

AVOYELLES PARISH PORT COMMISSION

FINANCIAL STATEMENTS

JUNE 30, 2014

*DUCOTE & COMPANY
Certified Public Accountants
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AVOYELLES PARISH PORT COMMISSION
SIMMESPORT, LOUISIANA
June 30, 2014

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INDEPENDENT AUDITORS' REPORT

Samuel T Maddie, Chairman
Board of Commissioners
Avoyelles Parish Port Commission
Simmesport, Louisiana

We have audited the accompanying financial statements of the governmental activities of the Avoyelles Parish Port Commission, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Commission's basic 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Avoyelles Parish Port Commission, as of June 30, 2014, and the resulting changes in financial position, and the respective budgetary comparison of the Avoyelles Parish Port Commission, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2014, on our consideration of the Avoyelles Parish Port Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Avoyelles Parish Port Commission's internal control over financial reporting and compliance.

Ducote & Company

Marksville, Louisiana
December 9, 2014

BASIC FINANCIAL STATEMENTS

GOVERNMENT WIDE FINANCIAL STATEMENTS

AVOYELLES PARISH PORT COMMISSION
Simmesport, Louisiana

STATEMENT OF NET POSITION
June 30, 2014

	GOVERNMENTAL ACTIVITY
ASSETS	
Cash	\$162,626
Intergovernmental receivables	0
Property and equipment (net of accumulated depreciation)	<u>22,191,135</u>
Total Assets	<u>22,353,761</u>
LIABILITIES	
Accounts payable	37,766
Leases payable	26,000
Bonds payable	<u>672,931</u>
Total Liabilities	<u>736,697</u>
NET POSITION	
Invested in capital assets	22,191,135
Unrestricted	<u>(574,071)</u>
Total Net Position	<u><u>\$21,617,064</u></u>

See accompanying notes and independent accountants' audit report.

AVOYELLES PARISH PORT COMMISSION
 Simmesport, Louisiana

STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2014

	Expenses	Program Operating Grants	Net (Expenses) Revenues
FUNCTIONS/PROGRAMS			
<i>Governmental Activities</i>			
General Government			
Insurance	\$17,284	\$9,178	(\$8,106)
Professional fees	84,485	44,864	(39,621)
Operating services	33,929	18,017	(15,912)
Facilities maintenance	68,941	36,609	(32,332)
Interest on long term debt	25,876	13,741	(12,135)
Depreciation	680,179	361,192	(318,987)
TOTAL GOVERNMENTAL ACTIVITIES	\$910,694	\$483,601	(427,093)
General Revenues:			
Miscellaneous revenues			20,059
Total general revenues			20,059
Changes in net position			(407,034)
Net position, beginning of year			22,024,098
Net position, end of year			\$21,617,064

See accompanying notes and independent accountants' audit report.

FUND FINANCIAL STATEMENTS

AVOYELLES PARISH PORT COMMISSION
Simmesport, Louisiana

Balance Sheet
Governmental Fund Type – Special Revenue Fund
June 30, 2014

		<u>June 30, 2014</u>
ASSETS		
Cash		<u>\$162,626</u>
Total Assets		<u><u>\$162,626</u></u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable		<u>\$37,766</u>
Total liabilities		<u>37,766</u>
Fund Equity:		
Fund balance, restricted		<u>124,860</u>
		<u>124,860</u>
Total Liabilities and Fund Equity		<u><u>\$162,626</u></u>

See accompanying notes and independent accountants' audit report.

AVOYELLES PARISH PORT COMMISSION
Simmesport, Louisiana

**Reconciliation of the Governmental Fund Balance Sheet
To the Statement of Net Position
June 30, 2014**

Total fund balance for the governmental fund at June 30, 2014		\$124,860
Total net assets reported for the governmental activities in the statement of net assets is different because:		
Capital assets used in the governmental activities are not financial resources, and therefore are not reported in the funds. These assets consist of:		
Cost of capital assets as of June 30, 2014	\$24,348,319	
Less: accumulated depreciation as of June 30, 2014	<u>(2,157,184)</u>	22,191,135
Long term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Long term liabilities at June 30, 2014 are:		
Bonds payable	(672,931)	
Leases payable	<u>(26,000)</u>	<u>(698,931)</u>
Net position at June 30, 2014		<u><u>\$21,617,064</u></u>

See accompanying notes and independent accountants' audit report.

