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

Financial Report

For The Years Ended December 31, 1995 and 1994

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

Release Date 7-31-96

# DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

(A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS)

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Jennifer S. Ziegler, CPA  
P. Troy Courville, CPA  
Stephen R. Dischler, MBA, CPA  
Douglas D. Marcantel, CPA

James Campbell, Executive Director  
and Members of the Board of Commissioners  
Abbeville Harbor and Terminal District  
Abbeville, Louisiana

During the course of our audit of the financial statements of the Abbeville Harbor and Terminal District as of and for the years ended December 31, 1995 and 1994, we observed certain conditions which we wish to submit for your consideration in an effort to improve accounting and internal control. Although these conditions are not of a nature that would affect our opinion on the financial statements, we do feel that they are of significant importance and should be brought to your attention in order that you may consider appropriate action.

The following recommendations are intended to help the District operate more effectively and should provide improved efficiency and better control over the assets of the District:

1. Failure to Follow the Budget Process for Public Participation and Inspection

Louisiana Statute R.S. 39:1305 and R.S. 39:1306 state that the budgetary practice includes public notice for the proposed budget, public inspection of the proposed budget, and the public hearings on the budget.

We recommend that in the future the District comply with the public participation statutes stated above.

2. Violation of Budget Law

Special Revenue Fund revenues were less than budgeted revenues by an amount in excess of five percent which is a violation of Louisiana Revised Statute 39:1310.

We recommend that in the future that the District comply with the above statute for both revenues and expenditures.

MEMBER OF  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

We would like to express our appreciation to you and your office staff for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing our recommendation, please feel free to contact us.

*Darnall, Sikes, Kolder, Frederick & Rainey*

A Corporation of Certified Public Accountants

Abbeville, Louisiana  
May 10, 1996

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## INDEPENDENT AUDITOR'S REPORT

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Board of Commissioners  
Abbeville Harbor and Terminal District  
P. O. Box 507  
Abbeville, Louisiana 70511

We have audited the accompanying general purpose financial statements of the Abbeville Harbor and Terminal District as of December 31, 1995 and for the years ended December 31, 1995 and 1994 as listed in the table of contents. These financial statements are the responsibility of the Abbeville Harbor and Terminal District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Abbeville Harbor and Terminal District, as of December 31, 1995 and the results of its operations and the cash flows of its proprietary fund for the years ended December 31, 1995 and 1994 in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated May 10, 1996 on our consideration of the Abbeville Harbor and Terminal District's internal control structure and a report dated May 10, 1996 on its compliance with laws and regulations.

*Darnall, Sikes, Kolder, Frederick & Rainey*

A Corporation of Certified Public Accountants

Abbeville, Louisiana  
May 10, 1996

MEMBER OF  
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ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Combined Balance Sheet - All Fund Type and Account Groups  
December 31, 1995

	Governmental Fund Type	
	General Fund	Special Revenue Fund
<b>ASSETS</b>		
Cash	\$ 18,581	\$ 134
Interest-bearing deposits	402,716	-
Receivables:		
Ad valorem taxes	178,045	-
State revenue sharing	16,758	-
Other assets	1,005	-
Land, buildings and equipment (net of accumulated depreciation where applicable)	-	-
Amount to be provided for retirement of general long-term debt	-	-
	\$617,105	\$ 134
<b>LIABILITIES AND FUND EQUITY</b>		
Liabilities:		
Accounts payable	\$ 8,601	\$ -
Capital leases payable	-	-
1991 Certificates of indebtedness payable	-	-
1994 Certificates of indebtedness payable	-	-
Total liabilities	8,601	-
Fund equity:		
Investment in general fixed assets	-	-
Contributed capital	-	-
Retained earnings-unreserved-undesignated	-	-
Fund balances -		
Reserved for debt service	100	-
Unreserved-undesignated	608,404	134
Total fund equity	608,504	134
Total liabilities and fund equity	\$617,105	\$ 134

The accompanying notes constitute an integral part of this statement.



