PORT OF IBERIA DISTRICT

FINANCIAL REPORT

JUNE 30, 2004

PORT OF IBERIA DISTRICT
NEW IBERIA, LOUISIANA

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JUNE 30, 2004

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Port of Iberia District
New Iberia, Louisiana

We have audited the accompanying financial statements of the Port of Iberia District, as of and for the years ended June 30, 2004 and 2003, as listed in the table of contents. These financial statements are the responsibility of the Port of Iberia District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port of Iberia District, as of June 30, 2004 and 2003, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the District has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for States and Local Governments," in 2004.

In accordance with Government Auditing Standards, we have also issued our report dated September 8, 2004 on our consideration of the Port of Iberia District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Broussard, Poché, Lewis & Breaux, LLP

New Iberia, Louisiana
September 8, 2004

PORT OF IBERIA DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) of the Port's annual financial report is designed to focus on the current year's activities, resulting changes and currently known facts. It should be read in conjunction with the financial statements that begin on page 8.

FINANCIAL HIGHLIGHTS

Assets of the District exceeded its liabilities at the close of the most recent fiscal year by $40,617,607 (net assets). Of this amount, 16.5%, or $6,701,535 (unrestricted net assets), may be used to meet the District's ongoing obligations to citizens and creditors in accordance with the District's fiscal policies.

The District's net assets increased $1,179,753 resulting primarily from capital contributions. The District receives funds from the State of Louisiana and the federal government for use in construction projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements and the notes to the financial statements.

The District's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the *Statements of Revenues, Expenses, and Changes in Net Assets.* All assets and liabilities associated with the operation of the District are included in the Statement of Net Assets.

The financial statements provide both long and short-term information about the District's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

FINANCIAL ANALYSIS

Net Assets

The District's total assets at June 30, 2004 reached $42,346,482. This represents an increase of $1,561,909 or 3.8% from the prior year. Total liabilities reached $1,728,875 for an increase of $382,156 or 28.4% and total net assets are $40,617,607 for an increase of $1,179,753 or 3.0% (See Table 1).

Table 1
Port of Iberia District
Net Assets
June 30, 2004

	2004	2003	Percentage Change
Assets:			
Current assets	$ 7,922,189	$ 6,590,072	20.2
Property (net)	34,166,072	33,935,967	.7
Other assets	258,221	258,534	(.1)
Total assets	$ 42,346,482	$ 40,784,573	3.8
Current liabilities	$ 1,728,875	$ 1,346,719	28.4
Net assets:			
Invested in capital assets, net of related debt	$ 33,916,072	$ 33,685,968	.7
Unrestricted	6,701,535	5,751,886	16.5
Total net assets	$ 40,617,607	$ 39,437,854	3.0

Property increased as expenditures were made for leased port site improvements. The increase in current assets resulted primarily from an increase in due from other governmental agencies. The increase in current liabilities resulted from significant payments due contractors at June 30, 2004 for construction projects. Corresponding liabilities were significantly lower at June 30, 2003.

The item, "invested in capital assets, net of related debt," consists of capital assets net of accumulated depreciation reduced by the amount of outstanding indebtedness (offset by the debt related to unspent bond or lease proceeds) attributable to the acquisition, construction, or improvement of those assets.

Changes in Net Assets

The change in net assets at June 30, 2004 was an increase of $1,179,753 or 3.0%. The District's total operating revenues increased $17,434 or .7%. Total operating expenses increased $149,029 or 6.0%. The changes in net assets are detailed in Table 2.

