

**ASCENSION – ST. JAMES AIRPORT AND
TRANSPORTATION AUTHORITY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014**

TABLE OF CONTENTS

Independent Auditors' Report.....	1 - 3
Management's Discussion and Analysis	4 - 10
Government-wide Financial Statements:	
Statement of Net Position as of June 30, 2014.....	11
Statement of Activities for the Year Ended June 30, 2014.....	12
Fund Financial Statements:	
Balance Sheet of Governmental Funds as of June 30, 2014.....	13
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position as of June 30, 2014	14
Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds for the Year Ended June 30, 2014	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities for the Year Ended June 30, 2014.....	16
Notes to the Financial Statements for the Year Ended June 30, 2014.....	17 - 25
Required Supplementary Information:	
Budgetary Comparison Schedule for the Year Ended June 30, 2014.....	26
Notes to the Budgetary Comparison Schedule for the Year Ended June 30, 2014	27
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 <i>Government Auditing Standards</i>	28 - 29
Independent Auditors' Report on Compliance for Major Program and on Internal Control Over Compliance Required by OMB Circular A-13	30 - 32
Supplementary Information:	
Schedule of Findings and Questioned Costs.....	33 - 34
Schedule of Expenditures of Federal Awards.....	35

INDEPENDENT AUDITORS' REPORT

To the Board Members
Ascension – St. James Airport and
Transportation Authority
Gonzales, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Ascension – St. James Airport and Transportation Authority (the Authority) as of and for the year ended June 30, 2014, which collectively comprise the Authority's basic financial statements as listed in the table of contents and the related notes to the financial statements.

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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 auditors consider 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 purposes 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 respective financial position of the governmental activities and each major fund of Ascension – St. James Airport and Transportation Authority as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require the management's discussion and analysis and budgetary comparison information on pages 4 through 10 and 26 through 27 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 to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on page 35, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2014, on our consideration of Ascension – St. James Airport and Transportation Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Latuso & Johnson CPA, LLC

Latuso & Johnson, CPA, LLC
Baton Rouge, Louisiana
September 15, 2014

ASCENSION – ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2014

This section of the Authority’s annual financial report presents our discussion and analysis of the Authority’s financial performance during the fiscal year that ended on June 30, 2014. Please read it in conjunction with the Authority’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Grant income was substantially higher than the prior year due to funds received in the current year for the runway extension project
- Fund balance (from the “Modified Accrual” financial statements) increased by \$26,975.

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consist of management’s discussion and analysis (this section), the basic financial statements and the required supplementary information. The basic financial statements include two kinds of statements that present different views of the Authority:

- The first two statements are *government-wide* financial statements that provide both long-term and short-term information about the Authority’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Authority government, reporting the Authority’s operations in more detail than the government-wide statements. The *governmental funds* statements tell how the Authority’s services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another and summarizes the major features of the Authority’s financial statements.

ASCENSION – ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2014

Figure A-1

Major Features of Authority’s Government and Fund Financial Statements

	Government-wide Statements	Fund Statements Governmental Funds
Scope	Entire Authority government	The activities of the Authority that are not Proprietary or Fiduciary (For the purposes of these statements, it also covers the entire Authority government.)
Required financial statements	Statement of net position Statement of activities	Balance Sheet, Statement of revenues, expenditures, and changes in fund balances.
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/ liability financial information	All assets, liabilities, deferred inflows of resources and deferred outflows of resources	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets or bonds payable included.
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payments are due during the year or soon thereafter

Government-wide Statements

The government-wide statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Authority’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Authority’s net position and how they have changed. Net position—the difference between the Authority’s assets and liabilities—is one way to measure the Authority’s financial health, or position.

ASCENSION – ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2014

Table A-1

Summary of Net Position (Government Wide)

	<u>2014</u>	<u>2013</u>	<u>Net</u> <u>Change</u>	<u>%</u> <u>Change</u>
Current & other assets	\$ 844,921	\$ 458,287	\$ 386,634	84.4%
Capital assets (net of depreciation)	<u>10,447,780</u>	<u>8,917,964</u>	<u>1,529,816</u>	<u>17.25%</u>
Total assets	<u>11,292,701</u>	<u>9,376,251</u>	<u>1,916,450</u>	<u>20.4%</u>
Current liabilities	494,473	135,089	359,384	266.0%
Long-term liabilities	<u>696,367</u>	<u>705,275</u>	<u>(8,908)</u>	<u>(1.3)%</u>
Total liabilities	<u>1,190,840</u>	<u>840,364</u>	<u>350,476</u>	<u>41.7%</u>
Net position:				
Invested in capital assets, net of related debt	9,741,413	8,202,689	1,538,724	18.8%
Restricted for debt service	133,524	135,034	(1,510)	(1.1)%
Unrestricted	<u>226,924</u>	<u>198,164</u>	<u>28,760</u>	<u>14.5%</u>
Total net position	<u>\$10,101,861</u>	<u>\$ 8,535,887</u>	<u>\$ 1,565,974</u>	<u>18.3%</u>

