installment payments are due in advance in the amount of \$3,924 per month.

The District leases port property under a 5 year cancellable operating lease effective December 1, 2021 and ending on November 31, 2026. Rental installment payments are due in advance in the amount of \$7,524 per month.

The District leases port property under a 3 year cancellable operating lease effective October 1, 2021 and ending on September 30, 2024. Rental installment payments are due in advance in the amount of \$4,287 per month.

The District leases port property under a 5 year cancellable operating lease effective October 1, 2021 and ending on September 30, 2026. Rental installment payments are due in advance in annually graduated payment amounts of \$2,806 to \$3,037 per month.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 8 LEASES OF LAND AND FACILITIES TO OTHERS (Continued)

The minimum future rental income on noncancelable operating leases of office space at the District Office Building are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 41,122	\$ 5,666	\$ 46,788
2025	42,666	4,122	46,788
2026	44,272	2,516	46,788
2027	40,799	889	41,688
2028	<u>3,084</u>	<u>14</u>	<u>3,098</u>
Total minimum future rentals	<u>\$ 171,943</u>	<u>\$ 13,207</u>	<u>\$ 185,150</u>

The minimum future rental income on noncancelable operating leases of land and facilities to others at the Port of Vermilion are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 268,880	\$ 26,692	\$ 295,572
2025	231,597	17,637	249,234
2026	176,526	9,538	186,064
2027	123,067	4,362	127,429
2028	<u>50,823</u>	<u>775</u>	<u>51,598</u>
Total minimum future rentals	<u>\$ 850,893</u>	<u>\$ 59,004</u>	<u>\$ 909,897</u>

Although the District anticipates all leases will be renewed, the above figures do not reflect the various renewal options provided to the lessees in lease agreements.

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ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 9 PENSION PLAN

Parochial Employees' Retirement System of Louisiana (System)

Plan Description

All of the District's employees are members of the Parochial Employees' Retirement System of Louisiana, Plan B. In addition to employee payroll deductions, the District's funds are remitted to the retirement system and are recorded as expenditures.

The retirement system is a cost-sharing multiple-employer, statewide defined benefit retirement system which is administered and controlled by a separate board of trustees and was established and provided for by R.S.11:1901 of the Louisiana Revised Statute (LRS). Contributions of participating agencies are pooled within the system to fund accrued benefits, with contribution rates approved by the Louisiana legislature. The District does not guarantee the benefits granted by the retirement system. The payroll qualified to be covered by the system for the year ended December 31, 2022 was approximately \$193,736.

Retirement Benefits

Employees can retire once they meet the following criteria:

For employees hired prior to January 1, 2007:

1. Age 55 with 30 years of creditable service.
2. Age 60 with a minimum of 10 years of creditable service.
3. Age 65 with a minimum of 7 years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

The monthly amount of the retirement allowance shall consist of an amount equal to two percent of the members' final average compensation multiplied by his years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits

Members need ten (10) years of service to be eligible for survivor benefits. Upon the death of any member with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage, of the remarriage occurs before age 55.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 9 PENSION PLAN (Continued)

Deferred Retirement Option Plan

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member who is eligible to retire may elect to participate in the (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits

A plan member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

Cost of Living Increases

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 9 PENSION PLAN (Continued)

In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (R.S. 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Contributions

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2022, the actuarially determined contribution rate was 4.93% of member's compensation. However, the actual rate for the fiscal year ending December 31, 2022, was 7.50%.

According to state statute, the System also receives one fourth of one percent of ad valorem taxes collected within the respective parish. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing are in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

The District's contribution requirements for the years ended December 31, 2023, 2022, and 2021 were \$16,665, \$13,771 and \$13,721, respectively.

Schedule of Employer Allocations

The schedule of employer allocations reports the required projected employer contributions, in addition to the employer allocation percentage. The required projected employer contributions are used to determine the proportionate relationship of each employer to all employers of Parochial Employee's Retirement System of Louisiana. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of pension amounts.

