

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

Financial Report

Years Ended December 31, 2012 and 2011

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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 year ended December 31, 2012 and 2011, 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, 2012 and 2011, and the changes in financial position and cash flows thereof for the year 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 June 18, 2013 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 audit.

Dannall, Sikes, Gardes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana

June 18, 2013

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, 2012 and 2011. 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, 2012 by approximately \$7 million (net position).

The Port of Vermilion activities have increased with the addition of Cajun Maritime, a major marine Contractor. Expansion of available facilities at the Port of Vermilion remains a priority, although the cost of Bulkheading remains on obstacle along with the scarcity of State Capital Outlay Funds.

The District continues to pursue available funds for Port Development from State and Federal sources, for which local matching funds are required, as they become available. This is important as The Port of Vermilion is a major industrial site in Vermilion Parish.

The District, as the sponsor for the improvements to the Abbeville By-Pass Boat Launch, has completed the improvements for enhanced recreational user access. This was done in cooperation with our partners, The Vermilion Parish Police Jury, The City of Abbeville, The Louisiana Department of Transportation and Development, and Louisiana Department of Wildlife and Fisheries. These improvements are situated on Louisiana Department of Transportation Property which has an ongoing maintenance agreement with the City of Abbeville for the By-Pass Boat Launch. This was made possible through a Federal Wallop-Breaux Boating Access grant and local matching funds pursued by the Abbeville Harbor and Terminal District. In addition a pavilion was added to the District's Intracoastal City Public Boat Launch for events held at that facility.

Looking forward, the addition of Maritime International to the Port of Vermilion in 2013 will add to the permanent jobs at Port of Vermilion. In addition Gulf Coast Marine Fabricators has changed ownership and improvements and expansion are underway and new permanent jobs are being added. Gulf Coast Marine Fabricators has also renegotiated the lease to extend the current term to 2022. These are all good positive steps for the Port of Vermilion and the District.

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:

	2012	2011	2010
Current assets	\$ 2,167,568	\$ 2,047,559	\$ 1,886,070
Capital assets	<u>5,024,317</u>	<u>5,254,011</u>	<u>5,258,258</u>
Total assets	<u>7,191,885</u>	<u>7,301,570</u>	<u>7,144,328</u>
Current liabilities	<u>48,886</u>	<u>87,088</u>	<u>25,412</u>
Net position:			
Invested in capital assets, net of related debt	5,024,317	5,254,011	5,258,258
Restricted for maintenance and dredging by management	300,000	150,000	-
Unrestricted	<u>1,818,682</u>	<u>1,810,471</u>	<u>1,860,658</u>
Total net position	<u>\$ 7,142,999</u>	<u>\$ 7,214,482</u>	<u>\$ 7,118,916</u>

As of December 31, 2012, 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, 2012 there was no debt related to any of the capital assets.

As of December 31, 2012, the District has \$300,000 reserved for future maintenance and dredging. The \$1.82 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:

	2012	2011	2010
Operating revenues	\$ 467,956	\$ 467,368	\$ 435,022
Operating expenses	<u>1,033,432</u>	<u>1,037,695</u>	<u>799,517</u>
Operating loss	(565,476)	(570,327)	(364,495)
Net nonoperating revenues	<u>473,588</u>	<u>481,143</u>	<u>534,894</u>
Net income (loss) before contributions	(91,888)	(89,184)	170,399
Capital contributions	<u>20,405</u>	<u>184,750</u>	<u>9,240</u>
Change in net position	(71,483)	95,566	179,639
Net position, beginning of year	<u>7,214,482</u>	<u>7,118,916</u>	<u>6,939,277</u>
Net position, end of year	<u>\$ 7,142,999</u>	<u>\$ 7,214,482</u>	<u>\$ 7,118,916</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, 2012 was \$408,920 compared to leasing income for the year ended December 31, 2011 of \$408,831. The District also generates revenue through rental income earned by renting unused office space at the District's administrative office building. Rental income was \$49,120 for the year ended December 31, 2012 and \$48,415 for the year ended December 31, 2011.

The District's net position decreased \$167,047 for the year ended December 31, 2012 with Port dredging accounting for the majority of this decrease.

CAPITAL AND DEBT ADMINISTRATION

Capital assets. The Abbeville Harbor and Terminal District's capital assets as of December 31, 2012 were \$5 million (net of accumulated depreciation). These balances include land, buildings, improvements and equipment.