Governmental Fund

The Authority’s governmental fund balance increased \$26,975 or 7.6% in the year ended June 30, 2014 compared with a \$6,382 increase or 1.8% in the year ended June 30, 2013. (Fund balance reflects modified accrual basis accounting). The smaller increase in the prior year was mainly due to the Authority expanding more money on capital projects than was covered by grant revenue in the prior year.

- Over time, increases or decreases in the Authority’s net position are an indicator of whether its financial health is improving or deteriorating.
- To assess the overall health of the Authority you need to consider additional financial factors such as matters which affect the local economy.

ASCENSION – ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2014

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

The Authority’s net position increased \$1,630,820 in the year ended June 30, 2014 compared to an increase of \$63,490 in the year ended June 30, 2013. (Net position reflects accrual basis accounting). The primary reason for the increase is due to the Authority receiving more grant revenue for capital projects than was expensed for depreciation of capital assets.

Table A-2

Summary and Changes in Net Position (Government Wide)

	<u>2014</u>	<u>2013</u>	<u>Net Change</u>	<u>% Change</u>
Revenues:				
Grant income	\$2,047,480	\$488,871	\$1,558,609	318.8%
Service fees	195,900	182,129	13,771	7.6%
Interest income	332	387	(55)	(14.2)%
Other income	<u>23,619</u>	<u>20,261</u>	<u>3,358</u>	<u>16.6%</u>
 Total revenues	 <u>2,267,331</u>	 <u>691,648</u>	 <u>1,575,683</u>	 <u>227.8%</u>
Expenses:				
Obstruction removal	100,004	-	100,004	-
Insurance	18,820	13,981	4,839	34.6%
Utilities and telephone	17,722	16,852	870	5.2%
Payroll	42,275	41,447	828	2.0%
Airfield and site maintenance	26,897	30,663	(3,766)	(12.3)%
Other expenses	35,996	24,634	11,362	46.1%
Interest and bond issue expenses	44,917	45,485	(568)	(1.2)%
Depreciation	<u>414,726</u>	<u>455,096</u>	<u>(40,370)</u>	<u>(8.9)%</u>
 Total Expenses	 <u>701,357</u>	 <u>628,158</u>	 <u>73,199</u>	 <u>11.6%</u>
 CHANGE IN NET POSITION	 1,565,974	 63,490	 <u>\$ 1,502,484</u>	 <u>2,366.5%</u>
 BEGINNING NET POSITION	 <u>8,535,887</u>	 <u>8,472,397</u>		
 ENDING NET POSITION	 <u>\$10,101,861</u>	 <u>\$8,535,887</u>		

ASCENSION – ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2014

Table A-3

Changes in Authority’s Fund Balance

Governmental Fund Activities

	<u>2014</u>	<u>2013</u>	<u>Net Change</u>	<u>% Change</u>
Revenues:				
Charges for services	\$ 195,900	\$ 182,129	\$ 13,771	7.6%
Grants	2,047,480	488,871	1,558,609	318.8%
Interest	332	387	(55)	(14.2)%
Other income	<u>23,619</u>	<u>20,261</u>	<u>3,358</u>	<u>16.6%</u>
Total revenues	<u>2,267,331</u>	<u>691,648</u>	<u>1,575,683</u>	<u>227.8%</u>
Expenses:				
Transportation	241,714	127,577	114,137	89.5%
Capital outlay	1,944,542	502,989	1,441,553	286.6%
Debt service	<u>54,100</u>	<u>54,700</u>	<u>(600)</u>	<u>(1.1)%</u>
Total Expenses	<u>2,240,356</u>	<u>685,266</u>	<u>1,555,090</u>	<u>226.9%</u>
CHANGE IN FUND BALANCE	<u>\$ 26,975</u>	<u>\$ 6,382</u>	<u>\$ 20,593</u>	<u>332.7%</u>

General Fund Budgetary Highlights

Over the course of the year, the Authority had one revision to its budget. For the year ended June 30, 2014, actual revenues were 94.1% and actual expenditures were 91.4% of the final adopted budget.