The allocation method used in determining each employer's proportion was based on the employer's projected contribution effort to the plan for the next fiscal year as compared to the total of all employers' projected contribution effort to the plan for the next fiscal year. The projected contribution effort was actuarially determined by the System's actuary.

The employer's projected contribution effort was calculated by multiplying the projected future compensation of active members in the System on December 31, 2022, by the next fiscal year's employer's actuarially required contribution rate. Projected future compensation was calculated by multiplying compensation by a payroll factor. Compensation was determined as follows:

1. Actual earned compensation for active members enrolled in the System the entire fiscal year, plus;

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 9 PENSION PLAN (Continued)

2. Annualized compensation for active members on December 31, 2022, enrolled in the System for a portion of the fiscal year. Annualized compensation was calculated using actual compensation and the employee's date of hire.

The payroll factor was actuarially determined using salary assumptions for expected net changes in active members plus expected new hires and their payroll over the next fiscal year.

The next fiscal year's employer's actuarially required contribution rate is 7.50%.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At December 31, 2022, the District reported a liability of \$39,561 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2022, the District's proportion was 0.166160%, which was an increase of 0.005403% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2022, the District recognized pension expense of \$14,515 and \$2,648 as its proportionate share of non-employer contributions for the year ended December 31, 2022.

At December 31, 2022, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 823	\$ 7,936
Changes of assumptions	1,865	-
Net difference between projected and actual earnings on pension plan investments	62,221	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	716
Employer contributions subsequent to the measurement date	<u>16,665</u>	<u>-</u>
Total	<u>\$ 81,574</u>	<u>\$ 8,652</u>

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 9 PENSION PLAN (Continued)

Deferred outflows of resources related to the pensions resulting from the District's contributions subsequent to the measurement date in the amount of \$16,665 will be recognized as a reduction of the net pension liability during the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending <u>December 31,</u>	
2023	\$ (150)
2024	8,641
2025	20,294
2026	<u>27,472</u>
Total	<u>\$ 56,257</u>

Actuarial Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components of the net pension asset of the System's employers as of December 31, 2022, are as follows:

Total Pension Liability	\$ 414,535,459
Plan Fiduciary Net Position	<u>390,726,543</u>
Total Net Pension Asset	<u>\$ 23,808,916</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2022, are as follows:

Valuation date	December 31, 2022
Actuarial cost method	Entry Age Normal
Investment rate of return	6.40% (Net of investment expense, including inflation)
Expected remaining service lives	4 years
Projected salary increases	4.25%

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 9 PENSION PLAN (Continued)

Cost of living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Mortality rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality Lives Mortality Table was selected for disabled annuitants.
Inflation rate	2.30%

The discount rate used to measure the total pension liability was 6.40%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement System’s Actuarial Committee. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.10 % and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.70% for the year ended December 31, 2022.

Best estimates of arithmetic real rates of return for each major asset class included in the System’s target asset allocation as of December 31, 2022 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed income	33%	1.17%
Equity	51%	3.58%
Alternatives	14%	0.73%
Real assets	<u>2%</u>	<u>0.12%</u>
Totals	<u>100%</u>	<u>5.60%</u>

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 9 PENSION PLAN (Continued)

Inflation	<u>2.10%</u>
Expected Arithmetic Nominal Return	<u>7.70%</u>

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was then assigned credibility weighing and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System’s liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

Sensitivity to Changes in the Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.40%, as well as what the employer’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.40% or one percentage point higher 7.40% that the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	<u>5.40%</u>	<u>6.40%</u>	<u>7.40%</u>
Net Pension Liability (Asset)	\$ 128,013	\$ 39,561	\$ (34,481)

Change in Net Pension Liability

The changes in the net pension liability for the year ended December 31, 2022 were recognized in the current reporting period as pension expense.

