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ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Financial Report

For The Years Ended December 31, 1997 and 1996

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 JUL 22 1998

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Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

INDEPENDENT AUDITOR'S REPORT

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We have audited the accompanying general purpose financial statements of the Abbeville Harbor and Terminal District as of December 31, 1997 and for the years ended December 31, 1997 and 1996, 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 and the standards applicable to financial audits contained in 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. 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, 1997, and the results of its operations and the cash flows of its proprietary fund for the years ended December 31, 1997 and 1996, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated June 12, 1998, 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 and regulations.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana
June 12, 1998

Member of:
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Combined Balance Sheet - All Fund Types and Account Groups
December 31, 1997

	Governmental Fund Type	
	General Fund	Special Revenue Fund
ASSETS		
Cash	\$ 49,504	\$ 134
Interest-bearing deposits	344,343	-
Receivables:		
Ad valorem taxes	163,279	-
State revenue sharing	16,240	-
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	-	-
Total assets	\$574,371	\$ 134
	=====	=====
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	\$ 8,057	\$ -
1994 Certificates of indebtedness payable	-	-
Total liabilities	8,057	-
Fund equity:		
Investment in general fixed assets	-	-
Contributed capital	-	-
Retained earnings-unreserved-undesignated	-	-
Fund balances -		
Reserved for debt service	100	-
Unreserved-undesignated	566,214	134
Total fund equity	566,314	134
Total liabilities and fund equity	\$574,371	\$ 134
	=====	=====

The accompanying notes constitute an integral part of this statement.

Proprietary Fund Type Port of Vermilion Enterprise Fund	Account Groups		Total (Memorandum Only) 1997
	General Fixed Assets	General Long-term Debt	
\$ 7,596	\$ -	\$ -	\$ 57,234
526,002	-	-	870,345
-	-	-	163,279
-	-	-	16,240
-	-	-	1,005
5,115,229	1,317,809	-	6,433,038
-	-	385,000	385,000
\$5,648,827	\$1,317,809	\$385,000	\$7,926,141
=====	=====	=====	=====
\$ 2,495	\$ -	\$ -	\$ 10,552
-	-	385,000	385,000
2,495	-	385,000	395,552
-	1,317,809	-	1,317,809
5,095,833	-	-	5,095,833
550,499	-	-	550,499
-	-	-	100
-	-	-	566,348
5,646,332	1,317,809	-	7,530,589
\$5,648,827	\$1,317,809	\$385,000	\$7,926,141
=====	=====	=====	=====

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, 1997 and 1996

	1997		
	General Fund	Special Revenue Fund	Total (Memorandum Only)
Revenues:			
Taxes - Ad valorem	\$191,957	\$ -	\$191,957
Intergovernmental revenues - State Funds - State revenue sharing	23,737	-	23,737
Interest earnings	21,384	-	21,384
Other revenues	<u>58,455</u>	<u>-</u>	<u>58,455</u>
Total revenues	<u>295,533</u>	<u>-</u>	<u>295,533</u>
Expenditures:			
Current -			
General government:			
Legislative	2,584	-	2,584
Financial and administrative	163,893	-	163,893
Other general government	-	-	-
Capital outlay	137,815	-	137,815
Economic development and assistance	-	-	-
Debt service -			
Principal	45,000	-	45,000
Interest	21,394	-	21,394
Other expenditures	<u>6,134</u>	<u>-</u>	<u>6,134</u>
Total expenditures	<u>376,820</u>	<u>-</u>	<u>376,820</u>
Excess of revenues over expenditures	(81,287)	-	(81,287)
Fund balance, beginning	<u>647,601</u>	<u>134</u>	<u>647,735</u>
Fund balance, ending	\$566,314 =====	\$ 134 =====	\$566,448 =====

The accompanying notes constitute an integral part of this statement.

<u>1996</u>		
<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total (Memorandum Only)</u>
\$191,468	\$ -	\$ 191,468
31,599	-	31,599
21,782	-	21,782
<u>37,049</u>	<u>-</u>	<u>37,049</u>
<u>281,898</u>	<u>-</u>	<u>281,898</u>
1,326	-	1,326
153,132	-	153,132
18,358	-	18,358
-	-	-
40,000	-	40,000
23,625	-	23,625
<u>6,360</u>	<u>-</u>	<u>6,360</u>
<u>242,801</u>	<u>-</u>	<u>242,801</u>
39,097	-	39,097
<u>608,504</u>	<u>134</u>	<u>608,638</u>
\$647,601	\$ 134	\$ 647,735
=====	=====	=====