Actual revenues in excess of expenditures on the budgetary basis of accounting was \$84,311, which was \$58,153 greater than the revised budgeted amount. This was primarily due to incurring less expense than expected.

CAPITAL ASSETS

At the end of June 2014 and 2013, the Authority had invested \$10,447,780 and \$8,917,964, respectively, in capital assets. (See Table A-4).

ASCENSION – ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2014

Table A-4

**Authority’s Capital Assets
(net of depreciation)**

Governmental Activities

	<u>2014</u>	<u>2013</u>	<u>Net Change</u>	<u>% Change</u>
Land	\$ 1,193,746	\$ 1,193,746	\$ -	- %
Buildings	1,834,389	1,834,389	-	- %
Infrastructure	10,131,146	10,131,146	-	- %
Equipment	252,802	249,958	2,844	1.1%
Construction in Progress	2,361,084	419,386	1,941,698	463.0%
Furniture	<u>9,403</u>	<u>9,403</u>	-	- %
Total	<u>15,782,570</u>	<u>13,838,028</u>	<u>1,944,542</u>	<u>14.1%</u>
Accumulated Depreciation	<u>(5,334,790)</u>	<u>(4,920,064)</u>	<u>(414,726)</u>	<u>8.4%</u>
Net	<u>\$ 10,447,780</u>	<u>\$ 8,917,964</u>	<u>\$ 1,529,816</u>	<u>17.2%</u>

LONG TERM DEBT

In July of 2006 the Authority issued Revenue Bonds, Series 2006A with total face value of \$755,000 bearing interest at 6%. Interest is paid on these bonds in July and January. The bonds maturing on and after July 15, 2014 are subject to redemption prior to maturity, at the option of the Authority. As to the mandatory retirement of the bonds, the Authority is required by the bond documents to redeem the Bonds on July 15 of each year.

During the year ended June 30, 2014 the amount of principal owed on the bonds decreased by 1.4% from \$740,000 to \$730,000.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The economy is not expected to generate any significant growth. Therefore, the Authority’s future revenues are expected to be consistent with the current year. The budget for the 2014 – 2015 year is approximately the same as the year 2013 - 2014’s budget for all items other than grants. Generally the grants are for specific projects or items and are not included in the operating budget.

ASCENSION – ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2014

CONTACTING THE AUTHORITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Authority’s finances and to demonstrate the Authority’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Janet Gonzales at Ascension – St. James Airport and Transportation Authority, 6255 Airport Industrial Boulevard, Gonzales, LA 70737.

**ASCENSION - ST. JAMES AIRPORT
AND TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2014**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 178,803
Grants receivable	506,392
Accounts receivable	1,424
Money market funds - restricted	153,599
Prepaid maintenance	4,703
Capital assets	
Infrastructure	10,131,146
Construction in progress	2,361,084
Buildings	1,834,389
Land	1,193,746
Equipment	252,802
Furniture	9,403
Accumulated depreciation	(5,334,790)
Total capital assets (net of depreciation)	10,447,780
Total assets	11,292,701
LIABILITIES	
Accounts payable	45,325
Accounts payable - capital projects	405,528
Accrued expenses and benefits payable	1,126
Accrued interest payable	20,075
Unearned revenue	12,419
Current portion of certificate of indebtedness	10,000
Long-term liabilities:	
Certificate of indebtedness	720,000
Unamortized discount on indebtedness	(23,633)
Total liabilities	1,190,840
NET POSITION	
Invested in capital assets, net of related debt	9,741,413
Restricted for debt service	133,524
Unrestricted	226,924
Total net position	\$ 10,101,861

The accompanying notes are an integral part of these financial statements

**ASCENSION - ST. JAMES AIRPORT
AND TRANSPORTATION AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue and Changes in Net Position</u>
		<u>Fees and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental:					
TRANSPORTATION					
Airport operations	\$ 241,714	\$ 195,900	\$ 104,918	\$ 1,942,562	\$ 2,001,666
Depreciation	414,726	-	-	-	(414,726)
Total transportation	656,440	195,900	104,918	1,942,562	1,586,940
Interest and fiscal charges	44,917	-	-	-	(44,917)
Total governmental activities	\$ 701,357	\$ 195,900	\$ 104,918	\$ 1,942,562	\$ 1,542,023
General revenues:					
					23,619
					332
					23,951
					1,565,974
					8,535,887
					\$ 10,101,861