Change in Proportion:

Changes in the employer’s proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer’s pension expense (benefit) using a straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

Contributions – Proportionate Share

Differences between contributions remitted to the System and the employer’s proportionate share are recognized in pension expense/(benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 9 PENSION PLAN (Continued)

Retirement System Audit Report

The Parochial Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. Access to the audit report can be found on the System's website: www.persla.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

NOTE 10 POST EMPLOYMENT BENEFITS

The District does not provide any postretirement healthcare or life insurance benefits.

NOTE 11 LITIGATION

There is no litigation pending against the District at December 31, 2023 and 2022.

NOTE 12 COMPENSATION PAID TO MEMBERS OF THE BOARD OF COMMISSIONERS

The commissioners of the District did not receive any compensation during the years ended December 31, 2023 and 2022.

REQUIRED SUPPLEMENTARY INFORMATION

ABBEVILLE HARBOR AND TERMINAL DISTRICT
 Abbeville, Louisiana
 Schedule of Proportionate Share of Net Pension Liability
 Year Ended December 31, 2023

Year Ended	Proportion of the net pension liability	Proportionate share of the net pension asset (liability)	Covered employee payroll	Share of the net pension liability as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension asset (liability)
December 31, 2015	0.184907%	\$ (514)	\$169,558	-0.30%	-99.89%
December 31, 2016	0.176409%	\$ (31,409)	\$170,221	-18.45%	-93.48%
December 31, 2017	0.170876%	\$ (22,198)	\$174,865	-12.69%	-95.50%
December 31, 2018	0.169822%	\$ 21,367	\$178,362	11.98%	104.02%
December 31, 2019	0.170491%	\$ (46,061)	\$179,707	-25.63%	-91.93%
December 31, 2020	0.161750%	\$ 11,702	\$182,412	6.42%	102.05%
December 31, 2021	0.159734%	\$ 41,008	\$221,893	18.48%	94.26%
December 31, 2022	0.160757%	\$ 89,833	\$193,531	46.42%	114.20%
December 31, 2023	0.166160%	\$ 39,561	\$193,736	20.42%	94.26%

ABBEVILLE HARBOR AND TERMINAL DISTRICT
 Abbeville, Louisiana
 Schedule of Contributions
 Year Ended December 31, 2023

Year Ended	Statutory required contribution	Contributions relative to statutorily required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
December 31, 2015	\$ 12,005	\$ 12,005	-	\$169,558	7.08%
December 31, 2016	\$ 15,260	\$ 15,260	-	\$170,221	8.96%
December 31, 2017	\$ 13,618	\$ 13,618	-	\$174,865	7.79%
December 31, 2018	\$ 13,777	\$ 13,777	-	\$178,362	7.72%
December 31, 2019	\$ 13,478	\$ 13,478	-	\$179,707	7.50%
December 31, 2020	\$ 13,721	\$ 13,721	-	\$182,412	7.52%
December 31, 2021	\$ 13,771	\$ 13,771	-	\$221,893	6.21%
December 31, 2022	\$ 13,771	\$ 13,771	-	\$193,531	7.12%
December 31, 2023	\$ 14,515	\$ 14,515	-	\$193,736	7.49%

OTHER SUPPLEMENTAL SCHEDULE

ABBEVILLE HARBOR AND TERMINAL DISTRICT
 Abbeville, Louisiana
 Schedule of Compensation, Benefits and Other Payments to Agency Head
 Year Ended December 31, 2023

Executive Director James W. Campbell
 January 1, 2023 – September 31, 2023

Purpose	Amount
Salary	\$ 133,637
Benefits - Insurance	11,145
Benefits - Retirement	10,036
Cell phone	1,881
Total	\$ 156,699

Executive Director Nick Gautreaux
 October 1, 2023 – December 31, 2023

Purpose	Amount
Salary	\$ 23,750
Benefits - Insurance	3,825
Benefits - Retirement	713
Total	\$ 28,288

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER GRANT INFORMATION**

Independent Auditor’s 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*

Board of Commissioners
Abbeville Harbor and Terminal District
Abbeville, Louisiana

We have audited, in accordance with the 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, the financial statements of the business-type activities the Abbeville Harbor and Terminal District (the District) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated April 18, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District ’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District’s internal control. Accordingly, we do not express an opinion on the effectiveness of District’s internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did consider the deficiency described as item 2023-001 in the accompanying schedule of findings and responses to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether District's financial statements are free from 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*.