AVOUELLES PARISH PORT COMMISSION
Simmesport, Louisiana

**Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget (GAAP Basis) and Actual
Governmental Fund Type – Special Revenue Fund
For the Year Ended June 30, 2014**

	Original Budget	Amended and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental revenues				
Delta Regional Authority	\$150,000	\$0	\$0	\$0
Red River Waterway Commission	1,500,000	250,000	285,052	35,052
USDA	144,000	0	0	0
Economic Development Alliance	1,200,000	0	0	0
Rental income	200,000	200,000	198,549	(1,451)
Interest income	500	500	0	(500)
Miscellaneous	500	500	20,059	19,559
Total revenues	3,195,000	451,000	503,660	52,660
EXPENDITURES				
General government				
Insurance	20,000	20,000	17,284	2,716
Contract services/consultants	50,000	50,000	84,485	(34,485)
Operating services	50,000	50,000	33,929	16,071
Facilities maintenance	30,000	30,000	68,941	(38,941)
Debt service:				
Principal	63,000	63,000	43,000	20,000
Interest	20,000	20,000	25,876	(5,876)
Capital outlay	3,297,000	500,000	480,677	19,323
Total expenditures	3,530,000	733,000	754,192	(21,192)
Excess (deficiency) of revenues over expenditures	(335,000)	(282,000)	(250,532)	(31,468)
OTHER FINANCING SOURCES (USES)				
Proceeds from debt issuance	335,000	335,000	330,720	(4,280)
Total other financing sources (uses)	335,000	335,000	330,720	(4,280)
NET CHANGE IN FUND BALANCE	0	53,000	80,188	\$80,188
Fund balance, beginning	44,672	44,672	44,672	
Fund balance, ending	\$44,672	\$97,672	\$124,860	

See accompanying notes and independent accountants' audit report.

AVOUELLES PARISH PORT COMMISSION
Simmesport, Louisiana

**Reconciliation of Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities
For the Year Ended June 30, 2014**

Total net changes in fund balance for the year ended June 30, 2014, per the Statement of Revenues, Expenditures and Changes in Fund Balance		\$80,188
<p>The changes in net assets reported for governmental activities in the statement of activities is different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlays which are considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance	\$480,677	
Depreciation expense for the year ended June 30, 2014	<u>(680,179)</u>	(199,502)
<p>Governmental funds report proceeds from debt issues as other financing sources and, therefore, are not reported in the Statement of Activities. They are reported as a liability on the Statement of Net Assets.</p>		
Proceeds from debt issuance		(330,720)
<p>Governmental funds report debt repayments as expenditures. However, the expenditure does not appear in the Statement of Activities since the payment is applied against the debt payable on the Statement of Net Assets.</p>		
Lease payment	13,000	
Principal bond payments	<u>30,000</u>	<u>43,000</u>
Total changes in net position for the year ended June 30, 2014, per the Statement of Activities.		<u><u>(\$407,034)</u></u>

See accompanying notes and independent accountants' audit report.

AVOYELLES PARISH PORT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

INTRODUCTION

The Avoyelles Parish Port Commission (the "Commission") was created by the provisions of Louisiana Revised Statute (LRS) 34:1801. The statute provides for the Commission to be composed of seven members who shall serve without compensation. Four commissioners are to be appointed by the Avoyelles Parish Police Jury, two are to be appointed by the Town of Simmesport, and the final commissioner is to be elected by the appointed commissioners. The commissioners serve terms from two to six years. The Port Commission has the authority to regulate commerce and traffic, to administer docks and landings, and to construct or acquire equipment, wharves, and buildings for the commerce of the port area within Avoyelles Parish.

The Avoyelles Parish Port at Simmesport, LA is an inland port located on the Atchafalaya River, an 18 foot draft river in central Louisiana. The Port's Master Plan outlines a multi-purpose, four phase development on 2,200 acres of land, including a 200 acre industrial park, port dock, and recreational area and boat launch.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

A. REPORTING ENTITY

The Commission, for financial purposes, includes all the funds relevant to the operations of the Avoyelles Parish Port Commission. The financial statements presented herein do not include agencies which have been formed under applicable laws or separate and distinct units of government apart from the Avoyelles Parish Port Commission.

The Commission is considered a primary government and is financially independent and is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Commission.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The government wide fund financial statements report the information on all of the non-fiduciary activities of the Avoyelles Parish Port Commission. Governmental activities are normally supported by rentals, fees and assessments which are reported separately from the business-type activities, which relay to a significant extent on fees and user charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include rentals, fees and assessments authorized for collection by the Port Commission.