The accompanying notes are an integral part of these financial statements

**ASCENSION - ST. JAMES AIRPORT
AND TRANSPORTATION AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	General Fund	Debt Service Fund	Capital Projects Fund	Total
ASSETS				
Cash and cash equivalents	\$ 178,803	\$ -	\$ -	\$ 178,803
Grants receivable	100,000	-	406,392	506,392
Accounts receivable	1,424	-	-	1,424
Short term investments - restricted	-	153,599	-	153,599
Prepaid maintenance	4,703	-	-	4,703
Total assets	<u>284,930</u>	<u>153,599</u>	<u>406,392</u>	<u>844,921</u>
LIABILITIES AND FUND BALANCE				
Accounts payable	45,325	-	405,528	450,853
Accrued expenses and benefits payable	1,126	-	-	1,126
Unearned revenue	12,419	-	-	12,419
Total liabilities	<u>58,870</u>	<u>-</u>	<u>405,528</u>	<u>464,398</u>
Fund balance:				
Nonspendable prepaid items	4,703	-	-	4,703
Restricted for debt service	-	153,599	-	153,599
Unassigned	221,357	-	864	222,221
Total fund balance	<u>226,060</u>	<u>153,599</u>	<u>864</u>	<u>380,523</u>
Total liabilities and fund balance	<u>\$ 284,930</u>	<u>\$ 153,599</u>	<u>\$ 406,392</u>	<u>\$ 844,921</u>

The accompanying notes are an integral part of these financial statements

**ASCENSION - ST. JAMES AIRPORT
AND TRANSPORTATION AUTHORITY
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

Total fund balance for governmental funds (page 13) \$ 380,523

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Infrastructure	10,131,146	
Construction in Progress	2,361,084	
Buildings	1,834,389	
Land	1,193,746	
Equipment	252,802	
Furniture	9,403	
Accumulated depreciation	<u>(5,334,790)</u>	
Net capital assets		10,447,780

The bonds outstanding and related accrued interest are not due and payable in the current period and accordingly are not reported as fund liabilities.

Bonds payable	\$ (730,000)	
Accrued interest on bonds payable	(20,075)	
Unamortized bond discount	<u>23,633</u>	
Net long term liabilities		<u>(726,442)</u>

Total net position of governmental activities (page 11) \$ 10,101,861

The accompanying notes are an integral part of these financial statements

**ASCENSION - ST. JAMES AIRPORT AND
TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund	Debt Service Fund	Capital Projects Fund	Total
REVENUES				
Service fees	\$ 195,900	\$ -	\$ -	\$ 195,900
Grant income	104,918	-	1,942,562	2,047,480
Interest	332	-	-	332
Miscellaneous	23,619	-	-	23,619
Total revenues	<u>324,769</u>	<u>-</u>	<u>1,942,562</u>	<u>2,267,331</u>
EXPENDITURES				
Current:				
Transportation				
Obstruction removal	100,004	-	-	100,004
Airport management	42,275	-	-	42,275
Maintenance and repairs	26,897	-	-	26,897
Insurance	18,820	-	-	18,820
Professional fees	26,177	-	-	26,177
Utilities and telephone	17,722	-	-	17,722
Other expenses	1,830	-	864	2,694
Per diems	7,125	-	-	7,125
Capital outlay	2,844	-	1,941,698	1,944,542
Debt service				
Principal payment on debt	-	10,000	-	10,000
Interest on debt	-	44,100	-	44,100
Total expenditures	<u>243,694</u>	<u>54,100</u>	<u>1,942,562</u>	<u>2,240,356</u>
Excess of revenues over expenditures (expenditures over revenues)	<u>81,075</u>	<u>(54,100)</u>	<u>-</u>	<u>26,975</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	<u>(53,179)</u>	<u>52,315</u>	<u>864</u>	<u>-</u>
Total other financing sources (uses)	<u>(53,179)</u>	<u>52,315</u>	<u>864</u>	<u>-</u>
Net changes in fund balance	27,896	(1,785)	864	26,975
Fund balance - beginning	198,164	155,384	-	353,548
Fund balance - ending	<u>\$ 226,060</u>	<u>\$ 153,599</u>	<u>\$ 864</u>	<u>\$ 380,523</u>

The accompanying notes are an integral part of these financial statements

**ASCENSION - ST. JAMES AIRPORT
 AND TRANSPORTATION AUTHORITY
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2014**

Net change in *fund balance* - total governmental funds (page 15) \$ 26,975

The change in *net position* for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities only the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays in the current period exceeded depreciation:

Capital outlay	\$1,944,542
Depreciation expense	(414,726)
	1,529,816

Repayment of certificate of indebtedness is an expenditure in the governmental funds but reduces the liability in the statement of net position. 10,000

Under the modified accrual basis of accounting used in the governmental funds, net proceeds from the issuance of debt is recognized as an other financing source. In the full accrual statement of net assets, the full amount due on certificates of indebtedness is shown as a liability, which is offset by the unamortized portion of the original issue discount.