District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Darnall, Sikes, & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana

April 18, 2024

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Schedule of Findings and Responses
Year Ended December 31, 2023

SECTION 1 SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Auditor's Report

An unmodified opinion has been issued on the Abbeville Harbor and Terminal District's financial statements as of and for the year ended December 31, 2023.

Deficiencies and Material Weakness in Internal Control – Financial Reporting

A material weakness in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as item 2023-001 in Section 2.

Material Noncompliance – Financial Reporting

No instance of noncompliance material to the financial statements was noted during the audit of the financial statements.

FEDERAL AWARDS

Major Program Identification

This section is not applicable for the year ended December 31, 2023.

SECTION 2 FINDINGS RELATING TO THE AUDIT IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

2023-001 Segregation of Duties

Criteria: Effective internal controls require adequate segregation of duties to allow for prevention and detection of errors and possible misappropriation of funds.

Condition: Due to the limited number of personnel, two individuals are responsible for all the key functions of the Port.

Effect: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Finding: Due to the small number of personnel, the Abbeville Harbor and Terminal District did not have adequate segregation of duties within the accounting department.

Recommendation: Based on the size of the operation and the cost benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

ABBEVILLE HARBOR AND TERMININAL DISTRICT
Abbeville, Louisiana

Schedule of Findings and Responses (Continued)
Year Ended December 31, 2023

SECTION 3 FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL PROGRAMS

At December 31, 2023, the Abbeville Harbor and Terminal District did not meet the requirements to have a single audit in accordance with OMB Uniform Guidance; therefore, this section is not applicable.

SECTION 4 MANAGEMENT LETTER

The auditor did not issue a management letter this year.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Schedule of Prior Year Findings
Year Ended December 31, 2023

2022-001 Findings: Segregation of Duties

Status: This finding is unresolved. See current year finding 2023-001.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Corrective Action Plan
Year Ended December 31, 2023

Response to findings:

2023-001 Segregation of Duties

Based on the size of the operation and the cost-benefit of additional personnel, it is not feasible to achieve complete segregation of duties. However, additional policies, procedures, and compensating controls are being designed and implemented in order to mitigate the lack of segregation of duties prospectively.



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Governing Board of Abbeville Harbor and Terminal District (District) and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. The District's management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) *Written Policies and Procedures*

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
No exceptions noted.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
No exceptions noted.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
Written policies and procedures were obtained and do not address the functions noted above.

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Written policies and procedures were obtained and do not address the functions noted above.

- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

Written policies and procedures were obtained and do not address the functions noted above.

- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Written policies and procedures were obtained and do not address the functions noted above.

- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Written policies and procedures were obtained and do not address the functions noted above.

- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Written policies and procedures were obtained and do not address the functions noted above.

- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Written policies and procedures were obtained and do not address the functions noted above.

- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Written policies and procedures were obtained and do not address the functions noted above.

- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Written policies and procedures were obtained and do not address the functions noted above.

- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No exceptions noted.

2) **Board or Finance Committee**

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions noted.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

There is only a proprietary fund, and there were no budget-to-actual comparisons identified for any of the twelve meetings held during the fiscal period.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

The District does not have a general fund; therefore, this section is not applicable.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No exceptions noted.

3) **Bank Reconciliations**

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

No exceptions noted.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

Bank reconciliations do include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation; however, the date of review is not documented.

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Management does not have documentation to reflect that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date for one of the bank accounts.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Obtained a listing of deposit sites for the fiscal period, and management provided representation that the listing is complete. Selected all deposit sites as there were less than 5.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

- i. Employees responsible for cash collections do not share cash drawers/registers;

No exceptions noted.

- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

No exceptions noted.

- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

No exceptions noted.

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions noted.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

No exceptions noted.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and
- i. Observe that receipts are sequentially pre-numbered.
Not applicable as all collections tested were noncash and are checks through the mail.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exceptions noted.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
No exceptions noted.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
No exceptions noted.
 - v. Trace the actual deposit per the bank statement to the general ledger.
No exceptions noted.

5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
Obtained a listing of locations that process payments for the fiscal period, and management provided representation that the listing is complete. Selected all locations that process payments as there were less than 5.
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
No exceptions noted.
 - ii. At least two employees are involved in processing and approving payments to vendors;
No exceptions noted.
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
No exceptions noted.

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

No exceptions noted.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions noted.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions noted.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions noted.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Obtained from management a listing of all active cards for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards, and management provided representation that the listing is complete.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

No exceptions noted.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

No exceptions noted.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

Management asserted that they did not have any travel and travel-related expense reimbursements during the fiscal period.

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
 - i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8) *Contracts*

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
None of the contracts tested were subject to Louisiana Public Bid Law.
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
No exceptions noted.
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
There were no contracts amended.
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.
No exceptions noted.

9) *Payroll and Personnel*

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
Obtained a listing of employees and officials employed during the fiscal period, and management provided representation that the listing is complete. The District only has three employees. Agreed paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
No exceptions noted.
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
No exceptions noted.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
Observed that there was no leave accrued or taken during the pay period tested.
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
No exceptions noted.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
Management asserted that there were no employees or officials that received termination payments during the fiscal period.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.
Management provided representation that employer and employee portions of third-party payroll related amounts have been paid, and associated forms have been filed, by required deadlines.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
No exceptions noted.
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
Not applicable as the District did not change their ethics policy during the fiscal period.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.
No exceptions noted.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing,

obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Management asserted that there were no bonds/notes and other debt instruments issued during the fiscal period.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

No exceptions noted.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Management asserted that there were no misappropriations of public funds and assets during the fiscal period.

- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active

antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Management asserted that there were no such employees noted.

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

1. Hired before June 9, 2020 - completed the training; and
2. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

There was no cybersecurity training documentation available to demonstrate that the employees with access to the District's information technology assets have completed cybersecurity training as required by R.S. 42:1267.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

No exceptions noted.

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exceptions noted.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

The following requirements were observed in the annual sexual harassment report.

- i. Number and percentage of public servants in the agency who have completed the training requirements;
- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

- v. Amount of time it took to resolve each complaint.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants
Eunice, Louisiana

April 18, 2024



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April 9, 2024

Darnall, Sikes & Frederick
A Corporation of Certified Public Accountants
Eunice, Louisiana

The following is management's response to the 2023 AUP report submitted for the Abbeville Harbor and Terminal District.

Written Policies and Procedures

- 1A. The District does have written policies and procedures that address the areas of budgeting, purchasing, and prevention of sexual harassment; however the District has not completed other functions noted with in the Statewide Agree-upon Procedures.

Response:

The District is completing the remaining AUP's.

Board

- 2Aii. There were no quarterly budget-to-actual comparisons identified for any of the twelve meetings held during the fiscal period.

Response:

As of January 2024, the Board remembers receive a financial packet inclusive of budget to actual comparisons.

Bank Reconciliations

- 3Aii. Bank reconciliations do include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation; however, the date of review is not documented.

Response:

As of January 2024, AHTD has added prepared by and approved by signatures and handwritten dates to QB bank reconciliation.

- 3Aiii. Management does not have documentation to reflect that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Response:

Management has added the above recommendation to its monthly close out of financials.

Information Technology Disaster Recovery/Business Continuity

13C. There was no cybersecurity training documentation available to demonstrate that the employees with access to the District's information technology assets have completed cybersecurity training as required by R.S. 42:1267.

Response:

Management has added Cybersecurity training to 2024 policy.