Proprietary Fund Type Port of Vermilion Enterprise Fund	Account Groups		Total (Memorandum Only) 1995
	General Fixed Assets	General Long-term Debt	
\$ 26,868	\$ -	\$ -	\$ 45,583
367,579	-	-	770,295
-	-	-	178,045
-	-	-	16,758
-	-	-	1,005
5,852,239	1,168,169	-	7,020,408
-	-	470,000	470,000
<u>\$6,246,686</u>	<u>\$1,168,169</u>	<u>\$470,000</u>	<u>\$8,502,094</u>
\$ 224	\$ -	\$ -	\$ 8,825
-	-	-	-
-	-	-	-
-	-	470,000	470,000
<u>224</u>	<u>-</u>	<u>470,000</u>	<u>478,825</u>
-	1,168,169	-	1,168,169
5,860,245	-	-	5,860,245
386,217	-	-	386,217
-	-	-	100
-	-	-	608,538
<u>6,246,462</u>	<u>1,168,169</u>	<u>-</u>	<u>8,023,269</u>
<u>\$6,246,686</u>	<u>\$1,168,169</u>	<u>\$470,000</u>	<u>\$8,502,094</u>

ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -  
All Governmental Fund Types  
For the Years Ended December 31, 1995 and 1994

	1995		
	General Fund	Special Revenue Fund	Total (Memorandum Only)
Revenues:			
Taxes - Ad valorem	\$188,295	\$ -	\$188,295
Intergovernmental revenues - State Funds -			
State revenue sharing	16,758	-	16,758
Shoreline protection	-	-	-
Interest earnings	20,227	-	20,227
Other revenues	<u>37,503</u>	-	<u>37,503</u>
Total revenues	<u>262,783</u>	<u>-</u>	<u>262,783</u>
Expenditures:			
Current -			
General government:			
Legislative	2,317	-	2,317
Financial and administrative	141,859	-	141,859
Shoreline protection	965	-	965
Other general government	-	-	-
Capital outlay	1,108	-	1,108
Economic development and assistance	4,744	-	4,744
Debt service -			
Principal - Capital leases	568	-	568
Interest - Capital leases	61	-	61
Principal - Certificates of indebtedness	40,000	-	40,000
Interest - Certificates of indebtedness	25,725	-	25,725
Other expenditures	<u>6,112</u>	-	<u>6,112</u>
Total expenditures	<u>223,459</u>	<u>-</u>	<u>223,459</u>
Excess of revenues over expenditures	<u>39,324</u>	<u>-</u>	<u>39,324</u>
Other financing sources (uses):			
Payment to refunded bond escrow agent	-	-	-
Proceeds of refunding bonds	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	39,324	-	39,324
Fund balance, beginning	<u>569,180</u>	<u>134</u>	<u>569,314</u>
Fund balance, ending	<u>\$608,504</u>	<u>\$ 134</u>	<u>\$608,638</u>

The accompanying notes constitute an integral part of this statement.



1994		
General Fund	Special Revenue Funds	Total (Memorandum Only)
\$194,949	\$ -	\$ 194,949
24,308	-	24,308
-	1,775,098	1,775,098
14,290	-	14,290
198,030	-	198,030
<u>431,577</u>	<u>1,775,098</u>	<u>2,206,675</u>
2,756	-	2,756
168,428	-	168,428
171,256	-	171,256
-	1,775,098	1,775,098
337,608	-	337,608
6,754	-	6,754
905	-	905
184	-	184
20,000	-	20,000
21,331	-	21,331
6,086	-	6,086
<u>735,308</u>	<u>1,775,098</u>	<u>2,510,406</u>
<u>(303,731)</u>	<u>-</u>	<u>(303,731)</u>
(185,000)	-	(185,000)
510,000	-	510,000
<u>325,000</u>	<u>-</u>	<u>325,000</u>
21,269	-	21,269
<u>547,911</u>	<u>134</u>	<u>548,045</u>
<u>\$569,180</u>	<u>\$ 134</u>	<u>\$ 569,314</u>

ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget (GAAP Basis) and Actual - All Governmental Fund Types  
For the Years Ended December 31, 1995 and 1994

	1995					
	General Fund			Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes - Ad valorem	\$179,568	\$188,295	\$ 8,727	\$ -	\$ -	\$ -
Intergovernmental revenues - State Funds-						
State revenue sharing	16,224	16,758	534	-	-	-
Shoreline protection	-	-	-	-	-	-
Interest earnings	19,521	20,227	706	-	-	-
Other revenues	37,502	37,503	1	-	-	-
Total revenues	<u>252,815</u>	<u>262,783</u>	<u>9,968</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>						
Current -						
General government:						
Legislative	3,000	2,317	683	-	-	-
Financial and administrative	151,550	141,859	9,691	-	-	-
Shoreline protection	-	965	(965)	-	-	-
Other general government	-	-	-	-	-	-
Capital outlay	-	1,108	(1,108)	-	-	-
Economic development and assistance	5,000	4,744	256	-	-	-
Debt service -						
Principal - Capital leases	-	568	(568)	-	-	-
Interest - Capital leases	-	61	(61)	-	-	-
Principal - Certificates of indebtedness	40,000	40,000	-	-	-	-
Interest - Certificates of indebtedness	25,725	25,725	-	-	-	-
Other expenditures	-	6,112	(6,112)	-	-	-
Total Expenditures	<u>225,275</u>	<u>223,459</u>	<u>1,816</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>27,540</u>	<u>39,324</u>	<u>11,784</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):						
Payment to refunded bond escrow agent	-	-	-	-	-	-
Proceeds from refunding bonds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	27,540	39,324	11,784	-	-	-
Fund balance, beginning	<u>569,180</u>	<u>569,180</u>	<u>-</u>	<u>134</u>	<u>134</u>	<u>-</u>
Fund balance, ending	<u>\$569,720</u>	<u>\$608,504</u>	<u>\$11,784</u>	<u>\$ 134</u>	<u>\$ 134</u>	<u>\$ -</u>

The accompanying notes constitute an integral part of this statement.

1994

General Fund			Special Revenue Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$184,041	\$194,949	\$10,908	\$ -	\$ -	\$ -
24,217	24,308	91	-	-	-
-	-	-	1,954,085	1,775,098	(178,987)
11,985	14,290	2,305	-	-	-
<u>205,215</u>	<u>198,030</u>	<u>(7,185)</u>	-	-	-
<u>425,458</u>	<u>431,577</u>	<u>6,119</u>	<u>1,954,085</u>	<u>1,775,098</u>	<u>(178,987)</u>
3,000	2,756	244	-	-	-
181,000	168,428	12,572	-	-	-
172,000	171,256	744	-	-	-
-	-	-	1,954,085	1,775,098	178,987
349,357	337,608	11,749	-	-	-
7,500	6,754	746	-	-	-
-	905	(905)	-	-	-
-	184	(184)	-	-	-
20,000	20,000	-	-	-	-
21,331	21,331	-	-	-	-
-	6,086	(6,086)	-	-	-
<u>754,188</u>	<u>735,308</u>	<u>18,880</u>	<u>1,954,085</u>	<u>1,775,098</u>	<u>178,987</u>
<u>(328,730)</u>	<u>(303,731)</u>	<u>24,999</u>	-	-	-
(185,000)	(185,000)	-	-	-	-
<u>510,000</u>	<u>510,000</u>	-	-	-	-
<u>325,000</u>	<u>325,000</u>	-	-	-	-
(3,730)	21,269	24,999	-	-	-
<u>547,911</u>	<u>547,911</u>	-	<u>134</u>	<u>134</u>	-
<u>\$544,181</u>	<u>\$569,180</u>	<u>\$24,999</u>	<u>\$ 134</u>	<u>\$ 134</u>	<u>\$ -</u>
=====	=====	=====	=====	=====	=====

ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Statement of Revenues, Expenses and Changes in Retained Earnings -  
Proprietary Fund Type - Port of Vermilion Enterprise Fund  
For the Years Ended December 31, 1995 and 1994

	<u>1995</u>	<u>1994</u>
Operating revenues:		
Leases and fees	\$ <u>79,735</u>	\$ <u>96,577</u>
Operating expenses:		
Economic Development and Assistance	25,236	20,959
Depreciation	<u>369,625</u>	<u>369,625</u>
Total operating expenses	<u>394,861</u>	<u>390,584</u>
Operating loss	(315,126)	(294,007)
Non operating revenues:		
Interest earnings	<u>17,411</u>	<u>6,094</u>
Net loss	(297,715)	(287,913)
Add: Depreciation on fixed assets acquired by capital grants externally restricted for capital acquisition and construction that reduces contributed capital	<u>368,221</u>	<u>354,235</u>
Increase in retained earnings	70,506	66,322
Retained earnings, beginning	<u>315,711</u>	<u>249,389</u>
Retained earnings, ending	<u>\$ 386,217</u>	<u>\$ 315,711</u>

The accompanying notes constitute an integral part of this statement.

ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Statement of Cash Flows -  
Proprietary Fund Type - Port of Vermilion Enterprise Fund  
For the Years Ended December 31, 1995 and 1994

	<u>1995</u>	<u>1994</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$(315,126)	\$(294,007)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	369,625	369,625
Changes in current assets and liabilities -		
Increase (decrease) in accounts payable	(955)	942
Total adjustments	<u>368,670</u>	<u>370,567</u>
Net cash provided by operating activities	<u>53,544</u>	<u>76,560</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest earned on interest-bearing deposits	<u>17,411</u>	<u>6,094</u>
Net cash provided by investing activities	<u>17,411</u>	<u>6,094</u>
Net increase in cash and cash equivalents	70,955	82,654
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>323,492</u>	<u>240,838</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 394,447</u>	<u>\$ 323,492</u>

The accompanying notes constitute an integral part of this statement.

ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Statement of Cash Flows -  
Proprietary Fund Type - Port of Vermilion Enterprise Fund  
For the Years Ended December 31, 1995 and 1994

	<u>1995</u>	<u>1994</u>
Reconciliation of Cash and Cash Equivalents Per Statement of Cash Flows to the Balance Sheet:		
Cash and Cash Equivalents, Beginning of Period:		
Cash	\$ 63,324	\$ 16,765
Interest-bearing deposit	<u>260,168</u>	<u>224,073</u>
Total Cash and Cash Equivalents	<u>\$323,492</u>	<u>\$240,838</u>
Cash and Cash Equivalents, End of Period:		
Cash	\$ 26,868	\$ 63,324
Interest-bearing deposits	<u>367,579</u>	<u>260,168</u>
Total Cash and Cash Equivalents	<u>\$394,447</u>	<u>\$323,492</u>

The accompanying notes constitute an integral part of this statement.



ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The Abbeville Harbor and Terminal 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. Three of the members are appointed by the City of Abbeville and three members are appointed by the Vermilion Parish Police Jury. 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 serves 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 interpretations of the National Council on Governmental Accounting (NCGA). 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:

A. 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 (the primary government). There are no component units of the Abbeville Harbor and Terminal District (the primary government).

B. Fund Accounting

The accounts of the Abbeville Harbor and Terminal District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Notes to Financial Statements (continued)

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into two components - contributed capital and retained earnings. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are ad valorem taxes. Substantially all other revenues are recorded when received.

The accrual basis of accounting is utilized by the proprietary fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

D. 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.

ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Notes to Financial Statements (continued)

E. 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.

F. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. Governmental funds are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Asset Account Group and are recorded as expenditures in the governmental fund types when purchased. General fixed assets are not capitalized in the funds used to acquire or construct them. No depreciation has been provided on general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with their activity is included on its balance sheet.

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	30 years
Improvements	20 - 30 years

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated. Estimated amounts are immaterial in relation to total fixed assets.



ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Notes to Financial Statements (continued)

G. 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, 1995 and 1994, for such absences.

H. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for specific future use.

Grants, entitlements, or shared revenues received that are restricted for the acquisition or construction of capital assets are recorded as contributed capital in the Proprietary Fund. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired from such contributions. This depreciation is closed to the contributed capital account and is reflected as an adjustment to net income.

I. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

J. 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, 1995 and 1994.

K. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

ABBEVILLE HARBOR AND TERMINAL  
Abbeville, Louisiana

Notes to Financial Statements (continued)

L. Budgets

Annually, the district adopts a budget for the General Fund and the Special Revenue Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget. Formal budgetary integration is employed as a management control device during the year. The budget is prepared on a modified accrual basis. Budget amounts included in the accompanying financial statements reflect originally adopted budget amounts and all subsequent amendments. All budgetary appropriations lapse at the end of each year.

(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 each of the years ended December 31, 1995 and 1994, the District was authorized and levied a 2.49 mill ad valorem tax for the General Fund.

(3) Cash and Interest Bearing Deposits

As reflected, the Abbeville Harbor and Terminal District has cash and interest bearing deposits (book balances) totaling \$815,878 as follows:

Demand Deposits	\$ 45,583
Interest bearing deposits	<u>770,295</u>
Totals	<u>\$815,878</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 accepted to both parties. Deposit balances (bank balances) at December 31, 1995 are secured as follows:

Bank Balances	\$ 815,878
Federal Deposit Insurance	<u>200,000</u>
Balance Uninsured	615,878
Pledged Securities (Category 3)	<u>1,923,038</u>
Excess FDIC Insurance and Pledged Securities Over Cash and Investments	<u>\$1,307,160</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 (continued)

At December 31, 1995, interest bearing deposits consisted of the following:

<u>General Fund</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Insured Money Market	N/A	N/A	Various	\$402,716
 <u>Enterprise Fund - Port of Vermilion</u>				
Insured Money Market	N/A	N/A	Various	<u>367,579</u>
Total				<u>\$770,295</u>

(4) Fixed Assets

A summary of changes in general fixed assets for the two years ended December 31, 1995:

	<u>Balance December 31, 1993</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 1994</u>
Office furnishing and equipment	\$ 39,584	\$ 2,238	\$535	\$ 41,287
Buildings and improvements	<u>778,782</u>	<u>346,992</u>	-	<u>1,125,774</u>
Totals	<u>\$818,366</u> =====	<u>\$349,230</u> =====	<u>\$535</u> =====	<u>\$1,167,061</u> =====
	<u>Balance December 31, 1994</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 1995</u>
Office furnishing and equipment	\$ 41,287	\$ 1,108	\$ -	\$ 42,395
Buildings and improvements	<u>1,125,774</u>	-	-	<u>1,125,774</u>
Totals	<u>\$1,167,061</u> =====	<u>\$ 1,108</u> =====	<u>\$ -</u> =====	<u>\$1,168,169</u> =====

There are no changes in the cost of proprietary fund type property, plant and equipment for the two years ended December 31, 1995. The balance at December 31, 1995 is as follows:

Land	\$ 600,000
Land improvements	4,813,127
Bulkhead	<u>3,983,813</u>
	9,396,940
Accumulated depreciation	<u>(3,544,701)</u>
Net property, plant and equipment	<u>\$ 5,852,239</u>



ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Notes to Financial Statements (continued)

(5) Long-Term Debt

The long-term debt payable at December 31, 1995 consists of:

Certificates of Indebtedness

\$510,000 certificates of indebtedness, Series 1994,  
issued 3-3-94, due in annual installments of 40,000 -  
65,000 through 3-1-04, interest at 5.25 percent. \$470,000

The following is a summary of general long-term transactions of the Abbeville Harbor and Terminal District for the two years ended December 31, 1995:

	<u>Certificates of Indebtedness</u>	<u>Capital Leases</u>	<u>Total</u>
Long-term Debt payable at December 31, 1993	\$ 205,000	\$ 1,473	\$ 206,473
Debt acquired 1994	510,000	-	510,000
Debt retired 1994	(205,000)	(905)	(205,905)
Debt retired 1995	<u>(40,000)</u>	<u>(568)</u>	<u>(40,568)</u>
Long-term debt payable at December 31, 1995	<u>\$ 470,000</u>	<u>\$ -</u>	<u>\$ 470,000</u>

The annual amount of debt service requirements including interest payment of \$120,487, for long term debt as of December 31, 1995 is as follows:

	<u>Certificates of Indebtedness</u>
1996	\$ 63,625
1997	66,394
1998	64,031
1999	66,537
2000	63,912
Thereafter	<u>265,988</u>
Totals	<u>\$590,487</u>

ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Notes to Financial Statements (continued)

(6) Lease of Land by District

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 minimum annual commitments under this lease for the primary term are as follows:

1996	\$ 7,500
1997	<u>7,500</u>
Total	<u>\$15,000</u>

(7) Lease of Land and Facilities to Others

The minimum future rental on noncancelable operating leases of land and facilities to others are as follows:

1996	\$ 30,142
1997	27,016
1998	11,384
1999	<u>5,692</u>
Total	<u>\$ 74,234</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.

(8) Contributed Capital

A summary of contributed capital at December 31, 1995, follows:

State of Louisiana:	
Act 864 of the 1981 Regular Session of the Louisiana Legislature	\$ 3,690,000
Act 744 of the 1985 Regular Session of the Louisiana Legislature	3,905,000
Act 711 of the 1987 Regular Session of the Louisiana Legislature	245,000
Louisiana Department of Transportation and Development	500,000
Louisiana Department of Commerce and Industry	150,000
United States Department of Commerce	329,674
Port of Iberia District	4,980
Abbeville Harbor and Terminal District - General Fund	477,136
Standard Oil Production Company	<u>66,666</u>
Total	\$ 9,368,456
Less accumulated amortization	<u>(3,508,211)</u>
Net contributed capital at December 31, 1995	<u>\$ 5,860,245</u>

ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Notes to Financial Statements (continued)

(9) Pension Plan

A. Plan Description

The district has two full-time employees. Both employees are members of the Parochial Employees Retirement System of Louisiana (System), a multiple-employer (cost sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and separate benefit provisions. The employees of the district are members of Plan B.

All permanent employees working at least 28 hours per week and who are paid wholly or in part from district funds are eligible to participate in the Plan.

Under Plan B, any member is eligible for normal retirement if he/she has at least 30 years of creditable service and is at least age 55, or 10 years of creditable service and is at least age 62 if the preceding requirements are met, early retirement is allowed at age 60, provided that benefits are reduced by 3% for each year below age 62. The monthly amount of the retirement allowance is 2 per cent, subject to the provisions of the statutes, of the member's final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) less the amount of \$100 times his years of creditable service.

A member is eligible to retire and receive disability benefits if he has at least 10 years of creditable service, is not eligible for normal retirement and suffers disability. The disability must be certified by the State Medical Disability Board. The disability rate is 2 per cent of the member's final compensation, multiplied by his years of creditable service under certain conditions outlined in the statutes.

The Plan provides benefits for surviving spouses and minor children and a deferred retirement option plan, under certain provisions in the statutes.

B. Contributions Required and Made

The Plan B fund is financed by employee contributions of 2% of member's annual earnings in excess of \$1,200 and employer contributions as determined by the Public Retirement Systems' Actuarial Committee (.75% of member's earnings for 1994 and 2.00% of member's earnings for 1995). In addition, each sheriff and ex officio tax collector deducts one-fourth of one percent of the aggregate amount of the tax shown to be collected by the tax roll of each respective parish except Orleans Parish and East Baton Rouge Parish and remits the money to the system on an annual basis.

