

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

Financial Report

For The Years Ended December 31, 1965 and 1966

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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.

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Abbeville Harbor and Terminal District
P. O. Box 587
Abbeville, Louisiana 70511

We have audited the accompanying general purpose financial statements of the Abbeville Harbor and Terminal District as of December 31, 2001 and for the years ended December 31, 2001 and 2002, 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 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. 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, 2001, and the results of its operations and the cash flows of its proprietary fund for the years ended December 31, 2001 and 2002, in conformity with accounting principles generally accepted in the United States of America.

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In accordance with Government Auditing Standards, we have also issued a report dated April 30, 2004, on our consideration of the Altonville Harbor and Terminal District's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

Donald Aker & Arnold

A Corporation of Certified Public Accountants

Altonville, Louisiana

April 30, 2004

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Continued Balance Sheet - All Fund Types and Account Groups
 December 31, 2005

	Governmental		
	General Fund	Special Revenue Fund	Capital Projects Fund
ASSETS			
Cash	\$ 34,269	\$ 50	\$ 45
Interest-bearing deposits	5,894	-	-
Receivables:			
Ad valorem taxes	178,613	-	-
State revenue sharing	16,365	-	-
Other receivables	-	-	31,472
Other assets	1,805	-	-
Land, buildings and equipment (net of accumulated depreciation where applicable)	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
Total assets	\$ 236,139	\$ 50	\$ 31,517
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 8,684	\$ -	\$ 31,200
1994 Certificates of indebtedness payable	-	-	-
Total liabilities	8,684	-	31,200
Fund equity:			
Investments in general fixed assets	-	-	-
Contributed capital	-	-	-
Retained earnings - unreserved - undesignated	-	-	-
Fund balances - unreserved - undesignated	227,194	50	137
Total fund equity	227,194	50	137
Total liabilities and fund equity	\$ 236,138	\$ 50	\$ 31,517

Proprietary Fund Type	Account Groups		Total (Miscellaneous Only) 2000
	Capital	General	
	Fund Assets	Long-term Debt	
\$ 8,074	\$ -	\$ -	\$ 48,213
828,931	-	-	828,812
-	-	-	178,613
15,485	-	-	35,366
-	-	-	46,917
-	-	-	1,805
5,188,687	1,799,321	-	4,978,018
-	-	65,000	65,000
<u>\$ 4,032,897</u>	<u>\$ 1,799,321</u>	<u>\$ 65,000</u>	<u>\$ 4,138,934</u>
\$ 734	\$ -	\$ -	\$ 48,978
-	-	65,000	65,000
<u>734</u>	-	<u>65,000</u>	<u>103,978</u>
-	1,799,321	-	1,799,321
2,886,213	-	-	2,886,313
1,178,658	-	-	1,179,658
-	-	-	327,682
<u>4,035,163</u>	<u>1,799,321</u>	-	<u>4,052,986</u>
<u>\$ 4,035,897</u>	<u>\$ 1,799,321</u>	<u>\$ 65,000</u>	<u>\$ 4,138,934</u>

The accompanying notes constitute an integral part of this statement.

ARBEVILLE HARBOR AND TERMINAL DISTRICT
 Arbeville, Louisiana

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
 All Governmental Fund Types
 For the Years Ended December 2003 and 2002

	2003			Total (Memorandum Only)
	General Fund	Special Revenue Fund	Capital Projects Fund	
Revenues:				
Taxes - Ad valorem	\$ 281,751	\$ -	\$ -	\$ 281,751
Intergovernmental revenues - State Funds -				
State revenue sharing	24,372	-	-	24,372
Division of administration	-	20,833	-	20,833
Department of Wildlife and Fisheries	-	-	31,471	31,471
Interest earnings	633	-	-	633
Other revenues	41,378	-	-	41,378
Total revenues	<u>391,134</u>	<u>20,833</u>	<u>31,471</u>	<u>443,438</u>
Expenditures:				
Current -				
General government:				
Legislative	3,875	-	-	3,875
Financial and administrative	124,088	-	-	124,088
Capital outlay	8,123	-	48,577	56,580
Economic development and assistance	-	20,833	-	20,833
Debt service:				
Principal	68,080	-	-	68,080
Interest	4,985	-	-	4,985
Other expenditures	3,124	-	-	3,124
Total expenditures	<u>208,195</u>	<u>20,833</u>	<u>48,577</u>	<u>277,605</u>
Excess of revenues over (under) expenditures	<u>182,939</u>	<u>-</u>	<u>(17,106)</u>	<u>165,833</u>
Other financing sources (uses):				
Operating transfers in	-	-	16,929	16,929
Operating transfers out	(116,929)	-	-	(116,929)
Total other financing sources (uses)	<u>(116,929)</u>	<u>-</u>	<u>16,929</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>66,010</u>	<u>-</u>	<u>29</u>	<u>66,039</u>
Fund balance, beginning	<u>275,182</u>	<u>58</u>	<u>134</u>	<u>275,412</u>
Fund balance, ending	<u>\$ 341,192</u>	<u>\$ 58</u>	<u>\$ 163</u>	<u>\$ 341,412</u>