Table 2
Port of Iberia District
Changes in Net Assets
For the Year Ended June 30, 2004

	2004	2003	Percentage Change
Operating revenues:			
Docks	$ 56,052	$ 67,458	(16.9)
Leases	1,793,363	1,560,427	14.9
Operating grants	589,106	794,351	(25.8)
Other	20,911	19,762	5.8
Total operating revenues	$ 2,459,432	$ 2,441,998	.7
Operating expenses:			
Operating expenses	$ 1,549,091	$ 1,432,033	8.2
Depreciation	1,084,657	1,052,686	3.0
Total operating expenses	$ 2,633,748	$ 2,484,719	6.0
Operating income	$ (174,316)	$ (42,721)	(308.0)
Other revenue, net	103,320	105,743	(2.3)
Capital contributions	1,250,749	384,432	225.3
Change in net assets	$ 1,179,753	$ 447,454	163.7
Total net assets, beginning of year	39,437,854	38,990,400	1.2
Total net assets, end of year	$ 40,617,607	$ 39,437,854	3.0

Operating revenues increased by $17,434 or .7%. This increase resulted from higher lease income to the port offset by a reduction in grant income. Operating expenses increased by $149,029 or 6.0%. This increase resulted primarily from an increase in feasibility study expense of $138,041 over the prior year.

Capital contributions increased by $866,317 or 225.3%. These contributions were for site improvements and bulkheading on land owned by the District.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2004, the District had invested $34,166,072 in capital assets net of accumulated depreciation. As compared to the prior year, this amount represents an increase in the cost of assets of $1,314,449. Such increase is primarily attributed to site improvements and bulkheading on District owned land.

Additional information on the District's capital assets can be found in Note 3 on pages 20 through 22 of this report.

Debt Administration

The District did not issue any additional debt during the 2004 fiscal year. Of the debt held by the District as of June 30, 2003, $38,131 of notes payable and $30,000 of bonds payable was paid during 2004.

The $250,000 loan recorded in the balance sheet as of June 30, 2004 as note payable is a loan to the Louisiana State Bond Commission. The note was to be reimbursed to the Louisiana State Bond Commission. However, during the 1993 regular session of the Louisiana Legislature, HCR267 was adopted to grant $250,000 to the Port of Iberia District. In lieu of payment to the Port of Iberia District, the State Bond Commission was to cancel the $250,000 note payable to the State of Louisiana, as per written correspondence from Governor Edwin W. Edwards and an act of the 1993 Louisiana Legislature. The Attorney General's Office has indicated that the way this was handled was unconstitutional. This problem has not been resolved as of the date of these financial statements.

All bond debt and lease covenants have been met.

Additional information on the Port of Iberia District's debt can be found in Note 4 on pages 22 and 23 of this report.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Port of Iberia District, Post Office Box 9986, New Iberia, Louisiana 70562.

BASIC FINANCIAL STATEMENTS

PORT OF IBERIA DISTRICT

STATEMENTS OF NET ASSETS
June 30, 2004 and 2003

ASSETS	2004	2003
CURRENT ASSETS		
Cash and cash equivalent	$ 2,637,691	$ 2,038,785
Investments	4,488,618	4,425,940
Accounts receivable	14,716	29,135
Due from other governmental agencies	714,067	47,185
Prepaid expenses	53,178	49,027
Interest receivable	13,919	-
Total current assets	$ 7,922,189	$ 6,590,072
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation of 2004 - $9,295,276 and 2003 - $8,210,932	$34,166,072	$33,935,967
OTHER ASSETS		
Other assets	$ 258,221	$ 258,221
Bond issue cost, net of accumulated amortization	-	313
Total other assets	$ 258,221	$ 258,534
Total assets	$42,346,482	$40,784,573

See Notes to Financial Statements.