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, 1997 and 1996

	1997					
	General Fund			Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes - Ad valorem	\$213,510	\$191,957	\$(21,553)	\$ -	\$ -	\$ -
Intergovernmental revenues - State Funds-						
State revenue sharing	23,410	23,737	327	-	-	-
Interest earnings	20,715	21,384	669	-	-	-
Other revenues	<u>58,455</u>	<u>58,455</u>	-	-	-	-
Total revenues	<u>316,090</u>	<u>295,533</u>	<u>\$(20,557)</u>	-	-	-
Expenditures:						
Current -						
General government:						
Legislative	2,700	2,584	116	-	-	-
Financial and administrative	140,301	163,893	(23,592)	-	-	-
Other general government	-	-	-	-	-	-
Capital outlay	165,000	137,815	27,185	-	-	-
Debt service -						
Principal - Capital leases	-	-	-	-	-	-
Interest - Capital leases	-	-	-	-	-	-
Principal - Certificates of indebtedness	45,000	45,000	-	-	-	-
Interest - Certificates of indebtedness	21,394	21,394	-	-	-	-
Other expenditures	-	<u>6,134</u>	<u>(6,134)</u>	-	-	-
Total Expenditures	<u>374,395</u>	<u>376,820</u>	<u>(2,425)</u>	-	-	-
Excess of revenues over expenditures	(58,305)	(81,287)	(22,982)	-	-	-
Fund balance, beginning	<u>647,601</u>	<u>647,601</u>	-	<u>134</u>	<u>134</u>	-
Fund balance, ending	<u>\$589,296</u>	<u>\$566,314</u>	<u>\$(22,982)</u>	<u>\$ 134</u>	<u>\$ 134</u>	<u>\$ -</u>

The accompanying notes constitute an integral part of this statement.

1996

General Fund			Special Revenue Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$172,967	\$191,468	\$18,501	\$ -	\$ -	\$ -
32,444	31,599	(845)	-	-	-
21,070	21,782	712	-	-	-
37,049	37,049	-	-	-	-
<u>263,530</u>	<u>281,898</u>	<u>18,368</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,350	1,326	24	-	-	-
173,325	153,132	20,193	-	-	-
-	-	-	-	-	-
-	18,358	(18,358)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
40,000	40,000	-	-	-	-
23,625	23,625	-	-	-	-
-	6,360	(6,360)	-	-	-
<u>238,300</u>	<u>242,801</u>	<u>(4,501)</u>	<u>-</u>	<u>-</u>	<u>-</u>
25,230	39,097	13,867	-	-	-
<u>608,504</u>	<u>608,504</u>	<u>-</u>	<u>134</u>	<u>134</u>	<u>-</u>
\$633,734	\$647,601	\$13,867	\$ 134	\$ 134	\$ -
=====	=====	=====	=====	=====	=====

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, 1997 and 1996

	<u>1997</u>	<u>1996</u>
Operating revenues:		
Leases and fees	\$ <u>120,651</u>	\$ <u>50,824</u>
Operating expenses:		
Economic Development and Assistance	43,154	27,623
Depreciation	<u>369,625</u>	<u>369,625</u>
Total operating expenses	<u>412,779</u>	<u>397,248</u>
Operating loss	(292,128)	(346,424)
Non operating revenues:		
Interest earnings	<u>20,300</u>	<u>18,123</u>
Net loss	(271,828)	(328,301)
Add: Depreciation on fixed assets acquired by capital grants externally restricted for capital acquisition and construction that reduces contributed capital	<u>368,220</u>	<u>396,192</u>
Increase in retained earnings	96,392	67,891
Retained earnings, beginning	<u>454,107</u>	<u>386,216</u>
Retained earnings, ending	\$ 550,499 =====	\$ 454,107 =====

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, 1997 and 1996

	<u>1997</u>	<u>1996</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$(292,128)	\$(346,424)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	369,625	369,625
Changes in current assets and liabilities -		
Increase in accounts payable	<u>2,112</u>	<u>158</u>
Total adjustments	<u>371,737</u>	<u>369,783</u>
Net cash provided by operating activities	<u>79,609</u>	<u>23,359</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,240)	-
Interest earned on interest-bearing deposits	<u>20,300</u>	<u>18,123</u>
Net cash provided by investing activities	<u>18,060</u>	<u>18,123</u>
Net increase in cash and cash equivalents	97,669	41,482
CASH AND CASH EQUIVALENTS, BEGINNING	<u>435,929</u>	<u>394,447</u>
CASH AND CASH EQUIVALENTS, ENDING	\$ 533,598 =====	\$ 435,929 =====

The accompanying notes constitute an integral part of this statement.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Statement of Cash Flows - (Continued)
Proprietary Fund Type - Port of Vermilion Enterprise Fund
For the Years Ended December 31, 1997 and 1996