For each of the years ended December 31, 1994 and December 31, 1995, the total payroll for the employee of the district covered by the System under Plan B was \$38,695 and \$73,140 respectively. The total payroll for all employees of the district for 1994 and 1995 was \$71,415 and \$73,140, respectively. Total contributions made by the district during the two years ended December 31, 1995 and 1994 are as follows:

ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Notes to Financial Statements (continued)

	<u>1995</u>	<u>1994</u>
District	\$ 731	\$ 580
Employees	<u>1,415</u>	<u>742</u>
	<u>\$2,146</u>	<u>\$1,322</u>

C. Funding Status and Progress

The amount shown below as "pension benefit obligation" is a standardized measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rated benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers.

At December 31, 1995 the total unfunded pension benefit obligation of the Parochial Employees Retirement System Plan B was as follows:

Total pension benefit obligation	\$ 32,761,741
Net assets available for pension benefits at market	<u>45,416,793</u>
Unfunded Pension Benefit Obligation	<u>\$ (12,655,052)</u>

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's June 30, 1994 comprehensive annual financial report. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. The district does not guarantee the benefits granted by the System.

D. Related Party Investments

During and as of the two years ended December 31, 1995 Parochial Employees' Retirement System held no securities issued to the Abbeville Harbor and Terminal District.

(10) Post Employment Benefits

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

(11) Litigation

There is no litigation pending against the district at December 31, 1995.



ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Notes to Financial Statements (continued)

(12) Defeased Debt

On March 3, 1994, the Abbeville Harbor and Terminal District issued general obligation refunding bonds of \$510,000 (par value) with interest rates of 5.25% over the 10 year life of the bonds. The bonds were issued to advance refund the \$205,000 (par value) general obligation bonds, series 1991, with interest rates of 7.75% over their 10 year life.

The refunding bonds were issued to retire the outstanding principal on the bonds and to fund the renovation project of the main office. The advance refunding met the requirements of debt defeasance and the general obligation bonds, series 1991, were removed from the district's general long-term debt account group. As a result of the advance refunding, the district increased its total debt service requirements by \$236,217, which resulted in an economic gain of \$12,989.

(13) Compensation Paid to Members of the Board of Commissioners

The commissioners of the District receive no compensation.

**INTERNAL CONTROL AND COMPLIANCE**



# DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

(A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS)

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## Independent Auditor's Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance With Government Auditing Standards

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Board of Commissioners  
Abbeville Harbor and Terminal District  
Abbeville, Louisiana

We have audited the general purpose financial statements of the Abbeville Harbor and Terminal District, as of and for the years ended December 31, 1995 and 1994, and have issued our report thereon dated May 10, 1996.

We have conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Abbeville Harbor and Terminal District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Abbeville Harbor and Terminal District for the years ended December 31, 1995 and 1994, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

MEMBER OF  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

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 upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response

No response is considered necessary.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable condition described above is a material weakness.

We also noted other matters involving the internal control structure and its operations that we have reported to the management of the Abbeville Harbor and Terminal District, in a separate letter dated May 10, 1996.

This report is intended for the information of the Abbeville Harbor and Terminal District. However, this report is a matter of public record and its distribution is not limited.

*Darnall, Sikes, Kolder, Frederick & Rainey*

A Corporation of Certified Public Accountants

Abbeville, Louisiana  
May 10, 1996

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## Independent Auditor's Report on Compliance Based on an Audit of General Purpose Financial Statements Performed in Accordance With Government Auditing Standards

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Board of Commissioners  
Abbeville Harbor and Terminal District  
Abbeville, Louisiana

We have audited the general purpose financial statements of the Abbeville Harbor and Terminal District, as of and for the years ended December 31, 1995 and 1994, and have issued our report thereon dated May 10, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Abbeville Harbor and Terminal District, is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Abbeville Harbor and Terminal District. However, this report is a matter of public record and its distribution is not limited.

*Darnall, Sikes, Kolder, Frederick & Rainey*

A Corporation of Certified Public Accountants

Abbeville, Louisiana  
May 10, 1996

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