2002			
General Fund	Special Revenue Fund	Capital Projects Fund	Total (Miscellaneous Only)
\$ 236,317	\$ -	\$ -	\$ 236,317
34,242	-	-	34,242
-	9,218	-	9,218
-	-	-	-
1,712	-	-	1,712
61,755	-	-	61,755
<u>333,026</u>	<u>9,218</u>	<u>-</u>	<u>342,244</u>
3,266	-	-	3,266
199,373	-	-	199,373
28,019	-	12,972	40,991
-	9,218	-	9,218
60,000	-	-	60,000
8,135	-	-	8,135
<u>7,261</u>	<u>-</u>	<u>-</u>	<u>7,261</u>
<u>398,085</u>	<u>9,218</u>	<u>12,972</u>	<u>420,275</u>
<u>9,982</u>	<u>-</u>	<u>(12,972)</u>	<u>(2,990)</u>
-	-	12,972	12,972
<u>(12,972)</u>	<u>-</u>	<u>-</u>	<u>(12,972)</u>
<u>(12,972)</u>	<u>-</u>	<u>12,972</u>	<u>-</u>
(2,990)	-	-	(2,990)
<u>379,211</u>	<u>92</u>	<u>118</u>	<u>379,421</u>
<u>\$ 379,218</u>	<u>\$ 92</u>	<u>\$ 118</u>	<u>\$ 379,428</u>

The accompanying notes constitute an integral part of this statement.

ARREVILLE HARBOR AND TERMINAL DISTRICT
Arreville, 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, 2005 and 2002

	2005		Variance Favorable (Unfavorable)
	General Fund		
	Budget	Actual	
Revenues:			
Taxes - Ad valorem	\$ 216,584	\$ 203,791	\$ (12,793)
Intergovernmental revenues - State Funds -			
State revenue sharing	22,041	24,973	2,932
Division of administration	-	-	-
Department of Wildlife and Fisheries	-	-	-
Interest earnings	480	673	193
Other revenues	83,378	83,378	-
Total revenues	<u>384,483</u>	<u>396,815</u>	<u>12,332</u>
Expenditures:			
Current:			
General government:			
Legislative	4,080	3,873	207
Financial and administrative	217,380	224,088	(1,838)
Capital outlay	8,123	8,123	-
Economic development and assistance	-	-	-
Ehrli service:			
Principal - Certificates of indebtedness	60,000	60,000	-
Interest - Certificates of indebtedness	4,983	4,983	-
Other expenditures	-	3,124	(3,124)
Total expenditures	<u>295,466</u>	<u>308,189</u>	<u>12,723</u>
Excess of revenues over expenditures	<u>(15,083)</u>	<u>(12,084)</u>	<u>(16,899)</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	(18,928)	(18,928)
Total other financing sources (uses)	<u>-</u>	<u>(18,928)</u>	<u>(18,928)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(15,083)</u>	<u>(40,997)</u>	<u>(30,925)</u>
Fund balances, beginning	<u>276,348</u>	<u>276,348</u>	<u>-</u>
Fund balances, ending	<u>\$ 261,265</u>	<u>\$ 235,351</u>	<u>\$ (25,914)</u>

2003

Special Revenue Fund			Capital Projects Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
20,000	20,850	-	31,470	31,470	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>20,000</u>	<u>20,850</u>	<u>-</u>	<u>31,470</u>	<u>31,470</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
20,850	20,850	-	48,469	48,577	108
-	-	-	-	-	-
-	-	-	-	-	-
<u>20,850</u>	<u>20,850</u>	<u>-</u>	<u>48,469</u>	<u>48,577</u>	<u>108</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>20,850</u>	<u>20,850</u>	<u>-</u>	<u>48,469</u>	<u>48,577</u>	<u>108</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	29,961	18,959	(12,952)
-	-	-	29,961	18,959	(12,952)
-	-	-	-	-	-
-	-	-	12,881	71	(12,860)
50	50	-	134	134	-
<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ 12,917</u>	<u>\$ 132</u>	<u>\$ (12,860)</u>