Exhibit A

LIABILITIES AND NET ASSETS	2004	2003
CURRENT LIABILITIES		
Note payable	$ 250,000	$ 288,131
Bonds payable	-	30,000
Accounts payable	4,420	12,020
Construction project payables	444,618	61,691
Deferred income	987,493	912,083
Accrued expenses	17,344	17,794
Other liabilities	25,000	25,000
Total current liabilities	$ 1,728,875	$ 1,346,719
NET ASSETS		
Invested in capital assets, net of related debt	$33,916,072	$33,685,968
Unrestricted	6,701,535	5,751,886
Total net assets	$40,617,607	$39,437,854
Total liabilities and net assets	$42,346,482	$40,784,573

Exhibit B

PORT OF IBERIA DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2004 and 2003

	2004	2003
OPERATING REVENUES		
Leases	$ 1,793,363	$ 1,560,427
State grants	239,106	794,351
Federal grants	350,000	-
Tonnage and docking fees	33,579	48,530
Boat stall rentals	22,473	18,928
Sewerage district #1 maintenance	10,248	9,945
Water franchise fee	10,663	9,812
Miscellaneous income	-	5
Total operating revenues	$ 2,459,432	$ 2,441,998
OPERATING EXPENSES		
Accounting and auditing	$ 11,625	$ 10,325
Advertising	29,283	44,449
Auto allowances	17,401	18,496
Business promotion	2,198	2,571
Depreciation and amortization	1,084,657	1,052,686
Dock and contractors	12,870	14,040
Dues and subscriptions	8,827	8,800
Employee benefits	12,722	9,584
Environment expenses	-	1,038
Feasibility studies	993,552	855,511
IDF cooperative endeavor agreement	10,000	10,000
Insurance	103,081	111,159
Legal fees	24,286	19,911
Miscellaneous	5,988	11,934
Office expense	18,697	23,994
Outside services	2,579	1,112
Port improvements and development	21,757	40,314
Repairs and maintenance	35,090	35,914
Salaries:		
Director	80,327	79,560
Other	68,497	57,288
Security	20,000	20,000
Taxes - payroll	2,695	2,093
Travel	41,848	27,817
Telephone	8,028	8,622
Utilities	17,740	17,501
Total operating expenses	$ 2,633,748	$ 2,484,719
Operating loss	$ (174,316)	$ (42,721)

(continued)

Exhibit B
(continued)

PORT OF IBERIA DISTRICT

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS (CONTINUED)
For the Years Ended June 30, 2004 and 2003

	2004	2003
OTHER REVENUE (EXPENSE)		
Interest income	$ 104,959	$ 111,434
Interest expense	(1,639)	(5,691)
Total other revenue, net	$ 103,320	$ 105,743
Income (loss) before contributions	$ (70,996)	$ 63,022
Capital contributions	1,250,749	384,432
Change in net assets	$ 1,179,753	$ 447,454
Net assets, beginning of year	$39,437,854	$39,585,974
Prior period adjustment	-	(595,574)
Net assets, beginning of year (restated)	$39,437,854	$38,990,400
Net assets, end of year	$40,617,607	$39,437,854

See Notes to Financial Statements.

Exhibit C

PORT OF IBERIA DISTRICT

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2004 and 2003

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 1,960,155	$ 1,722,944
Other operating receipts	589,106	794,351
Payments to suppliers	(1,396,601)	(1,298,907)
Payments to employees	(149,718)	(137,820)
Other operating payments	(14,973)	(10,728)
Net cash provided by operating activities	$ 987,969	$ 1,069,840
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Increase in deposits	$ -0-	$ 25,000
Net cash provided by noncapital financing activities	$ -0-	$ 25,000
CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES		
Grants	$ 583,867	$ 359,348
Capital asset acquisitions	(931,522)	(785,718)
Interest paid on amounts to finance asset acquisitions	(1,639)	(7,186)
Principal payments on bonds payable	(30,000)	(30,000)
Principal payments on notes payable	(38,131)	(35,596)
Net cash used in capital related financing activities	$ (417,425)	$ (499,152)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	$ (62,678)	$ (108,649)
Investment income received	91,040	111,434
Net cash provided by investing activities	$ 28,362	$ 2,785
Net increase in cash and cash equivalents	$ 598,906	$ 598,473
Cash and cash equivalents, beginning of year	2,038,785	1,440,312
Cash and cash equivalents, end of year	$ 2,637,691	$ 2,038,785
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Assets acquired by default of lease	$ -0-	$ 249,178

