

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

Financial Report

Years Ended December 31, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Abbeville Harbor and Terminal District
P. O. Box 507
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Report on the Financial Statements

We have audited the accompanying financial statements of Abbeville Harbor and Terminal District (the District), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of December 31, 2013 and 2012, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 12, 2014 on our consideration of the Abbeville Harbor and Terminal District's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The 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 audits.

Dannall, Sikes, Gaudes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana

May 12, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

As management of the Abbeville Harbor and Terminal District (District), we offer readers this narrative overview and analysis of the financial statements of the Abbeville Harbor and Terminal District for the years ended December 31, 2013 and 2012. Please read it in conjunction with the District's financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

The assets of the Abbeville Harbor and Terminal District exceeded its liabilities as of December 31, 2013 by approximately \$7 million (net position).

The Port of Vermilion activities have increased with the expansion of Gulf Coast Marine Fabricators, a prominent fabrication and oilfield contractor. In addition Maritime International, a major worldwide manufacturer of fendering and mooring systems has located at the Port of Vermilion. The Port site will house Maritime's heavy fabrication division for their products. Maritime International is a leader domestically and worldwide in this industry. Expansion of the Port of Vermilion remains a priority although bulk heading remains at the top of our priority list the scarcity of funds remains a problem. We have made some progress in that area along with authorization from the State Bond Commission to sell bonds to help complete the bulk heading.

In addition to the Port of Vermilion, the district's facilities include the District Office Building in downtown Abbeville, the Intracoastal City Boat Launch which serves a growing number of users and the Fresh Water Bayou By-Pass. The district is also pleased to be the lead sponsor of the joint project between Abbeville Harbor & Terminal, the City of Abbeville, the Vermilion Parish Police Jury, the Department of Transportation and Development and the Louisiana Wildlife and Fisheries at the Hwy. 14 By-Pass Bridge that has been successful and is very popular with recreational boaters.

The last quarter of 2014 should bring forth the much anticipated update and revised Master Plan for the Abbeville Harbor & Terminal District, and the location of Wet Tech Energy, Inc. at the Port of Vermilion. Wet Tech Energy, Inc. is a leader in the domestic Gulf of Mexico anchoring, mooring, buoys and back down systems for the Gulf of Mexico shelf and are progressing into deep water. With the aforementioned Gulf Coast Marine Fabrication expansion and the location at the Port of Vermilion of Wet Tech Energy, Inc. both of these new developments will create additional job opportunities at the Port of Vermilion.

With the inclusion of the AGMAC Channel in the current Federal Water Resource Development Act we will be again looking for the inclusion of some bend way improvements on the lower Vermilion River to enable industries from the area of Port of Vermilion to Intracoastal City to be able to fully utilize that projects dimensions.

The Abbeville Harbor & Terminal District continues to try to develop and enhance the economy of The District and will continue to do so in cooperation with Local, State and Federal Government. The Abbeville Harbor & Terminal District will continue to seek out available State and Federal grants and available local funding for future improvements. Availability of local cost share participation will be an increasingly important consideration in the award of these grants in the future.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

The basic financial statements can be found on pages 7-9 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 10-17 of this report. You should read the notes before making assumptions or drawing conclusions about the District's financial condition.

FINANCIAL ANALYSIS OF THE DISTRICT

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

	2013	2012	2011
Current assets	\$ 2,159,022	\$ 2,167,568	\$ 2,047,559
Capital assets	<u>5,063,714</u>	<u>5,024,317</u>	<u>5,254,011</u>
Total assets	<u>7,222,736</u>	<u>7,191,885</u>	<u>7,301,570</u>
 Current liabilities	 <u>15,885</u>	 <u>48,886</u>	 <u>87,088</u>
 Net position:			
Invested in capital assets, net of related debt	5,063,714	5,024,317	5,254,011
Restricted for maintenance and dredging by management	450,000	300,000	150,000
Unrestricted	<u>1,693,137</u>	<u>1,818,682</u>	<u>1,810,471</u>
 Total net position	 <u>\$ 7,206,851</u>	 <u>\$ 7,142,999</u>	 <u>\$ 7,214,482</u>

As of December 31, 2013, the largest portion of the District's net position reflects its investment in capital assets net of depreciation (\$5 million) consisting of land, buildings, improvements and equipment. These assets are not available for future spending. At December 31, 2013 there was no debt related to any of the capital assets.

As of December 31, 2013, the District has \$450,000 reserved for future maintenance and dredging. The \$1.69 million in unrestricted net assets may be used to meet the District's ongoing operations.