The accompanying notes constitute an integral part of this statement.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Combined Statements of Revenues, Expenditures and Changes in Fund Balances -
Budget (GAAP Basis) and Actual - All Governmental Fund Types (Continued)
For the Years Ended December 31, 2003 and 2002

	2002		Variance Favorable (Unfavorable)
	General Fund		
	Budget	Actual	
Revenues:			
Taxes - Ad valorem	\$ 208,370	\$ 226,317	\$ 17,947
Intergovernmental revenues - State Funds -			
State revenue sharing	24,000	24,242	242
Division of Administration	-	-	-
Department of Wildlife and Fisheries	-	-	-
Interest earnings	1,201	1,712	511
Other revenues	63,000	61,756	(1,244)
Total revenues	<u>296,571</u>	<u>314,027</u>	<u>17,456</u>
Expenditures:			
Current -			
General government:			
Legislative	3,680	3,296	384
Financial and administrative	193,034	199,573	(6,539)
Capital outlay	27,595	28,079	(484)
Economic development and assistance	-	-	-
Debt service -			
Principal - Certificates of indebtedness	60,000	60,000	-
Interest - Certificates of indebtedness	8,135	8,135	-
Other expenditures	321	1,261	(840)
Total expenditures	<u>292,727</u>	<u>298,065</u>	<u>(5,338)</u>
Excess (deficiency) of revenues over expenditures	<u>3,844</u>	<u>5,962</u>	<u>2,118</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	(12,932)	(12,932)
Total other financing sources (uses)	<u>-</u>	<u>(12,932)</u>	<u>(12,932)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>3,844</u>	<u>(6,970)</u>	<u>(10,814)</u>
Fund balance, beginning	<u>278,221</u>	<u>278,221</u>	<u>-</u>
Fund balance, ending	<u>\$ 282,065</u>	<u>\$ 271,251</u>	<u>\$ (10,814)</u>

2002

Special Revenue Fund			Capital Projects Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9,218	9,218	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>9,218</u>	<u>9,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
9,218	9,218	-	12,972	12,972	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>9,218</u>	<u>9,218</u>	<u>-</u>	<u>12,972</u>	<u>12,972</u>	<u>-</u>
-	-	-	<u>(12,972)</u>	<u>(12,972)</u>	<u>-</u>
-	-	-	12,972	12,972	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>12,972</u>	<u>12,972</u>	<u>-</u>
-	-	-	-	-	-
90	90	-	134	134	-
<u>\$ 90</u>	<u>\$ 90</u>	<u>\$ -</u>	<u>\$ 134</u>	<u>\$ 134</u>	<u>\$ -</u>

The accompanying notes constitute an integral part of this statement.

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, 2001 and 2002

	2001	2002
Operating revenues:		
Leases and fees	\$ 217,620	\$ 212,162
Operating expenses:		
Economic Development and Assistance	41,298	69,751
Depreciation	184,372	388,188
Total operating expenses	225,670	457,939
Operating loss	(8,050)	(245,190)
Non operating revenues:		
Interest earnings	6,622	7,893
Net loss	(1,428)	(237,297)
Add: Depreciation on fixed assets acquired by capital grants externally restricted for capital acquisition and construction that reduces contributed capital	168,230	168,230
Increase in retained earnings	166,802	131,063
Retained earnings, beginning	931,241	808,179
Retained earnings, ending	\$ 1,138,043	\$ 939,242

The accompanying notes constitute an integral part of this statement.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
 Abbeville, Louisiana

Statement Of Cash Flows
Proprietary Fund Type - Part of Vermilion Enterprises Fund
For the Years Ended December 31, 2003 and 2002

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (209,248)	\$ (242,193)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	384,772	384,746
Changes in current assets and liabilities:		
Accounts receivable	(8,066)	8,511
Accounts payable	728	91
Total adjustments	715,428	783,948
Net cash provided by (used in) operating activities	506,180	541,755
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(13,579)
Interest earned on interest-bearing deposits	8,428	1,293
Net cash (used in)/provided by investing activities	8,428	(12,286)
Net increase in cash and cash equivalents	774,614	529,469
CASH AND CASH EQUIVALENTS, BEGINNING	603,981	603,981
CASH AND CASH EQUIVALENTS, ENDING	1,378,595	1,133,450