(continued)

Exhibit C
(continued)

PORT OF IBERIA DISTRICT

STATEMENTS OF CASH FLOWS (CONTINUED)
For the Years Ended June 30, 2004 and 2003

	2004	2003
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	$ (174,316)	$ (42,721)
Adjustments to reconcile operating loss to net cash used by operating activities -		
Depreciation and amortization	1,084,657	1,052,686
Change in assets and liabilities:		
(Increase) decrease in assets -		
Accounts receivables	14,419	57,866
Prepaid expenses	(4,151)	-
Decrease (increase in liabilities -		
Accounts payable	(7,600)	(14,603)
Deferred income	75,410	17,482
Accrued expenses	(450)	73
Other liabilities	-	(943)
Net cash provided by operating activities	$ 987,969	$ 1,069,840

See Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

The financial statements of Port of Iberia District ("District") are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the District's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.* Certain significant changes in the Statement include the following:

1. For the first time the financial statements include:

    a. A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.

    b. Financial statements prepared using full accrual accounting for all of the District's activities.

2. A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The District has implemented the Statement in the current year.

Reporting entity:

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Primary Government -

Port of Iberia District - The District is a political subdivision of the State of Louisiana created under the provisions of Louisiana Revised Statute 34:241. The District is governed by a board of commissioners consisting of seven members who serve without compensation. Two of the members are appointed by the City of New Iberia, one member each by the Towns of Jeanerette and Loreauville, and three members are appointed by the Iberia Parish Council. The Board is responsible for the regulation of commerce and traffic within the District.

Operations of the District are administered through an executive director who also serves as the port director. The operations of the District are financed primarily through lease payments and capital project grants from state and federal agencies. The District's offices and operations are located in an area that is 5 miles south of the City of New Iberia and encompasses more than 2,000 acres of land, both public and private, and is the base of operations for more than 90 companies. There are 10 miles of access roadways, three miles of railroad frontage, steel bulkheading, sewerage system, electrical service, natural gas, 11-1/2 miles of water frontage, 14 miles of water system that provides access to the Intracoastal Waterway and Gulf of Mexico, and a developed water channel, public dock and marina.

Component units -

Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.

2. Whether the primary government's governing authority appoints a majority of board members of the potential component unit.

3. Fiscal interdependency between the primary government and the potential component unit.

4. Imposition of will by the primary government on the potential component unit.

5. Financial benefit/burden relationship between the primary government and the potential component unit.

There are no entities that meet the criteria for inclusion as a component unit of the District.

Basis of presentation, accounting and measurement:

The accounting policies of the District are in conformity with accounting principles generally accepted in the United States of America as it applies to governmental entities. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred, regardless of when paid. Grants and similar items are recognized as revenues as soon as all imposed eligibility requirements have been met.

The District's accounting records are accounted for in a single proprietary fund. The Port's operations are financed and operated similar to a private business enterprise. Under a proprietary fund, costs of providing services are recovered through charges for those services to customers. Operating revenues and expenses are exclusive of nonoperating items. Operating revenues result from leasing property and providing services. Operating expenses are the result of costs associated with providing services and depreciation of capital assets. Revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

When both restricted and unrestricted net assets are available for use, restricted resources are first used with unrestricted resources consumed as they are needed.

GASB Statement No. 20 states that for proprietary activities, management may elect to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The District does not apply FASB Statements and Interpretations issued after November 30, 1989 for proprietary activities, unless they are adopted by GASB.

NOTES TO FINANCIAL STATEMENTS

Use of estimates:

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

Budgetary accounting:

Annually, the District adopts a cash basis budget for its operations. A comparison of revenues and expenses to budget is not included in the accompanying financial statements since it is not required by generally accepted accounting principles.