AVOYELLES PARISH PORT COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS (continued)

The government wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

In accordance with Statement No. 63, in some instances, the Governmental Standards Board requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increase in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delay recognition of expenditures or revenues, respectively.

C. FUND ACCOUNTING

The accounts of the Port Commission are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund or account group are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are to be controlled.

GOVERNMENTAL FUND

Governmental funds account for all or most of the Avoyelles Parish Port Commission's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

Special Revenue Fund

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes

AVOYELLES PARISH PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

D. BUDGETARY PRACTICES

In accordance with Louisiana Revised Statute 39:1303, the Port Commission is required to adopt an annual budget. The annual budget is prepared on a GAAP basis and all annual appropriations lapse at year end. Encumbrance accounting is not utilized.

E. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Port Commission may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Port Commission may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

F. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available. Donated assets are valued at the fair market value at the time of the donation. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Machinery and equipment	5-7 years
Land Improvements	10-15 years
Buildings	25 years

AVOYELLES PARISH PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

G. COMPENSATED ABSENCES

The Port Commission has no employees; all services are performed by volunteers or are contracted out to independent contractors. Therefore, the Port Commission has no policy relating to compensated absences.

H. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

I. 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 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.

J. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as net assets and displayed in two components:

Investment in capital assets – consists of capital assets including restricted assets, net of accumulated depreciation

Restricted net assets- consists of net assets restricted for port commission activities.

AVOYELLES PARISH PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

K. GOVERNMENTAL FUND BALANCES

On January 1, 2011, the Port Commission adopted the provisions of GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which significantly changed the reporting of fund balance in the balance sheets of governmental fund types. In the governmental fund financial statements, fund balances are classified as follows:

Non-spendable fund balance – amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted fund balances – amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors, creditors, or citizens.

Committed fund balance – amounts that can be used only for specific purposes determined by a formal action by the commissioners of the Avoyelles Parish Port Commission.

Assigned fund balance – amounts that are constrained by the Port Commission's intent that they will be used for specific purpose.

Unassigned fund balance - all other amounts not included in the other spendable classifications.

Net position flow assumption: Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted net resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government wide financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the Commission's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

NOTE 2. CASH AND CASH EQUIVALENTS

At June 30, 2014, the Port Commission has cash and cash equivalents (book balances) as follows:

Demand Deposits	<u>\$162,626</u>
Total	<u>\$162,626</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balance) 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. 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. At June 30, 2014, the Port Commission has \$163,834 (collected bank balances). These deposits are secured from risk by \$163,834 of federal deposit insurance.

AVOYELLES PARISH PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

NOTE 3. LONG-TERM NOTES PAYABLE

Cottonport Bank Certificate of Indebtedness Series 2009

By resolution of the Commission, the Avoyelles Parish Port Commission authorized the incurrence of indebtedness in the principal amount of \$300,000 on December 30, 2009, for the purpose of providing the Port Commission's share of the costs of constructing the Avoyelles Parish Port Commission Liquid Fertilizer Unloading Facility. The Port Commission entered into a security agreement with the Cottonport Bank to borrow \$300,000 at an interest rate of 4.25% payable over ten years.

At June 30, 2014, the Port Commission had an outstanding principal balance of \$180,000 on this issue, to Cottonport Bank.

Cottonport Bank Certificate of Indebtedness Series 2012

By resolution of the Commission, the Avoyelles Parish Port Commission authorized the incurrence of indebtedness in the principal amount up to \$500,000 on July 16, 2012, for the purpose of financing the acquisition, construction and equipping of an approximately 158,225 square foot maintenance building located on property owned by the Commission and to be initially leased to Brudd Construction Company. The Port Commission entered into a security agreement with the Cottonport Bank to borrow \$500,000 at an interest rate initially of 4.5%, adjustable every five years based on Wall Street Journal "Prime Rate" plus 1.25%, payable over twenty years.

During the construction phase, loan proceeds were drawn as needed. Construction was completed during the fiscal year ended June 30, 2014 and total loan proceeds drawn were \$492,931. Interest only payments were due monthly during the construction phase. Effective January 2015, monthly payments of principal and interest will be made, until fully paid in 2033.

At June 30, 2014, the Port Commission had an outstanding principal balance of \$492,931 on this issue to Cottonport Bank.