Change in accrued interest payable	275
Amortization of original issue discount	(1,092)

Change in net position of governmental activities (page 12) \$1,565,974

The accompanying notes are an integral part of these financial statements

ASCENSION – ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Ascension – St. James Airport and Transportation Authority (the Authority) was organized pursuant to RS 2:341 and operates a regional airport located near Gonzales, Louisiana. The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of LRS 24:514 and the Louisiana Governmental Audit Guide.

The more significant of the Authority's accounting policies are described below:

A: FINANCIAL REPORTING ENTITY

The Authority was created, effective July 13, 1984 by Act 819 of the 1982 Legislative Session in the Executive Department of the state. The governor is responsible for appointing the Board of Commissioners of the Authority, who serve at the governor's leisure. Therefore the Authority is considered to be a component unit of the State of Louisiana.

The Authority serves the parishes of Ascension and St. James for airport services. The accompanying financial statements include government activities, organizations and functions for which the Authority is financially accountable.

B: BASIS FOR PRESENTATION AND ACCOUNTING

Government-wide Financial Statements: The Authority's activities generally are financed through fees for services and grants. The government-wide financial statements are reported using the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. The statement of activities presents a comparison between direct expenses and program revenues for the activities of the Authority.

Governmental Fund Financial Statements: The fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund balances for all major governmental funds and provide information about the Authority's activities. Current year construction projects are accounted for in the Capital Projects Fund. Funds used for the retirement of the bonds are reported in the Debt Service Fund. All other activity is reported in the general fund. Transfers between the General fund and the Debt Service fund reflect transfers of rentals of related hangars.

ASCENSION – ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

B: BASIS FOR PRESENTATION AND ACCOUNTING - (CONTINUED)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and *available*. The Authority considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Service fees and grants are subject to accrual. Grant revenue is recognized when the Authority is entitled to the funds. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures only to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

C: CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits and time deposit accounts. The Authority considers short-term (maturity of 90 days or less), highly liquid investments as cash equivalents. Under state law, the Authority 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.

D: RESTRICTED INVESTMENTS

The Authority holds its funds restricted for servicing of bonds in Bank of New York Mellon's U.S. Treasury money market funds. The investments are valued at fair market value, based on observable market data. The fair market value approximates cost.

E: CAPITAL ASSETS

All capital assets are capitalized at historical cost, or estimated historical cost for assets where actual cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Authority maintains a threshold level of \$500 or more for capitalizing capital assets.

ASCENSION – ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

E: CAPITAL ASSETS - (CONTINUED)

Capital assets are recorded at cost in the statement of net position. Capital asset acquisition costs are reflected as expenditures in governmental funds. All capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are generally sold for a nominal amount, no salvage value is taken into consideration for depreciation purposes. Useful lives were estimated as follows:

Equipment	5 – 30
Furniture	7
Buildings	7 – 40
Infrastructure – runway, surface layer	20
Infrastructure – other	7 – 40

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

F: BUDGET PRACTICES

The proposed budget for the year ended June 30, 2014 was made available for public inspection on June 6, 2013. The proposed budget was published in the official journal 19 days prior to the public hearing, which was held at the terminal building for comments from taxpayers. The budget is legally adopted and amended, as necessary, by the Board members. There was one amendment during the year.

The accompanying Budgetary Comparison Schedule on page 26 presents comparisons of the legally adopted budget with actual results. The final budget was prepared on the cash basis of accounting. Because accounting principles applied for purposes of developing data on a budgetary basis differs significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, and timing, perspective, and entity differences for the year ended June 30, 2014 is presented.

All expenditure appropriations lapse at year-end. Unexpended appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

Encumbrance accounting is not used. However the budget is integrated into the accounting records which allows monthly comparison of budget and actual amounts. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

ASCENSION – ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

G: USE OF ESTIMATES

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

H: FUND EQUITY

The Authority has implemented the provisions of Governmental Accounting Standards Board Statement No. 54, which redefined how fund balances are presented in fund financial statements. In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. As of June 30, 2014, the Authority's non spendable fund balance totaled \$4,703.

