

AVOUELLES PARISH PORT COMMISSION
FINANCIAL STATEMENTS
JUNE 30, 2019

DUCOTE & COMPANY
Certified Public Accountants
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P. O. Box 309
Marksville, LA 71351

AVOYELLES PARISH PORT COMMISSION
Simmesport, Louisiana

June 30, 2019

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Mr. Barry Laiche
Chairperson
Avoyelles Parish Port Commission
Simmesport, Louisiana 71369

We have reviewed the accompanying financial statements of the governmental activities of the Avoyelles Parish Port Commission, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to the management's financial data and making inquiries of the management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do express such an opinion.

Management's Responsibility for the Financial Statements

Management of the Avoyelles Parish Port Commission is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Management has omitted the management's discussion and analysis, information that is required to be presented for purposes of additional analysis. 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.

Other Supplemental Information

The Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer presented on page 24 has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. We have not audited or reviewed such information and we do not express an opinion, a conclusion, nor provide any assurance on it.

Ducote & Company

Certified Public Accountants
Simmesport, Louisiana
December 2, 2019

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

AVOYELLES PARISH PORT COMMISSION
Simmesport, Louisiana

STATEMENT OF NET POSITION
June 30, 2019

ASSETS

Cash	\$447,227
Accounts receivable	3,150
Intergovernmental receivables	1,440
Property and equipment (net of accum depr)	<u>21,020,593</u>
TOTAL ASSETS	<u>21,472,410</u>

LIABILITIES

Accounts payable	704
Accrued liabilities	3,104
Rental deposits	3,500
Bonds payable	<u>333,216</u>
TOTAL LIABILITIES	<u>340,524</u>

NET POSITION

Net investment in capital assets	20,687,377
Restricted	<u>444,509</u>
TOTAL NET POSITION	<u><u>\$21,131,886</u></u>

See independent accountants' review report and the accompanying notes.

AVOUELLES PARISH PORT COMMISSION
Simmesport, Louisiana

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Operating Grants</u>	<u>Net (Expenses) Revenues</u>
<i>Governmental Activities</i>			
General Government			
Insurance	\$42,077	\$11,926	(\$30,151)
Professional fees	33,549	9,509	(24,040)
Operating services	64,186	18,192	(45,994)
Interest on long term debt	19,278	5,464	(13,814)
Depreciation	<u>759,636</u>	<u>215,300</u>	<u>(544,336)</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u><u>\$918,726</u></u>	<u><u>\$260,390</u></u>	<u><u>(658,336)</u></u>
General Revenues:			
Miscellaneous revenues			<u>0</u>
Total general revenues			<u>0</u>
Changes in net position			(658,336)
Net position - beginning of year			<u>21,790,222</u>
Net position - end of year			<u><u>\$21,131,886</u></u>

See independent accountants' review report and the accompanying notes.

FUND FINANCIAL STATEMENTS

AVOUELLES PARISH PORT COMMISSION
Simmesport, Louisiana

BALANCE SHEET
GOVERNMENTAL FUND-SPECIAL REVENUE FUND
June 30, 2019

ASSETS

Cash	\$447,227
Accounts receivable	3,150
Intergovernmental receivables	<u>1,440</u>
TOTAL ASSETS	<u><u>\$451,817</u></u>

LIABILITIES

Accounts payable	\$704
Accrued liabilities	3,104
Rental deposits	<u>3,500</u>
TOTAL LIABILITIES	<u>7,308</u>

FUND BALANCE

Fund balance, restricted	<u>444,509</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$451,817</u></u>
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See independent accountants' review report and the accompanying notes.

**AVOYELLES PARISH PORT COMMISSION
Simmesport, Louisiana**

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2019**

Total fund balance for the governmental fund at June 30, 2019		\$444,509
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 at June 30, 2019	\$26,818,642	
Less: accumulated depreciation as of June 30, 2019	<u>(5,798,049)</u>	21,020,593
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, 2019 are:		
Bonds payable		<u>(333,216)</u>
Net position at June 30, 2019		<u><u>\$21,131,886</u></u>

See independent accountants' review report and the accompanying notes.

AVOYELLES PARISH PORT COMMISSION
Simmesport, Louisiana

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2019

Total fund balance for the governmental fund at June 30, 2019		\$444,509
Total net position reported for the governmental activities in the statement of net position are 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 at June 30, 2019	\$26,818,642	
Less: accumulated depreciation as of June 30, 2019	<u>(5,798,049)</u>	21,020,593
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, 2019 are:		
Bonds payable		<u>(333,216)</u>
Net position at June 30, 2019		<u><u>\$21,131,886</u></u>

See independent accountants' review report and the accompanying notes.