AVOYELLES PARISH PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

NOTE 3. LONG-TERM NOTES PAYABLE (continued)

Future debt service requirements for the certificates of indebtedness are as follows:

Year Ended June 30,	Principal	Interest	Total
2015	\$38,759	\$29,028	\$67,787
2016	48,116	27,170	75,286
2017	48,949	25,049	73,998
2018	49,819	22,904	72,723
2019	50,730	20,718	71,448
2020-2024	148,839	79,468	228,307
2025-2029	148,762	48,906	197,668
2030-2033	138,957	12,588	151,545
	<u>\$672,931</u>	<u>\$265,831</u>	<u>\$938,762</u>

Lanier & Associates Consulting Engineers, Inc

During the 2005 year, the Port Commission entered into a contract with Lanier & Associates Consulting Engineers Inc (Lanier) for services for the engineering, design and administrative services with respect to the Liquid Fertilizer Terminal at the Port. Upon completion of these services, the following payment terms were agreed to:

The sum of \$65,000, to be paid over a 5-year term, at the rate of \$13,000 per year, with each installment due on May 1st of each year, the first payment commencing on May 1, 2012. The total sum due under this agreement is non-interest bearing so long as all installments are paid timely. Should any installment be delinquent in excess of 60 days, Lanier has the option to demand the entire balance be due with an interest rate of 8% from the date of default until paid. At June 30, 2014, the Port Commission had an outstanding principal balance of \$39,000 to Lanier. Future debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2015	\$13,000	\$0	\$13,000
2016	13,000	0	13,000
	<u>\$26,000</u>	<u>\$0</u>	<u>\$26,000</u>

AVOYELLES PARISH PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

NOTE 3. LONG-TERM NOTES PAYABLE (continued)

A summary of changes in long-term debt for the year ended June 30, 2014:

Description	Balance			Balance June 30, 2014
	June 30, 2013	Additions	Payments	
Cottonport Bank-Series 2009 \$300,000	\$210,000	\$0	\$30,000	\$180,000
Cottonport Bank-Series 2009 \$300,000	162,211	330,720	0	492,931
Lanier & Associates	39,000	0	13,000	26,000
	<u>\$411,211</u>	<u>\$330,720</u>	<u>\$43,000</u>	<u>\$698,931</u>

NOTE 4. CAPITAL ASSETS

A summary of changes in general fixed assets for the year ended June 30, 2014 is as follows:

Description	Balance			Balance June 30, 2014
	June 30, 2013	Additions	Deletions	
Capital assets, not being depreciated				
Land	\$1,540,101	\$0	\$0	\$1,540,101
Construction in progress	602,935	0	(602,935)	0
	<u>2,143,036</u>	<u>0</u>	<u>(602,935)</u>	<u>1,540,101</u>
Capital assets, being depreciated				
Buildings	3,742,138	1,083,612	0	4,825,750
Land improvements	562,770	0	0	562,770
Equipment	419,698	0	0	419,698
Infrastructure	17,000,000	0	0	17,000,000
	<u>21,724,606</u>	<u>1,083,612</u>	<u>0</u>	<u>22,808,218</u>
Total Capital Assets	23,867,642	<u>1,083,612</u>	<u>(602,935)</u>	24,348,319
Less accumulated deprecation	(1,477,005)	<u>(\$680,179)</u>	<u>\$0</u>	(2,157,184)
Net Capital Assets	<u>\$22,390,637</u>			<u>\$22,191,135</u>

AVOYELLES PARISH PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

NOTE 4. CAPITAL ASSETS (continued)

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	40 years
Machinery and equipment	7-15 years
Transportation equipment	5-15 years

NOTE 5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The statutes which created the Port Commission, place certain limitations and restrictions on the collections and disbursements of the Fund. The Fund is in compliance with all significant limitations and restrictions for the year ended June 30, 2014.

NOTE 6. FUND BALANCES

Fund balances for the Port Commission consisted of the following as of June 30, 2014:

Restricted fund balance – The committed fund balance consists of funds which are restricted by Louisiana State Statute for the activities of the Port Commission

NOTE 7. AGREEMENTS

Brudd Construction Co LLC

On February 15, 2012, the Port Commission entered into a lease agreement with Brudd Construction LLC (Brudd) for Brudd to occupy and use property at the Port as a tenant, for a period of 10 years, beginning April 1, 2012 and ending on April 12, 2022, with options to renew, with cash rentals provided for as follows:

- a. \$465 per month payable on or before the 1st of each month, commencing April 1, 2012;
- b. \$2,250 per month for 10 years, payable on or before the 1st of each month of the rental period, with the first payment being due after the completion of a building constructed by the Avoyelles Parish Port Commission; and
- c. \$.13 per ton on any material off loaded at the port site during the term of the lease.