Cash and cash equivalents:

Cash includes amounts in interest-bearing demand deposits and on hand. For purposes of statements of cash flows, highly liquid investments with an original maturity of three months or less are considered to be cash equivalents.

Investments:

Investments include certificates of deposit and amounts invested in the Louisiana Asset Management Pool (LAMP). State statutes authorize the District to invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. LAMP is a local government investment pool initiated by the Louisiana Treasurer's office and invests its assets only in securities and other obligations that are permissible under Louisiana State low for local governments.

In accordance with GASB Statement No. 31, investments meeting the criteria specified in the Statement are stated at fair value. Investments which do not meet the requirements are stated at cost.

Prepaid items:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Receivables:

All receivables are shown net of an allowance account, as applicable.

NOTES TO FINANCIAL STATEMENTS

Property, plant and equipment:

All capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	Years
Furniture and fixtures	5 - 10
Steel bulkheading	30 - 40
Buildings and improvements	10 - 40

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Deferred income:

Operating revenues include rental charges to customers derived from leasing property owned by the District. Rentals due from certain lease agreements are billed in advance. Recognition of the related revenue on the advanced billing are deferred and recognized over the lease term.

Compensated absences:

The District's formal policy on vacation and sick leave provides that permanent employees of the District accrue from 12 to 21 days of vacation and sick leave per year depending on the length of service. A maximum of 45 days of vacation leave and 180 days of sick leave may be accumulated. The policy provides for the payment of accumulated vacation leave not to exceed 45 working days upon retirement or voluntary separation of employment. The policy does not provide for the payment of accumulated sick leave. In addition to the above, compensation time is allowed for employees who work more than 37.5 hours per week. Employees are allowed one hour of compensation time for each hour worked in excess of 37.5 hours. After 40 hours worked per week compensatory time is earned at 1.5 hours for each hour worked. Three meetings per month are classified as part of employees regular hours.

Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, "Accounting for Compensated Absences," no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Capitalization of interest cost:

Interest cost on assets intended for lease that are constructed as discrete projects shall be capitalized when the following conditions are present: expenditures for the asset have been made, activities that are necessary to get the asset ready for its intended use are in progress and interest cost is being incurred.

Reclassification:

Certain amounts in the 2003 financial statements have been reclassified to the 2004 presentation. Such reclassifications had no material effect on net assets except for the prior period adjustment that is discussed further in Note 10.

Note 2. Deposits and Investments

At June 30, 2004, the carrying amount of the District's deposits, including demand deposit accounts and certificates of deposit, was $5,096,450 and the bank balance was $5,102,762. Of the bank balance, $200,000 was secured from risk by federal deposit insurance and $4,902,762 by pledged securities held by the custodial banks in the name of the fiscal agent bank (GASB Category 3). Cash on hand at June 30, 2004 was $200.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 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.

The Louisiana Asset Management Pool (LAMP) is a local government investment pool initiated by the Louisiana Treasurer's Office. LAMP invests its assets only in securities and other obligations that are permissible under Louisiana State law for local government. These funds are available to the Port on demand and are not subject to GASB 3 categorization. The amount invested in LAMP at June 30, 2004 was $2,029,659.

NOTES TO FINANCIAL STATEMENTS

Note 3. Property, Plant and Equipment

A summary of activity for the year ended June 30, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 7,376,775	$ -	$ -	$ 7,376,775
Construction in progress	228,101	771,786	140,806	859,081
	$ 7,604,876	$ 771,786	$ 140,806	$ 8,235,856
Capital assets being depreciated:				
Buildings and improvements	$15,068,059	$ 676,710	$ -	$15,744,769
Equipment and fixtures	185,905	5,899	-	191,804
Docks and bulkheading	10,221,099	859	-	10,221,958
Utility improvements	1,578,318	-	-	1,578,318
Channel improvements	7,431,496	-	-	7,431,496
Signage	57,147	-	-	57,147
Total capital assets being depreciated	$34,542,024	$ 683,468	$ -0-	$35,225,492
Less accumulated depreciation for:				
Buildings and improvements	$ 3,456,718	$ 474,425	$ -	$ 3,931,143
Equipment and fixtures	101,329	9,146	-	110,475
Docks and bulkheading	2,643,404	292,164	-	2,935,568
Utility improvements	279,974	52,610	-	332,584
Channel improvements	1,717,730	252,370	-	1,970,100
Signage	11,778	3,628	-	15,406
Total accumulated depreciation	$ 8,210,933	$1,084,343	$ -0-	$ 9,295,276

(continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Total capital assets being depreciated, net	$26,331,091	$ (400,875)	$ -0-	$25,930,216
Total capital assets, net	$33,935,967	$ 370,911	$ 140,806	$34,166,072

A summary of activity for the year ended June 30, 2003 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 7,218,920	$ 157,855	$ -	$ 7,376,775
Construction in progress	254,221	30,159	56,279	228,101
	$ 7,473,141	$ 188,014	$ 56,279	$ 7,604,876
Capital assets being depreciated:				
Buildings and improvements	$14,787,183	$ 280,876	$ -	$15,068,059
Equipment and fixtures	168,309	17,596	-	185,905
Docks and bulkheading	9,571,091	650,008	-	10,221,099
Utility improvements	1,578,318	-	-	1,578,318
Channel improvements	7,431,496	-	-	7,431,496
Signage	40,775	16,372	-	57,147
Total capital assets being depreciated	$33,577,172	$ 964,852	$ -0-	$34,542,024

(continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation for:				
Buildings and improvements	$ 2,990,105	$ 466,613	$ -	$ 3,456,718
Equipment and fixtures	92,809	8,520	-	101,329
Docks and bulkheading	2,367,509	275,895	-	2,643,404
Utility improvements	227,364	52,610	-	279,974
Channel improvements	1,472,340	245,390	-	1,717,730
Signage	9,060	2,718	-	11,778
Total accumulated depreciation	$ 7,159,187	$1,051,746	$ -0-	$ 8,210,933
Total capital assets being depreciated, net	$26,417,985	$ (86,894)	$ -0-	$26,331,091
Total capital assets, net	$33,891,126	$ 101,120	$ 56,279	$33,935,967

Note 4. Long-Term Obligations

The $250,000 loan recorded in the statement of net assets as a note payable is a loan to the Louisiana State Bond Commission. The note was to be reimbursed to the Louisiana State Bond Commission over a five year period at $50,000 annually without any interest. The installments due March 1990, 1991, 1992, 1993 and 1994 were deferred by the state. During the 1993 regular session of the Louisiana Legislature, HCR267 was adopted to grant the $250,000 to the Port of Iberia District. In lieu of payment to the Port of Iberia District, the State Bond Commission was to cancel the $250,000 note payable to the State of Louisiana, as per written correspondence from the Governor and an act of the 1993 Louisiana Legislature. The Attorney General's Office has indicated that the way the transaction was handled is in violation of the State Constitution. This problem has not been resolved as of the date of the financial statements and the transaction remains a liability.

Changes in Long-Term Debt. During the year ended June 30, 2004, the following changes occurred in long-term liabilities:

	Balance July 1, 2003	Additions	Reductions	Balance June 30, 2004
Notes payable	$ 288,131	$ -	$ 38,131	$ 250,000
Certificates of indebtedness	30,000	-	30,000	-
	$ 318,131	$ -0-	$ 68,131	$ 250,000

Note 5. Pension Plan

Plan description:

All employees of the Port of Iberia District are members of the Parochial Employees Retirement System of Louisiana (System), cost-sharing, multiple employer defined benefit pension plans administered by a separate board of trustees. The System is composed of two district plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District are members of Plan A.