Major capital assets include the following:

	2012	2011	2010
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	58,747	58,747	58,747
F.W. By Pass	253,486	253,486	253,486
Building and improvements	1,364,656	1,358,878	1,128,878
Boat Launch	691,082	567,455	567,455
Port improvements	98,859	98,859	98,859
Construction in progress	23,294	69,904	-
Accumulated depreciation	(9,797,164)	(9,485,675)	(9,181,524)
	\$ 5,025,317	\$ 5,254,011	\$ 5,258,258

Long-term debt. As of December 31, 2012, 2011 and 2010, 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, 2012 and 2011

	2012	2011
ASSETS		
Cash	\$ 5,584	\$ 5,584
Interest-bearing deposits	1,679,277	1,440,822
Receivables:		
Ad valorem taxes	444,294	444,294
Other	-	122,815
Prepaid insurance	37,408	33,039
Other	<u>1,005</u>	<u>1,005</u>
Total Current Assets	<u>2,167,568</u>	<u>2,047,559</u>
Fixed Assets		
Property, plant and equipment	14,821,482	14,739,687
Less accumulated depreciation	<u>(9,797,165)</u>	<u>(9,485,676)</u>
	<u>5,024,317</u>	<u>5,254,011</u>
 Total Assets	 <u>7,191,885</u>	 <u>7,301,570</u>
LIABILITIES		
Accounts payable	37,522	81,555
Paryoll taxes payable	3,789	3,774
Deferred income	<u>7,575</u>	<u>1,759</u>
 Total Liabilities	 <u>48,886</u>	 <u>87,088</u>
NET POSITION		
Invested in Capital Assets, net of debt	5,024,317	5,254,011
Restricted by mangagment for maintenance and dredging	300,000	150,000
Unrestricted	<u>1,818,682</u>	<u>1,810,471</u>
 Total Net Position	 <u>\$ 7,142,999</u>	 <u>\$ 7,214,482</u>

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, 2012 and 2011

	2012	2011
OPERATING REVENUES:		
Leases and fees	\$ 467,956	\$ 467,368
OPERATING EXPENSES:		
Board meetings	3,180	3,277
Depreciation	311,489	304,151
Dues and subscriptions	3,734	3,653
Employee retirement	14,356	14,207
Insurance	87,342	81,164
Janitorial	9,769	9,323
Land lease	9,000	9,000
Miscellaneous	13,005	16,597
Office supplies	5,262	7,127
Pension	15,104	14,044
Postage	500	647
Professional fees	12,088	25,376
Rent	2,040	2,040
Repairs and maintenance	369,521	368,844
Salaries	143,561	142,067
Payroll taxes	10,998	10,885
Telephone	6,699	7,980
Utilities	15,784	17,315
Total operating expenses	1,033,432	1,037,697
Operating loss	(565,476)	(570,329)
NON-OPERATING REVENUES (EXPENSES):		
Ad valorem taxes	434,011	442,452
State revenue sharing	33,190	31,690
Interest income	2,775	3,340
Miscellaneous income	3,612	3,661
Total non-operating revenues	473,588	481,143
Net income (loss) before contributions	(91,888)	(89,186)
CAPITAL CONTRIBUTIONS:		
State of Louisiana	20,405	184,752
	20,405	184,752
Change in net position	(71,483)	95,566
Total net position, beginning of year	7,214,482	7,118,916
Total net position, end of year	\$ 7,142,999	\$ 7,214,482

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, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 462,140	\$ 347,879
Payments to suppliers	(466,982)	(496,227)
Payments to employees and related benefits	(168,900)	(177,429)
Net cash used by operating activities	(173,742)	(325,777)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Ad valorem taxes	434,011	442,438
State revenue sharing	33,190	31,690
Other income	3,611	3,661
Net cash provided by noncapital financing activities	470,812	477,789
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(81,795)	(299,904)
Net cash used by capital and related financing activities	(81,795)	(299,904)
CASH FLOWS FROM INVESTING ACTIVITIES		
State grant proceeds	20,405	184,752
Interest received on interest bearing deposits	2,775	3,340
Net cash provided by investing activities	23,180	188,092
Net increase in cash and cash equivalents	238,455	40,200
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,446,406	1,406,206
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,684,861	\$ 1,446,406
Reconciliation of Operating Loss to Net Cash		
Used by Operating Activities:		
Operating loss	\$ (565,476)	\$ (570,329)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation	311,489	304,151
Increase (decrease) in accounts receivable	122,815	(119,573)
Increase (decrease) in prepaid expenses	(4,369)	(1,702)
Increase (decrease) in accrued liabilities	5,832	3,858
Increase (decrease) in accounts payable	(44,033)	57,818
Net cash used by operating activities	\$ (173,742)	\$ (325,777)

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, 2012 and 2011 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, 2012 and 2011.