Restricted – Amounts that can be spent only for specific purposes because of the state or federal laws, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. As of June 30, 2014, the Authority's restricted fund balance totaled \$153,599.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the Board of the Authority. The Board is the highest level of decision-making authority for the Authority. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This formal action is the adoption of a resolution by the Board. As of June 30, 2014, the Authority did not have any committed fund balances.

Assigned – Amounts that are intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. Intended use is expressed by the Board who has the authority to assign amounts to be used for specific purposes. As of June 30, 2014, the Authority did not have any assigned fund balances.

Unassigned – All amounts not included in other spendable classifications. Unassigned fund balances are the residual classification for the Authority's General fund. As of June 30, 2014, the Authority's unassigned fund balance totaled \$222,221.

ASCENSION – ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

H: FUND EQUITY - (CONTINUED)

The Authority applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balances, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

I: SERVICE FEES

Service fees include hangar, office and tie down rentals as well as fuel commissions and miscellaneous revenues. These are accounted for in the Authority's Statement of Activities as program revenues.

J: UNEARNED REVENUE

Income from hangar rentals and tie down fees is deferred and recognized over the periods to which the dues and fees relate.

K: FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments classified as current assets or liabilities, including cash and cash equivalents, short-term investments, accounts receivable, and accounts payable and accrued expenses approximate carrying value, principally because of the short maturity of those items.

NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 2014 the Authority's cash and cash equivalents:

<u>BOOK BALANCE</u>	<u>BANK BALANCE</u>
\$178,803	\$275,326

ASCENSION – ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

NOTE 2 - CASH AND CASH EQUIVALENTS - (CONTINUED)

Under state law, federal deposit insurance or the pledge of securities owned by the fiscal agent bank must secure these bank balances. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed 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. These deposits are secured from risk by federal deposit insurance of \$250,000 and approximately \$46,736 of pledged securities held by the trust department of the fiscal agent bank. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the trust department of the fiscal agent 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.

NOTE 3 - SHORT TERM INVESTMENTS – RESTRICTED

In July of 2006, bonds in the amount of \$770,000 bearing the interest rate of 6% were issued. As required by the bond document, certain treasury securities are held at the trustee bank for the payment of principal and interest on the retirement of these bonds. The balance of these investments at June 30, 2014 was \$153,599. Accordingly, that amount of the fund balance and net position, less any accrued interest payable, is accounted for in the accompanying statements as restricted.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2014 were as follows:

Grants receivable	\$506,392
Hangar and tie down rentals	290
Other receivables	1,134

ASCENSION – ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

NOTE 5 - CAPITAL ASSETS

A summary of changes in general fixed assets follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Non-depreciable assets:				
Land	\$1,193,746	\$ -	\$ -	\$1,193,746
Construction in Progress	419,386	1,941,698	-	2,361,084
Depreciable assets:				
Infrastructure	10,131,146	-	-	10,131,146
Buildings	1,834,389	-	-	1,834,389
Equipment	249,958	2,844	-	252,802
Furniture	9,403	-	-	9,403
Accumulated Depreciation	<u>(4,920,064)</u>	<u>(414,726)</u>	<u>-</u>	<u>(5,334,790)</u>
TOTALS	<u>\$8,917,964</u>	<u>\$1,529,816</u>	<u>\$ -</u>	<u>\$10,447,780</u>

Depreciation expense recorded for the year ended June 30, 2014 was \$414,726.

NOTE 6 - LONG-TERM OBLIGATIONS

The long term obligation outstanding at June 30, 2014 is as a result of the issuance of Revenue Bonds totaling \$770,000 in July 2006. The bonds bear an interest rate of 6%. Interest on the bonds are payable in semiannual payments in January and July of each year. The next principle reduction is scheduled for July 15, 2014 in the amount of \$10,000. The bonds maturing on and after July 15, 2014 are subject to redemption prior to maturity, at the option of the Authority.

The following is a summary of the long-term obligation transactions and balances during the year:

Balance at June 30, 3013	\$ 740,000
Repayments	<u>10,000</u>
Balance at June 30, 2014	730,000
Less current maturities	<u>10,000</u>
Long-term portion	<u><u>\$ 720,000</u></u>

ASCENSION – ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

NOTE 6 - LONG-TERM OBLIGATIONS - (CONTINUED)

The annual principal and interest payments on the long-term obligations outstanding at June 30, 2014 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
June 30,		
2015	\$ 10,000	\$ 43,500
2016	10,000	42,900
2017	10,000	42,300
2018	15,000	41,550
2019	15,000	40,650
Thereafter	<u>670,000</u>	<u>443,400</u>
	<u>\$730,000</u>	<u>\$654,300</u>

The original par value on the bonds totaled \$770,000. Proceeds from the bonds were \$737,136. The difference of \$32,864 was recorded as a discount on the issuance of the bond. This difference is amortized as interest over the life of the bonds. During the year ended June 30, 2014, \$44,917 of interest was recognized as current period interest expense, which included \$1,092 of bond amortization.