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Operating revenues	\$ 521,220	\$ 467,956	\$ 467,368
Operating expenses	<u>975,741</u>	<u>1,033,432</u>	<u>1,037,695</u>
Operating loss	(454,521)	(565,476)	(570,327)
Net nonoperating revenues	<u>518,373</u>	<u>473,588</u>	<u>481,143</u>
Net income (loss) before contributions	63,852	(91,888)	(89,184)
Capital contributions	<u>-</u>	<u>20,405</u>	<u>184,750</u>
Change in net position	63,852	(71,483)	95,566
Net position, beginning of year	<u>7,142,999</u>	<u>7,214,482</u>	<u>7,118,916</u>
Net position, end of year	<u>\$ 7,206,851</u>	<u>\$ 7,142,999</u>	<u>\$ 7,214,482</u>

The District generates the majority of its revenue through the leasing of various lots at the Port of Vermilion. Leasing income for the year ended December 31, 2013 was \$460,330 compared to leasing income for the year ended December 31, 2012 of \$408,920. The District also generates revenue through rental income earned by renting unused office space at the District's administrative office building. Rental income was \$49,403 for the year ended December 31, 2013 and \$49,120 for the year ended December 31, 2012.

The District's net position increased \$63,852 for the year ended December 31, 2013.

CAPITAL AND DEBT ADMINISTRATION

Capital assets. The Abbeville Harbor and Terminal District's capital assets as of December 31, 2013 were \$5 million (net of accumulated depreciation). These balances include land, buildings, improvements and equipment.

Major capital assets include the following:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Land	\$ 930,000	\$ 930,000	\$ 930,000
Land improvements	5,129,636	5,129,636	5,129,636
Bulkhead	6,272,721	6,272,721	6,272,721
Furniture and equipment	38,897	58,747	58,747
F.W. By Pass	253,486	253,486	253,486
Building and improvements	1,736,950	1,364,656	1,358,878
Boat Launch	704,016	691,082	567,455
Port improvements	98,859	98,859	98,859
Construction in progress	-	22,294	69,904
Accumulated depreciation	<u>(10,100,851)</u>	<u>(9,797,164)</u>	<u>(9,485,675)</u>
	<u>\$ 5,063,714</u>	<u>\$ 5,024,317</u>	<u>\$ 5,254,011</u>

Long-term debt. As of December 31, 2013, 2012 and 2011, the District did not have any long-term debt.

REPORTS FOR INFORMATION

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

FINANCIAL SECTION

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Statements of Net Position
December 31, 2013 and 2012

	2013	2012
ASSETS		
Cash	\$ 5,584	\$ 5,584
Interest-bearing deposits	1,681,672	1,679,277
Receivables:		
Ad valorem taxes receivable	426,058	444,294
State revenue sharing	10,696	-
Prepaid insurance	34,007	37,408
Other	1,005	1,005
Total Current Assets	2,159,022	2,167,568
 Fixed Assets		
Property, plant and equipment	15,164,565	14,821,482
Less accumulated depreciation	(10,100,851)	(9,797,165)
	5,063,714	5,024,317
Total Assets	7,222,736	7,191,885
 LIABILITIES		
Accounts payable	8,310	37,522
Payroll taxes payable	-	3,789
Deferred income	7,575	7,575
Total Liabilities	15,885	48,886
 NET POSITION		
Invested in Capital Assets, net of debt	5,063,714	5,024,317
Restricted by management for maintenance and dredging	450,000	300,000
Unrestricted	1,693,137	1,818,682
Total Net Position	\$ 7,206,851	\$ 7,142,999

The accompanying notes are an integral part of this statement.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2013 and 2012

	2013	2012
OPERATING REVENUES:		
Leases and fees	\$ 521,220	\$ 467,956
OPERATING EXPENSES:		
Board meetings	2,915	3,180
Depreciation	319,284	311,489
Dues and subscriptions	-	3,734
Employee retirement	19,966	14,356
Insurance	89,748	87,342
Janitorial	9,312	9,769
Land lease	9,384	9,000
Miscellaneous	29,049	13,005
Office supplies	24,615	5,262
Pension	15,866	15,104
Postage	631	500
Professional fees	27,580	12,088
Rent	2,040	2,040
Repairs and maintenance	183,482	369,521
Salaries	199,663	143,561
Payroll taxes	11,228	10,998
Telephone	10,441	6,699
Travel	3,850	-
Utilities	16,687	15,784
Total operating expenses	975,741	1,033,432
Operating loss	(454,521)	(565,476)
NON-OPERATING REVENUES (EXPENSES):		
Ad valorem taxes	484,538	434,011
State revenue sharing	30,790	33,190
Interest income	3,331	2,775
Loss on disposal of assets	(4,253)	-
Miscellaneous income	3,967	3,612
Total non-operating revenues	518,373	473,588
Net income (loss) before contributions	63,852	(91,888)
CAPITAL CONTRIBUTIONS:		
State of Louisiana	-	20,405
	-	20,405
Change in net position	63,852	(71,483)
Total net position, beginning of year	7,142,999	7,214,482
Total net position, end of year	\$ 7,206,851	\$ 7,142,999