The accompanying notes constitute an integral part of this statement.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Statements Of Cash Flows – (Continued)
 Proprietary Fund Type – Part of Vermilion Enterprise Fund
 For the Years Ended December 31, 2003 and 2002

	2003	2002
Reconciliation of Cash and Cash Equivalents		
<i>Per Statement of Cash Flows to the Balance Sheet:</i>		
Cash and Cash Equivalents, Beginning of Period:		
Cash	\$ 6,865	\$ 9,594
Interest-bearing deposit	<u>645,136</u>	<u>381,133</u>
Total Cash and Cash Equivalents	<u>\$ 652,001</u>	<u>\$ 390,727</u>
Cash and Cash Equivalents, End of Period:		
Cash	\$ 9,874	\$ 6,865
Interest-bearing deposit	<u>642,127</u>	<u>645,133</u>
Total Cash and Cash Equivalents	<u>\$ 651,991</u>	<u>\$ 651,991</u>

The accompanying notes constitute an integral part of this statement.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 1 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 24:313. 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 covers 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 180 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, *Audit 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 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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary fund). 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.

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 the 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 generally collected within 60 days after year-end. 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 all valuations taxes, interest and intergovernmental revenues. Substantially all other revenues are recorded when received.

ARREVILLE HARBOR AND TERMINAL DISTRICT
Arreville, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accrual basis of accounting is utilized by the proprietary fund. Under this method, revenues are recorded when earned and expenses are recorded as the time liabilities are incurred. The District uses FASB pronouncements for its proprietary activities.

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 in 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.

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 fund assets) are accounted for in the General Fixed Asset Account Group and are recorded as expenditures in the governmental fund type 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.

ARSENVILLE HARBOR AND TERMINAL DISTRICT
Arsenville, Louisiana

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 basis, 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:

Machinery and 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.

Compensated Absence

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, 2003 and 2002, for such absences.

Fund Equity

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

Grants, settlements, 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.

ARBEVILLE HARBOR AND TERMINAL DISTRICT
Arboret, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Nonreversing or routine permanent transfers of equity are reported as needed-equity transfers.

All other interfund transfers are reported as operating transfers.

Capitalization of Interest Expense

It is the policy of the Arboville 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, 2003 and 2002.

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.

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.

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 each of the years ended December 31, 2003 and 2002, respectively the District was authorized, and levied, a 2.37 mill of valorem tax for the General Fund.

NOTE 3 CASH AND INTEREST-BEARING DEPOSITS

As reflected, the Abbeville Harbor and Terminal District has cash and interest-bearing deposits (bank balances) totaling \$871,853 as follows:

Demand deposits	\$ 44,233
Interest-bearing deposits	826,812
Totals	<u>\$ 871,853</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) at December 31, 2003 are secured as follows:

Bank balances	\$ 677,158
Federal deposit insurance	190,217
Balance uninsured	4,478
Pledged securities (category 3)	<u>1,381,888</u>
Excess FDIC insurance and pledged securities Over cash and investments	<u>\$ 834,760</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 38:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 30 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, 2000, interest-bearing deposits consisted of the following:

	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
General Fund				
Insured Money Market	N/A	N/A	Various	\$ 5,890
Enterprise Fund - Port of Vermilion				
Insured Money Market	N/A	N/A	Various	584,877
Certificates of Deposit	60 days	3/6/2004	1.00%	<u>436,810</u>
Total				<u>\$ 1,027,577</u>

NOTE 4: FIXED ASSETS

A summary of changes in general fixed assets for the two years-ended December 31, 2003, is as follows:

	<u>Balance December 31, 2001</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2002</u>
Office furniture and equipment	\$ 28,144		\$ -	\$ 28,144
Buildings and improvements	<u>1,473,686</u>	<u>88,911</u>	<u>-</u>	<u>1,714,657</u>
Totals	<u>\$ 1,701,830</u>	<u>\$ 88,911</u>	<u>\$ -</u>	<u>\$ 1,790,741</u>
	<u>Balance December 31, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2003</u>
Office furniture and equipment	\$ 28,144	\$ -	\$ -	\$ 28,144
Buildings and improvements	<u>1,714,657</u>	<u>56,985</u>	<u>-</u>	<u>1,771,642</u>
Totals	<u>\$ 1,742,801</u>	<u>\$ 56,985</u>	<u>\$ -</u>	<u>\$ 1,799,786</u>