The revenue from renting the hangars built using the funds from the bond issue is pledged to repay the bonds.

NOTE 7 - RELATED PARTY TRANSACTIONS

Per diems totaling \$7,125 were paid during the year ended June 30, 2014 to the Authority's 9 members as follows:

Doyle M. Philippe	\$825	Jared Amato	\$600
George Rodeillat	\$900	Calvin Narcisse	\$825
Robert Jackson	\$825	Roger Keese	\$825
James Mitchell	\$900	Lenny Johnson	\$825
James Riviere	\$600		

With Board approval, per diem for Lenny Johnson was relinquished in favor of the Louisiana Wing Civil Air Patrol (\$825) and per diem for Doyle M. Philippe was relinquished in favor of Pilots for Patients (\$825).

ASCENSION – ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

NOTE 8 - SUBSEQUENT EVENTS

The authority entered into contracts to replace a portion of a runway in the amount of \$743,126. The Louisiana Legislative thru the Louisiana Department of Transportation and Development has agreed to fund the project.

Management of the Authority has evaluated all subsequent events through September 15, 2014, the date the financial statements were available to be issued. No additional disclosures are considered necessary.

**ASCENSION - ST. JAMES AIRPORT
AND TRANSPORTATION AUTHORITY
NON GAAP BASIS
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual Budgetary Basis	Variances with Final Budget Positive (Negative)
REVENUES				
Hangar rent and tie down fees	\$ 189,975	\$ 189,940	\$ 192,715	\$ 2,775
Fuel commissions	8,000	7,252	7,252	-
Land lease	6,000	6,394	6,424	30
Office rental	4,200	4,200	4,200	-
Interest	200	314	332	18
DOTD Maintenance Reimbursement	4,900	9,531	9,531	-
Grants	850,000	2,186,872	2,042,562	(144,310)
Miscellaneous	-	5,024	5,122	98
Total revenues	<u>1,063,275</u>	<u>2,409,527</u>	<u>2,268,138</u>	<u>(141,389)</u>
EXPENDITURES				
Current:				
Transportation				
Per diem	8,100	7,275	7,125	(150)
Management salary and related taxes	42,330	42,273	43,037	764
Professional fees	16,000	22,008	23,273	1,265
Utilities and telephone	16,555	17,797	17,807	10
Maintenance	48,170	32,536	28,751	(3,785)
Office supplies	2,000	2,467	2,041	(426)
Insurance	20,000	18,820	17,801	(1,019)
Seminars & meetings	3,000	1,118	423	(695)
Other expenses	-	-	1,503	1,503
Capital outlay	850,000	2,187,030	1,989,752	(197,278)
Total expenditures	<u>1,006,155</u>	<u>2,331,324</u>	<u>2,131,513</u>	<u>(199,811)</u>
Excess of revenues over expenditures	<u>57,120</u>	<u>78,203</u>	<u>136,625</u>	<u>58,422</u>
OTHER FINANCING USES				
Transfers out	(57,120)	(52,045)	(52,315)	(270)
Total other financing uses	<u>(57,120)</u>	<u>(52,045)</u>	<u>(52,315)</u>	<u>(270)</u>
Net change in fund balance	-	26,158	84,310	58,152
Fund balance - beginning	198,164	198,164	198,164	-
Fund balance - end	<u>\$ 198,164</u>	<u>\$ 224,322</u>	<u>\$ 282,474</u>	<u>\$ 58,152</u>

The accompanying notes are an integral part of this schedule
See Independent Auditors' Report

**ASCENSION - ST. JAMES AIRPORT AND
TRANSPORTATION AUTHORITY
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014**

Note A - Explanation of differences between Budgetary Revenues and Expenditures and GAAP Revenues and Expenditures

<u>Budgetary Funds</u>	<u>General Operating Fund</u>	<u>Capital Projects Fund</u>
<u>Financial Statement Major Funds</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>
Revenues:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedule	\$ 2,268,138	
Adjustments		
To adjust for increase (decrease) in accrued income		
Service fees	3,032	
Other income	774	
DOTD maintenance reimbursement	(4,613)	
Budgetary general operating fund revenues are reclassified to the capital projects fund for GAAP reporting	<u>(1,942,562)</u>	<u>1,942,562</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 324,769</u>	<u>\$ 1,942,562</u>
Expenditures:		
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule	\$ 2,131,513	
Adjustments		
To adjust for increase in accrued expenditures		
Transportation	54,743	
Budgetary general operating fund expenditures are reclassified to the capital projects fund for GAAP reporting	<u>(1,942,562)</u>	<u>1,942,562</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 243,694</u>	<u>\$ 1,942,562</u>