AVOYELLES PARISH PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

NOTE 7. AGREEMENTS (continued)

Helena Chemical

In 2009, the Port Commission entered into a lease agreement with Helena Chemical for the use of the Liquid Fertilizer Terminal at the Port. The lease term is for 10 years, with an option to renew. The annual rental rate is \$60,000 flat rate for the first 20,000 tons and then \$4 per ton over the first 20,000 tons of liquid fertilizer transported through the terminal.

Farmland

The Port Commission entered into a lease for the rental of the 639 acres of farmland at an annual rental rate of \$172.08 per plantable acre, or \$110,000.41. The rental term is for 3 years, beginning January 1, 2012, with the first payment due March 1, 2012, and then on January 1st of each subsequent year.

NOTE 8. SCHEDULE OF COMMISSIONERS

Commissioners	Title	Compensation
Samuel T Maddie	Chairman	\$0
Wayne Coco	Secretary	0
Van Kojis	Vice Chairman	0
James Lee	Member	0
Dr Henry Moreau	Member	0
Walter Moreau	Member	0
Robert Thevis	Member	0

NOTE 9. LITIGATION AND CONTINGENCIES

At June 30, 2014, the Avoyelles Parish Port Commission was not involved in any litigation that would materially affect the financial statements.

NOTE 10. SUBSEQUENT EVENTS

Subsequent events were evaluation through December 9, 2014, which is the date the financial statements were available to be issued. During this period, the Commission has awarded a contract in the amount of \$421,000 for road construction which is part of Phase I of the \$2.5 million infrastructure improvement plan.

**INDEPENDENT AUDITORS' 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**

Samuel T Maddie, Chairman
Board of Commissioners
Avoyelles Parish Port Commission
Simmesport, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Avoyelles Parish Port Commission, Louisiana as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Avoyelles Parish Port Commission, Louisiana's basic financial statements and have issued our report thereon dated December 9, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Avoyelles Parish Port Commission'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 Avoyelles Parish Port Commission, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Avoyelles Parish Port Commission'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.

To Samuel T. Maddie and Commissioners
Avoyelles Parish Port Commission
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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Avoyelles Parish Port Commission'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 one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as items 2014-01.

Avoyelles Parish Port Commission Response to Findings

The Avoyelles Parish Port Commission's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Avoyelles Parish Port Commission's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion them.

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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Ducote & Company
Certified Public Accountants
Marksville, Louisiana

December 9, 2014

AVOYELLES PARISH PORT COMMISSION
AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

Section I – Summary of Auditors’ Results

A. Financial Statement Audit

1. The independent auditors’ report expresses an unqualified opinion on the financial statements of the Avoyelles Parish Port Commission.
2. No significant deficiencies relating to the audit of the financial statements are reported in the report on compliance and internal control.
3. One instance of noncompliance material to the financial statements was disclosed during the examination – presented as Item 2013-01.
4. No separate management letter was issued to the Avoyelles Parish Port Commission

Section II – Financial Statement Findings which are required to be reported under Government Auditing Standards

Item 2014-01

2013-2014 Budget Compliance

Finding: During the fiscal year ended June 30, 2014, actual expenditures exceeded \$500,000 thereby requiring the Commission to adhere LSA RS 39:3907, the public participation laws for adoption of the annual budget.

Cause: For the fiscal years ended prior to June 30, 2013, expenditures never exceeded \$500,000 per year and the Commission was not required to comply with the public participation of the budgetary process. For the fiscal year ended June 30, 2014, expenditures were projected in excess of \$500,000 and a public hearing was not held prior to the adoption of the budget at the beginning of the fiscal year.

Recommendation: We recommend that management monitor projected revenues and expenditures and prepare budgets for the upcoming fiscal year in sufficient time to adhere to the public participation process for the adoption of the annual budget in accordance with the Local Government Budget Act, if necessary.

Response: Upon being made aware of the potential violation, management immediately advertised for and held a public hearing to publically adopt the budget for the fiscal year ended June 30, 2014. Management will now analyze project revenues and expenditures for upcoming fiscal years at least two months prior to the beginning of the new fiscal year. This will provide sufficient time for the Commission participate in the public participation process for the adoption of the annual budget if projected expenditures are greater than \$500,000. This will allow the Commission to be in compliance with the Local Government Budget Act.

AVOYELLES PARISH PORT COMMISSION
AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED JUNE 30, 2014

Section II. Internal Control and Compliance Material to Federal Awards

No Federal Awards were received or expended. The audit report contained no findings concerning federal awards.

Section III. Management Letter

The audit report contained no separate management letter.