	<u>1997</u>	<u>1996</u>
Reconciliation of Cash and Cash Equivalents Per Statement of Cash Flows to the Balance Sheet:		
Cash and Cash Equivalents, Beginning of Period:		
Cash	\$ 50,226	\$ 26,868
Interest-bearing deposit	<u>385,703</u>	<u>367,579</u>
Total Cash and Cash Equivalents	\$435,929 =====	\$394,447 =====
Cash and Cash Equivalents, End of Period:		
Cash	\$ 7,596	\$ 50,226
Interest-bearing deposits	<u>526,002</u>	<u>385,703</u>
Total Cash and Cash Equivalents	\$533,598 =====	\$435,929 =====

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, Louisiana Government Audit Guide 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. There are no component units of the Abbeville Harbor and Terminal District.

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".

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements (continued)

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.

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, interest and intergovernmental revenues. 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.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements (continued)

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.

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.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements (continued)

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:

Machinery & Equipment	5 years
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.

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, 1997, 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.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements (continued)

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, 1997 and 1996.

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.

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, 1997 and 1996, respectively the District was authorized, and levied, a 2.37 and 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 \$927,579 as follows:

Demand Deposits	\$ 57,234
Interest bearing deposits	<u>870,345</u>
Totals	\$927,579 =====

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements (continued)

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) at December 31, 1997 are secured as follows:

Bank Balances	\$ 927,579
Federal Deposit Insurance	<u>200,000</u>
Balance Uninsured	727,579
Pledged Securities (Category 3)	<u>1,600,668</u>
Excess FDIC Insurance and Pledged Securities Over Cash and Investments	\$ 873,088 =====

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.

At December 31, 1997, 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	\$344,343
 <u>Enterprise Fund - Port of Vermilion</u>				
Insured Money Market	N/A	N/A	Various	<u>526,002</u>
Total				\$870,345 =====

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements (continued)

(4) Fixed Assets

A summary of changes in general fixed assets for the two years ended December 31, 1997, is as follows:

	Balance December 31, <u>1995</u>	Additions	Deletions	Balance December 31, <u>1996</u>
Office furnishing and equipment	\$ 42,395	\$ 4,102	\$7,592	\$ 38,905
Buildings and improvements	<u>1,125,774</u>	<u>14,256</u>	<u>-</u>	<u>1,140,030</u>
Totals	<u>\$1,168,169</u>	<u>\$ 18,358</u>	<u>\$7,592</u>	<u>\$1,178,935</u>
	=====	=====	=====	=====
	Balance December 31, <u>1996</u>	Additions	Deletions	Balance December 31, <u>1997</u>
Office furnishing and equipment	\$ 38,905	\$ 559	\$ -	\$ 39,464
Buildings and improvements	<u>1,140,030</u>	<u>138,315</u>	<u>-</u>	<u>1,278,345</u>
Totals	<u>\$1,178,935</u>	<u>\$138,874</u>	<u>\$ -</u>	<u>\$1,317,809</u>
	=====	=====	=====	=====

A summary of changes in the cost of proprietary fund type property, plant and equipment for the two years ended December 31, 1997, is as follows:

	Balance December 31, <u>1995</u>	Additions	Deletions	Balance December 31, <u>1996</u>
Land	\$ 600,000	\$ -	\$ -	\$ 600,000
Land improvements	4,813,127	-	-	4,813,127
Bulkhead	<u>3,983,813</u>	<u>-</u>	<u>-</u>	<u>3,983,813</u>
	9,396,940	-	-	9,396,940
Accumulated depreciation	<u>(3,544,701)</u>	<u>(369,625)</u>	<u>-</u>	<u>(3,914,326)</u>
Net property, plant and equipment	<u>\$5,852,239</u>	<u>\$(369,625)</u>	<u>-</u>	<u>\$5,482,614</u>
	=====	=====	=====	=====
	Balance December 31, <u>1996</u>	Additions	Deletions	Balance December 31, <u>1997</u>
Land	\$ 600,000	\$ -	\$ -	\$ 600,000
Land improvements	4,813,127	-	-	4,813,127
Bulkhead	3,983,813	-	-	3,983,813
Machinery & equipment	<u>-</u>	<u>2,240</u>	<u>-</u>	<u>2,240</u>
	9,396,940	2,240	-	9,399,180
Accumulated depreciation	<u>(3,914,326)</u>	<u>(369,625)</u>	<u>-</u>	<u>(4,283,951)</u>
Net property, plant and equipment	<u>\$5,482,614</u>	<u>\$(367,385)</u>	<u>-</u>	<u>\$5,115,229</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, 1997 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.	\$385,000 =====
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The following is a summary of general long-term transactions of the Abbeville Harbor and Terminal District for the two years ended December 31, 1997:

	<u>Certificates of Indebtedness</u>
Long-term Debt payable at December 31, 1995	\$ 470,000
Debt retired 1996	(40,000)
Debt retired 1997	<u>(45,000)</u>
Long-term debt payable at December 31, 1997	\$ 385,000 =====

The annual amount of debt service requirements including interest payment of \$ 75,468, for long term debt as of December 31, 1997 is as follows:

	<u>Certificates of Indebtedness</u>
1998	\$ 64,031
1999	66,537
2000	63,912
2001	66,156
Thereafter	<u>199,832</u>
Totals	\$460,468 =====

(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.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements (continued)

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

1998	\$ 7,500
1999	<u>7,500</u>
Total	\$15,000 =====

(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:

1998	\$ 95,662
1999	89,970
2000	84,278
2001	<u>84,278</u>
Total	\$354,189 =====

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, 1997, 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>(4,272,623)</u>
Net contributed capital at December 31, 1997	\$ 5,095,833 =====

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements (continued)

(9) Retirement Commitments

All employees of the District who are hired on a permanent basis not participating in another public funded retirement system are required to participate in the Louisiana State Employees Retirement System. The District participates in the Parochial Employee Retirement System of Louisiana.

State statute requires covered employees to contribute 2.00 percent of their salaries to the System. The System requires an employer contribution for the year ended 12/31/97 and 12/31/96 equal to 2.50 and 1.00 percent, respectively, of each member's salary for wages paid to members. The District's contribution to the System for the years ended 12/31/97 and 12/31/96 were \$1,887 and \$658 respectively, equal to the required contribution for the each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Parochial Employees Retirement System of Louisiana.

(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, 1997.

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

The commissioners of the District receive no compensation.

INTERNAL CONTROL AND COMPLIANCE



Eugene H. Darnall, CPA, Retired 1990

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Danny P. Frederick, CPA
Clayton E. Darnall, CPA
Eugene H. Darnall, III, CPA
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John P. Armato, CPA
Steven G. Moosa, CPA
Ellen Pennison, CPA
Tamera Landry, CPA

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Independent Auditor's Report on Compliance and Internal Control over Financial Reporting 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

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We have audited the general purpose financial statements of the Abbeville Harbor and Terminal District as of December 31, 1997, and for the years ended December 31, 1997 and 1996, and have issued our report thereon dated June 12, 1998. We have conducted our audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Abbeville Harbor and Terminal District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose 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 instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as item 97-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Abbeville Harbor and Terminal District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Abbeville Harbor and Terminal District's ability to record, process, summarize and report financial data

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consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings as item 97-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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 over financial reporting 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.

This report is intended for the information of the board of commissioners and management. However, this report is a matter of public record and its distribution is not limited.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana
June 12, 1998

ABBEVILLE HARBOR AND TERMINAL DISTRICT

Schedule of Findings and Questioned Costs
Year Ended December 31, 1997 and 1996

SECTION I Internal Control and Compliance Findings Material to the Financial Statements

97-1 Segregation of Duties

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: That the District should study the need of possibly hiring another personnel. However, the District should address the issue of cost-benefit before hiring additional personnel.

97-2 Violation of Budget Law

Finding: General 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.

Recommendation: That the District comply with Louisiana Revised Statute 39:1310 for both revenues and expenditures.

ABBEVILLE HARBOR AND TERMINAL DISTRICT

Summary of Corrective Action
Taken on Prior Year Findings
Year Ended December 31, 1997 and 1996

SECTION I Internal Control and Compliance Findings Material to the Financial Statements

95-1 Findings: Segregation of Duties

Status: This finding is unresolved. See current year finding 97-1.

SECTION II Management Letter

95-ML1 Findings: Failure to Follow the Budget Process for Public Participation and Inspection

Status: Resolved

95-ML2 Findings: Violation of Louisiana Revised Statute 39:1310 of the Budget Law.

Status: These findings are unresolved. See current year findings 97-2.

ABBEVILLE HARBOR AND TERMINAL DISTRICT

Corrective Action Plan
Year Ended December 31, 1997 and 1996

Response to findings:

97-1 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.

97-2 Violation of Budget Law

The violation is due to a timing difference because the District uses a manual accounting system. However, the District is in the process of converting all accounting information to a computerized accounting software package. This timing difference in comparing the budget to actual revenue and expenditures is strictly used as a budgetary tool for spending and receipt of monies to the District and does not have a negative financial impact to the amount of revenues the District received.