The accompanying notes are an integral part of this statement.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana
Statements of Cash Flows
Years Ended December 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 521,220	\$ 462,140
Payments to suppliers	(455,548)	(466,982)
Payments to employees and related benefits	(222,968)	(168,900)
Net cash used by operating activities	(157,296)	(173,742)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Ad valorem taxes	484,538	434,011
State revenue sharing	30,790	33,190
Other income	-	3,611
Net cash provided by noncapital financing activities	515,328	470,812
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(362,935)	(81,795)
Net cash used by capital and related financing activities	(362,935)	(81,795)
CASH FLOWS FROM INVESTING ACTIVITIES		
State grant proceeds	3,967	20,405
Interest received on interest bearing deposits	3,331	2,775
Net cash provided by investing activities	7,298	23,180
Net increase in cash and cash equivalents	2,395	238,455
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,684,861	1,446,406
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,687,256	\$ 1,684,861
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating loss	\$ (454,521)	\$ (565,476)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation	319,284	311,489
Increase (decrease) in accounts receivable	7,540	122,815
Increase (decrease) in prepaid expenses	3,402	(4,369)
Increase (decrease) in accrued liabilities	(3,789)	5,832
Increase (decrease) in accounts payable	(29,212)	(44,033)
Net cash used by operating activities	\$ (157,296)	\$ (173,742)

The accompanying notes are an integral part of this statement.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Abbeville Harbor and Terminal District (District) is a political subdivision of the State of Louisiana created under Louisiana Revised Statute 34:333. The District is governed by a Board of Commissioners which consists of six members who serve without compensation. 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 services as port director. The Port is located along the Vermilion River in Vermilion Parish and contains 100 acres of land consisting of various sites available for leasing.

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

Financial Reporting Entity

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

Fund Accounting

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

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

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

Basis of Accounting

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

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

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

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

Encumbrance Accounting

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

Cash and Interest-Bearing Deposits

Cash represents non interest-bearing demand deposits.

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

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

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

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

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

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

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

Deferred Revenue

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

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, 2013 and 2012 for such absences.

Fund Equity

Restrictions represent those portions of fund equity not appropriable for general expenditures and are legally segregated for specific future use.

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, 2013 and 2012.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

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

Accounting Estimates

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

Subsequent Events

Management has evaluated events subsequent to the balance sheet through May 12, 2014, the date the financial statements were available to be issued.

Change in Accounting Principle

The District adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

GASB Statement No.63 introduced and defined deferred outflows of resources and deferred inflows of resources as consumption and an acquisition, respectively, of net assets by the government that is applicable to a future reporting period. It also identifies net position, rather than net assets, as the residual of all elements presented in a statement of net position.

NOTE 2 AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. These taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year. During the years ended December 31, 2013 and 2012 the District was authorized, and levied, 3.15 mill ad valorem taxes.

NOTE 3 CASH AND INTEREST-BEARING DEPOSITS

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

	2013	2012
Demand deposits	\$ 5,584	\$ 5,584
Interest-bearing deposits	<u>1,681,672</u>	<u>1,679,277</u>
Totals	<u>\$ 1,687,256</u>	<u>\$ 1,684,861</u>

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 3 CASH AND INTEREST-BEARING DEPOSITS (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) are secured as follows:

	2013	2012
Bank balances	\$ 1,702,532	\$ 1,697,909
Federal deposit insurance	500,000	500,000
Balance uninsured	1,202,532	1,197,909
Pledged securities (category 3)	3,980,953	1,624,906
Excess FDIC insurance and pledged securities over cash and investments	\$ 2,778,421	\$ 426,997

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, 2013, interest-bearing deposits consisted of the following:

	Term	Maturity Date	Interest Rate	Amount
Public Funds Account	N/A	N/A	Various	\$ 366,333
Now Account	N/A	N/A	Various	856,208
Boat Launch Operating Account	N/A	N/A	Various	150
Certificate of Deposit	180 days	7/18/2014	0.20%	458,981
Total				\$ 1,681,672

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 4 PROPERTY PLANT AND EQUIPMENT

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

	Balance December 31, 2012	Additions	Deductions	Balance December 31, 2013
Land	\$ 930,000	\$ -	\$ -	\$ 930,000
Land improvements	5,129,636	-	-	5,129,636
Bulkhead	6,272,721	-	-	6,272,721
Furniture and equipment	58,747	-	19,850	38,897
F.W. By Pass	253,486	-	-	253,486
Building and improvements	1,364,656	372,294	-	1,736,950
Boat Launch	691,082	12,934	-	704,016
Construction in progress	22,294	-	22,294	-
Port improvements	<u>98,859</u>	<u>-</u>	<u>-</u>	<u>98,859</u>
	14,821,482	385,228	42,144	15,164,565
Accumulated depreciation	<u>(9,797,164)</u>	<u>15,597</u>	<u>319,284</u>	<u>(10,100,851)</u>
Net property, plant and equipment	<u>\$ 5,024,317</u>	<u>\$ 400,825</u>	<u>\$ 361,428</u>	<u>\$ 5,063,714</u>

NOTE 5 LEASE OF LAND BY DISTRICT

The District is presently leasing five acres of land from Weill Enterprises for a primary period of ten years with the option of renewing the lease for an additional eight successive terms of five years each immediately following the primary term. The current lease has been extended to 2018.

The minimum annual commitments under this lease are as follows:

2014	\$ 9,384
2015	9,384
2016	9,384
2017	9,384
2018	<u>9,384</u>
	<u>\$ 46,920</u>

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 6 LEASES OF LAND AND FACILITIES TO OTHERS

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

2014	\$	340,048
2015		308,121
2016		156,073
2017		92,437
2018		92,437
Thereafter		<u>313,087</u>
Total	\$	<u>1,302,203</u>

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

2014	\$	31,813
2015		23,061
2016		12,264
2017		12,264
2018		12,264
Thereafter		<u>4,088</u>
Total	\$	<u>95,754</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 7 RETIREMENT COMMITMENTS

All employees of the District hired on a permanent basis and 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 3.00 percent of their salaries to the System. The System requires an employer's contribution for the year ended December 31, 2013 to be equal to 10% of each member's salary for wages paid to members. The District's contribution to the System for the years ended December 31, 2013, 2012 and 2011 were \$19,966, \$14,207, and \$14,072 respectively, equal to the required contribution for the 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, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619, (225)928-1361.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 8 POST EMPLOYMENT BENEFITS

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

NOTE 9 LITIGATION

There is no litigation pending against the District at December 31, 2013 and 2012.

NOTE 10 COMPENSATION PAID TO MEMBERS OF THE BOARD OF COMMISSIONERS

The commissioners of the District did not receive any compensation during the years ended December 31, 2013 and 2012.

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



**Darnall, Sikes,
Gardes & Frederick**

(A Corporation of Certified Public Accountants)

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

Board of Commissioners
Abbeville Harbor and Terminal District
Abbeville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities the Abbeville Harbor and Terminal District (the District) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 12, 2014.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described as item 13-1 in the accompanying schedule of findings and responses to be a material weakness.

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Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to Findings

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

Purpose of this Report

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

Dannall, Sikes, Gaudes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana
May 12, 2014

ABBEVILLE HARBOR AND TERMININAL DISTRICT
Abbeville, Louisiana

Schedule of Findings and Responses
Year Ended December 31, 2013

SECTION 1 SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Auditor's Report

An unmodified opinion has been issued on the Abbeville Harbor and Terminal District's financial statements as of and for the year ended December 31, 2013.

Deficiencies and Material Weakness in Internal Control – Financial Reporting

A material weakness in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as item 13-1 in Section 2.

Material Noncompliance – Financial Reporting

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

FEDERAL AWARDS

Major Program Identification

This section is not applicable for the year ended December 31, 2013.

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

13-1 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.

SECTION 3 FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL PROGRAMS

At December 31, 2013, 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.

SECTION 4 MANAGEMENT LETTER

The auditor did not issue a management letter this year.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Schedule of Prior Year Findings
Year Ended December 31, 2013

12-1 Findings: Segregation of Duties

Status: This finding is unresolved. See current year finding 13-1.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Corrective Action Plan
Year Ended December 31, 2013

Response to findings:

13-1 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.