All permanent employees working at least 28 hours per week are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to 1% of final average salary plus $24 for each year of supplemental-plan-only service earned before January 1, 1980. Final-average salary is the employee's average salary over the 35 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Funding policy:

Under Plan A, members are required by state statute to contribute 9.50 percent of their annual covered salary and the Port of Iberia District is required to contribute at an actuarially determined rate. The current rate is 11.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Port of Iberia District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Port of Iberia District's contributions to the System under Plan A for the years ending June 30, 2004, 2003, and 2002 were $13,615, $10,606, and $10,397, respectively, equal to the required contributions for each year.

Note 6. Lease of Land by District

The District is presently leasing approximately 140 acres of land from the City of New Iberia for a period of 99 years at a cost of $1 per year. The effective dates of the lease are from July 28, 1948, to July 27, 2047.

Note 7. Lease of Land and Facilities to Others

Minimum future rentals on noncancelable operating leases for the next five years and thereafter are as follows:

2005	$ 1,897,942
2006	1,575,570
2007	1,484,049
2008	1,245,923
2009	942,232
2010 - 2014	2,500,379
2015 - 2019	672,863
	83,012
	$10,401,970

Note 8. Board of Commissioners Compensation

The Board of Commissioners of the Port of Iberia District serve without compensation.

Note 9. Other Assets

The Port of Iberia District leased one of its sites to a tenant and part of the lease contract was that six cranes would be installed. There were to be four 30 ton cranes in one of the buildings and two 10 ton cranes in one of the buildings. When the buildings were originally built, the specifications were for one of the buildings to have two 25 ton cranes and the other building to have one 15 ton crane. The cranes were never installed because the former tenant did not need the cranes. When the Port of Iberia District contracted to install the cranes for the new tenant, it was discovered that the beams and columns in the buildings would not accommodate the cranes as specified in the original contract. In order to rent to the current tenant, the Port of Iberia District had to correct these deficiencies. The expenditures to correct these deficiencies totaled $258,221 and are reflected in the financial statements as other assets at June 30, 2004 and 2003. The Port of Iberia District is holding the contractor who originally constructed the buildings responsible for these costs. As of June 30, 2004 this matter had not been resolved.

Note 10. Prior Period Adjustment

The beginning net asset balance in the 2003 financial statements has been restated to reflect a decrease of $595,574. This restatement is the result of erroneously recording income from lease payments and expenses for insurance on the cash basis versus the accrual basis. The 2003 balance sheet has been corrected to reflect prepaid insurance of $49,027 as a current asset. Deferred income, reflected in the current liability section of the 2003 balance sheet, has been increased by $699,083. The restatement had the effect of decreasing income from operations by $54,482 for the fiscal year ended June 30, 2003, as previously reported.

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

Board of Commissioners
Port of Iberia District
New Iberia, Louisiana

We have audited the financial statements of the Port of Iberia District, as of and for the year ended June 30, 2004, and have issued our report thereon dated September 8, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the Port of Iberia District's 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Port of Iberia District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Broussard, Poché, Lewis & Breaux, LLP

New Iberia, Louisiana
September 8, 2004

Schedule D-1

PORT OF IBERIA DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2004

We have audited the financial statements of Port of Iberia District as of and for the year ended June 30, 2004, and have issued our report thereon dated September 8, 2004. 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. Our audit of the financial statements as of June 30, 2004 resulted in an unqualified opinion.

Section I - Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control		
Material Weaknesses	___ Yes	X No
Reportable Conditions	___ Yes	X None Reported
Compliance		
Compliance Material to Financial Statements	___ Yes	X No

Section II - Financial Statement Findings

No matters are reported.

PORT OF IBERIA DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS
For the Year June 30, 2004

Section I. Internal Control and Compliance Material to the Financial Statements

No matters were reported.

Section II. Internal Control and Compliance Material to Federal Awards

Not Applicable.

Section III. Management Letter

The prior year's report did not include a management letter.