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 4: FIXED ASSETS (CONTINUED)

A summary of changes in the proprietary fixed type property, plant and equipment for the two years ended December 31, 2003, is as follows:

	Balance December 31, 2001	Additions	Deductions	Balance December 31, 2003
Land	\$ 400,000	\$ -	\$ -	\$ 400,000
Land improvements	5,026,307	13,339	-	5,049,636
Buildings	3,983,813	-	-	3,983,813
Machinery and equipment	2,340	-	-	2,340
Port improvements	98,839	-	-	98,839
	9,770,319	13,339	-	9,774,648
Accumulated depreciation	(6,794,824)	(369,746)	-	(7,164,570)
Net property, plant and equipment	<u>\$ 2,975,495</u>	<u>\$ (356,407)</u>	<u>\$ -</u>	<u>\$ 2,619,088</u>

	Balance December 31, 2002	Additions	Deductions	Balance December 31, 2003
Land	\$ 400,000	\$ -	\$ -	\$ 400,000
Land improvements	5,049,636	-	-	5,049,636
Buildings	3,983,813	-	-	3,983,813
Machinery and equipment	2,340	-	-	2,340
Port improvements	98,839	-	-	98,839
	9,774,648	-	-	9,774,648
Accumulated depreciation	(6,164,570)	(369,746)	-	(6,534,316)
Net property, plant and equipment	<u>\$ 3,610,078</u>	<u>\$ (369,746)</u>	<u>\$ -</u>	<u>\$ 3,240,332</u>

NOTE 5: LONG-TERM DEBT

The long-term debt payable at December 31, 2003 consists of

Certificates of Indebtedness

\$318,000 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.

\$ 65,000

ABBEVILLE HARBOUR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 3 LONG-TERM DEBT (CONTINUED)

The following is a summary of general long-term debt transactions of the Abbeville Harbour and Terminal District for the two years ended December 31, 2003:

	<u>Certificates of Indebtedness</u>
Long-term debt payable at December 31, 2001	\$ 150,000
Debt raised 2002	(60,000)
Debt raised 2003	<u>(20,000)</u>
Long-term debt payable at December 31, 2003	<u>\$ 70,000</u>

The annual amount of debt service requirements including interest payments of \$1,796, for long-term debt as of December 31, 2003 is as follows:

	<u>Certificates of Indebtedness</u>
2004	<u>\$ 66,796</u>

NOTE 4 LEASE OF LAND BY DISTRICT

The District is presently leasing five acres of land from World 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:

2004	\$,648
2005	\$,648
2006	\$,648
2007	<u>\$,648</u>
Total	<u>\$ 24,592</u>

ABBEVILLE HARBOR AND TERMINAL DISTRICT
 Abbeville, Louisiana

Notes to Financial Statements

NOTE 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:

2004	\$ 271,888
2005	281,500
2006	189,338
2007	111,879
2008	87,816
Thereafter	<u>671,430</u>
Total	<u>\$ 1,624,851</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.

NOTE 8 CONTRIBUTED CAPITAL

State of Louisiana:	
Act 864 of the 1981 Regular Session of the Louisiana Legislature	\$ 3,000,000
Act 744 of the 1985 Regular Session of the Louisiana Legislature	5,000,000
Act 711 of the 1987 Regular Session of the Louisiana Legislature	200,000
Louisiana Department of Transportation and Development	600,000
Louisiana Department of Commerce and Industry	150,000
United States Department of Commerce	128,674
Port of Beala District	4,000
Abbeville Harbor and Terminal District - General Fund	477,161
Standard Oil Production Company	<u>50,000</u>
Total	9,313,456
Less: accumulated amortization	<u>(6,486,200)</u>
Net contributed capital at December 31, 2003	<u>\$ 2,827,256</u>

ABBEVILLE HARBOUR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 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 Employees Retirement System of Louisiana.

State statute requires covered employees to contribute 100 percent of their salaries to the System. The System requires an employer contribution for the year ended December 31, 2001 and December 31, 2002 equal to 1.75% and 2.75%, respectively, of each member's salary for wages paid to members. The District's contribution to the System for the years ended December 31, 2001 and December 31, 2002 were \$2,617 and \$2,563, respectively, equal to the required contribution for 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.