See Independent Auditors' Report

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND ON OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

To the Board Members
Ascension – St. James Airport
and Transportation Authority
Gonzales, 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 governmental activities and each major fund of Ascension – St. James Airport and Transportation Authority (the Authority) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 15, 2014.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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. We did identify one deficiency in internal control described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control as indicated by findings 2014-1.

Compliance and Other Matters

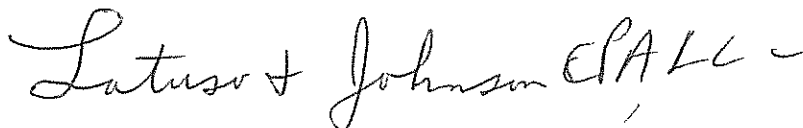
As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material 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*.

Authority's Response to Findings

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

Handwritten signature in black ink that reads "Latuso + Johnson CPA LLC" with a horizontal line extending to the right.

Baton Rouge, Louisiana
September 15 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

To the Board of Commissioners
Ascension – St. James Airport
and Transportation Authority

Report on Compliance for Each Major Federal Program

We have audited Ascension – St. James Airport and Transportation Authority's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Ascension – St. James Airport and Transportation Authority's major federal program for the year ended June 30, 2014. Ascension – St. James Airport and Transportation Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Ascension – St. James Airport and Transportation Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ascension – St. James Airport and Transportation Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Ascension – St. James Airport and Transportation Authority's compliance.

Opinion on Major Federal Program

In our opinion, Ascension – St. James Airport and Transportation Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Ascension – St. James Airport and Transportation Authority, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ascension – St. James Airport and Transportation Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ascension – St. James Airport and Transportation Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Latuso & Johnson CPA, LLC

Baton Rouge, Louisiana

September 15, 2014

ASCENSION – ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION 1 - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified? x yes _____ none reported

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified? _____ yes x none reported

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

_____ yes x no

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.106	Airport Improvement Program

The threshold used to distinguish between type A and type B programs was \$300,000.

Ascension – St. James Airport and Transportation Authority did not qualify as a low risk auditee.

ASCENSION – ST. JAMES AIRPORT AND TRANSPORTATION AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

SECTION II- SCHEDULE OF CURRENT FINDINGS

2014-1 FINANCIAL STATEMENT PREPARATION

Finding: The Authority relies on its auditor to assist in the preparation of the external financial statements and related disclosures. Under U.S. generally accepted auditing standards, the Authority's auditors cannot be considered part of the Authority's internal control structure; however, design of the internal control structure does not otherwise include procedures to prepare external financial statements and related disclosures in conformity with U.S. generally accepted accounting principles.

Recommendation: Since the Authority is satisfied with using its auditing firm to prepare the external financial statements, no change is recommended. However, this matter will continue to be reported.

Management's corrective action plan: Management understands that this finding results from professional standards that have been adopted by the accounting profession. The Authority generates financial information needed to effectively manage and plan operations in a timely manner and does not consider their current situation to be deficient. However, management will review the resources necessary to prepare financial statements in accordance with generally accepted accounting principles, with full footnote disclosures, to determine if it would represent responsible stewardship.

SECTION III - SCHEDULE OF PRIOR YEAR FINDINGS

2013-1 FINANCIAL STATEMENT PREPARATION

Finding: See finding 2014-1

Action Taken: None

**ASCENSION - ST. JAMES AIRPORT AND
TRANSPORTATION AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

<u>U.S. Department of Transportation:</u>	<u>CFDA #</u>	<u>Grant #</u>	<u>Amount of Federal Expenditures</u>
Federal Aviation Administration			
Airport Improvement Program	20.106	3-22-0058-012-2013	\$ 1,701,240
Total Federal Expenditures			<u>\$ 1,701,240</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Ascension – St. James Airport and Transportation Authority under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations.” Because the schedule presents only a selected portion of the operations of Ascension – St. James Airport and Transportation Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of Ascension – St. James Airport and Transportation Authority.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, “Cost Principles for State, Local and Indian Tribal Governments,” wherein certain types of expenditures are not allowable or are limited as to reimbursement.