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 June 18, 2013, 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, 2012 and 2011 the District was authorized, and levied, 3.15 and 2.98 mill ad valorem taxes respectively.

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:

	2012	2011
Demand deposits	\$ 5,584	\$ 5,584
Interest-bearing deposits	<u>1,679,277</u>	<u>1,440,822</u>
Totals	<u>\$ 1,684,861</u>	<u>\$ 1,446,406</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:

	2012	2011
Bank balances	\$ 1,697,909	\$ 1,446,406
Federal deposit insurance	<u>500,000</u>	<u>406,679</u>
Balance uninsured	1,197,909	1,039,727
Pledged securities (category 3)	<u>1,624,906</u>	<u>1,233,758</u>
Excess FDIC insurance and pledged securities over cash and investments	<u>\$ 426,997</u>	<u>\$ 194,031</u>

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the pledging institution, or by its trust department or agent, but not in the District's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

At December 31, 2012, interest-bearing deposits consisted of the following:

	Term	Maturity Date	Interest Rate	Amount
Public Funds Account	N/A	N/A	Various	\$ 365,052
Now Account	N/A	N/A	Various	1,006,591
Boat Launch Operating Account	N/A	N/A	Various	150
Certificate of Deposit	180 days	1/25/2012	0.65%	<u>307,484</u>
Total				<u>\$1,679,277</u>

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, 2011	Additions	Deductions	Balance December 31, 2012
Land	\$ 930,000	\$ -	\$ -	\$ 930,000
Land improvements	5,129,636	-	-	5,129,636
Bulkhead	6,272,721	-	-	6,272,721
Furniture and equipment	58,748	-	-	58,748
F.W. By Pass	253,486	-	-	253,486
Building and improvements	1,358,878	5,778	-	1,364,656
Boat Launch	567,455	123,627	-	691,082
Construction in progress	69,904	22,294	69,904	22,294
Port improvements	98,859	-	-	98,859
	<u>14,739,687</u>	<u>151,699</u>	<u>69,904</u>	<u>14,821,482</u>
Accumulated depreciation	<u>(9,485,676)</u>	<u>-</u>	<u>311,489</u>	<u>(9,797,165)</u>
Net property, plant and equipment	<u>\$ 5,254,011</u>	<u>\$ 151,699</u>	<u>\$ 381,393</u>	<u>\$ 5,024,317</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 2013.

The minimum annual commitments under this lease are as follows:

2013	<u>\$ 8,640</u>
	<u>\$ 8,640</u>

NOTE 6 LEASE 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:

2013	\$ 343,583
2014	316,382
2015	316,382
2016	147,952
2017	33,009
Thereafter	<u>118,287</u>
Total	<u>\$ 1,275,595</u>

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 6 LEASE OF LAND AND FACILITIES TO OTHERS (Continued)

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

2013	\$ 31,403
2014	21,594
2015	<u>10,797</u>
Total	<u>\$ 63,794</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, 2012 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, 2012, 2011 and 2010 were \$14,356, \$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.

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, 2012 and 2011.

NOTE 10 COMPENSATION PAID TO MEMBERS OF THE BOARD OF COMMISSIONERS

The commissioners of the District did not receive any compensation.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Notes to Financial Statements

NOTE 11 COOPERATIVE AGREEMENT

The District entered into a cooperative agreement with the Vermilion Parish Sheriff Department for water patrol within the District. 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 Sheriff will obtain all licenses for the boat and provide and document regular maintenance of the boat. The District also provides the quarters above the boat house at the Intracoastal Launch for use as a Sheriff's substation. The cooperative agreement is renewed every four years when the Sheriff begins his/her new term of office.

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



**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, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 18, 2013.

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 12-1 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, Gardes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana
June 18, 2013

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Schedule of Findings and Responses
Year Ended December 31, 2012

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, 2012.

Significant Deficiencies - Financial Reporting

There were no significant deficiencies in internal control over financial reporting disclosed during the audit of the financial statements.

Material Weakness – 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 12-1 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, 2012.

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

12-1 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, 2012, 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 HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Schedule of Prior Year Findings
Year Ended December 31, 2012

11-1 Findings: Segregation of Duties

Status: This finding is unresolved. See current year finding 12-1.

ABBEVILLE HARBOR AND TERMINAL DISTRICT
Abbeville, Louisiana

Corrective Action Plan
Year Ended December 31, 2012

Response to findings:

12-1 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.