NOTE 10 POST EMPLOYMENT BENEFITS

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

NOTE 11 LITIGATION

There is no litigation pending against the District as December 31, 2002.

NOTE 12 COMPENSATION PAID TO MEMBERS OF THE BOARD OF COMMISSIONERS

The commissioners of the District receive no compensation.

NOTE 13 COOPERATIVE AGREEMENT

The District entered into a cooperative agreement with the Vermilion Parish Sheriff Department for water patrol with the District. The agreement between the two organizations is that the Sheriff's Department would provide a Deputy for water patrol; however, the District has to pay the Sheriff's Department the salary and benefits of the Deputy along with the purchase of a boat. The District purchased a boat; however, the boat is titled to the Sheriff's Department for liability purposes and the boat will revert back to the District if either the District or the Sheriff does not renew the cooperative agreement. The cooperative agreement is renewed every four years when the Sheriff begins his/her new term of office.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 14 INTERFUND TRANSFERS

Operating transfers in and out for 2003 and 2002 are listed by fund:

	<u>Funds Transferring Out:</u>	
	<u>2003</u>	<u>2002</u>
	<u>General</u>	<u>General</u>
Funds Transferring to: Capital projects	<u>\$ 16,822</u>	<u>\$ 17,872</u>

INTERNAL CONTROL AND COMPLIANCE



18 Corporation • Certified Public Accountants

**Independent Auditor's Report on Compliance and
Internal Control over Financial
Reporting Based on an Audit of Internal
Purpose Financial Statements Performed in
Accordance with Government Auditing Standards**

**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 December 31, 2003, and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 16, 2004. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 judgment, could adversely affect the Abbeville Harbor and Terminal District's ability to record, process, summarize and report financial data 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 03-1.

Raymond H. Howell, CPA, Senior IFRS
John H. Wilson, CPA, Decennial 2003

B. Larry Sims, CPA, CVA, CFFA
Sherry E. Fendrick, CPA
Charles E. Howell, CPA, CVA
Stephen R. Howell, II, CPA
Stephen M. Hightshelm, CPA
John P. Jones, CPA
Jennifer S. Ogden, CPA, CFFA
Doris A. Miller, CPA, CVA
Stephen R. Dichter, CPA, CVA
Thomas S. Moran, CPA

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Kathleen T. Hensel, CPA
Kirk S. Lottman, III, CPA
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John Tappan Strickland, CPA
Barbara A. Clark, CPA
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Michelle B. Brunelle, CPA
Jeremy C. Hines, CPA
Kevin E. Young, CPA
Heather Ann Webb, CPA
John L. Gray, CPA

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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 as 83-1 is a material weakness.

This report is intended solely for the information of the Board of Commissioners, Management, others within the Organization, and Federal awarding agencies, and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:511, this report is distributed by the Legislative Auditor as a public document.

Douglas Allen & Fruchard

A Corporation of Certified Public Accountants

Abbeville, Louisiana

April 28, 2004

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Schedule of Findings and Questioned Costs
Years Ended December 31, 2003 and 2002

PART 1 SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the Abbeville Harbor and Terminal District's financial statements as of and for the two years ended December 31, 2003.

Reportable Condition – Financial Reporting

A reportable condition in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as item 65-1 in Section 2, and is considered a material weakness.

Material Noncompliance – Financial Reporting

No instances of noncompliance material to the financial statements were noted during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable for the two years ending December 31, 2003.

PART 2 FINDINGS RELATING TO THIS AUDIT IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

65-1 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: 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.

PART 3 FINDINGS AND QUESTIONED-COSTS RELATING TO FEDERAL PROGRAMS

At December 31, 2003 and 2002, the Abbeville Harbor and Terminal District did not meet the requirements to have a single audit in accordance with OMB Circular A-133; therefore, this section is not applicable.

ABBEVILLE MARSH AND TERMINAL DISTRICT
Abbeville, Louisiana

Schedule of Prior Year Findings
Years Ended December 31, 2000 and 2002

00-1 Findings: Segregation of Duties

Status: This finding is unresolved. See current year finding 00-1.

ARREVILLE HARBOR AND TERMINAL DISTRICT
Arreville, Louisiana

Corrective Action Plan
Years Ended December 31, 2003 and 2002

Response to findings:

03-1 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.