AVOYELLES PARISH PORT COMMISSION
Simmesport, Louisiana

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GOVERNMENTAL FUND-SPECIAL REVENUE FUND
For the Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental revenues	\$132,000	\$132,000	\$40,000	(\$92,000)
Rental income	222,680	222,680	220,390	(2,290)
Miscellaneous	500	500	0	(500)
Total revenues	<u>355,180</u>	<u>355,180</u>	<u>260,390</u>	<u>(94,790)</u>
EXPENDITURES				
General government				
Insurance	35,000	35,000	42,077	(7,077)
Contract services	85,000	85,000	33,549	51,451
Operating services	10,000	10,000	55,702	(45,702)
Facilities maintenance	62,000	62,000	8,484	53,516
Debt service				
Principal	25,000	25,000	20,372	4,628
Interest	15,000	15,000	19,278	(4,278)
Capital outlay	0	0	0	0
Total expenditures	<u>232,000</u>	<u>232,000</u>	<u>179,462</u>	<u>52,538</u>
Excess (deficiency) of revenues over expenditures	123,180	123,180	80,928	<u>(\$42,252)</u>
Fund balance, beginning of year	<u>363,581</u>	<u>363,581</u>	<u>363,581</u>	
Fund balance, end of year	<u>\$486,761</u>	<u>\$486,761</u>	<u>\$444,509</u>	

See independent accountants' review report and the accompanying notes.

**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, 2019

Total net changes in fund balance for the year ended June 30, 2019, per in Statement of Revenues, Expenditures, and Changes in Fund Balance	\$80,928
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The changes in net assets reported for governmental activities in the
statement of activities is different because:

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.

Capital outlays which are considered expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance	\$0
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Depreciation expense for the year ended June 30, 2019	<u>(759,636)</u>	(759,636)
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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 Position.

Principal bond payments	<u>20,372</u>	
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Total changes in net position for the year ended June 30, 2019, per the Statement of Activities	<u><u>(\$658,336)</u></u>
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See independent accountants' review report and the accompanying notes.

AVOYELLES PARISH PORT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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.

Act 594 of the 2016 Louisiana Legislature, enacted on June 17, 2016 amended LRS 34:1801, provided for changes in the membership of the Avoyelles Parish Port Commission. Effective on June 17, 2016, membership of the Commission is comprised of nine members, at least three of which shall be minorities, with one member domiciled in each policy jury district who shall serve without compensation and who shall be appointed, subject to Senate confirmation. Appointments are made as follows:

Each member of the police jury of Avoyelles Parish shall submit a list of three nominees from his respective district to the representative representing House District 28, the senator representing Senate District 28 and the senator representing Senate District 32. A majority of said legislators shall appoint one nominee from each list of nominees submitted. Commissioners shall serve terms of four years. The mayor of Simmesport or his designee, who shall be a member of the board of aldermen of the Town of Simmesport, shall be an ex-officio nonvoting member of the commission.

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.

AVOYELLES PARISH PORT COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

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.

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.

AVOYELLES PARISH PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

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

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.

AVOYELLES PARISH PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

G. COMPENSATED ABSENCES

The Port Commission has two part-time employees who are paid on an hourly basis per hours worked; all other services are performed by volunteers or are contracted out to independent contractors. 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 and net of related debt

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, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

K. GOVERNMENTAL FUND BALANCES

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, 2019, the Port Commission has cash and cash equivalents (book balances) as follows:

Demand Deposits	<u>\$447,227</u>
Total	<u>\$447,227</u>

These deposits are stated at cost, which approximates market and are on deposit at federally insured banks.

AVOYELLES PARISH PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 2. CASH AND CASH EQUIVALENTS (continued)

Custodial Credit Risk: is the risk that in the event of a bank failure, the government's deposits may not be returned to it. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. It is the entity's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance.

The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at fiscal year-end. The categories are described as follows:

- Category 1 – Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2 – Collateralized with securities held by the pledging financial institutions' trust department or agent in the entity's name.
- Category 3 – Uncollateralized

At June 30, 2019 the Commission had \$447,536 respectively, in deposits (collected bank balances):

Depository Account	Bank Balance
Insured	\$250,000
Collateralized:	
Collateral held by pledging bank's trust department, not in the Port Commission's name	197,536
Uninsured and collateralized	0
Total Deposits	\$447,536

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, LA R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Commission that the fiscal agent has failed to pay deposited funds upon demand. The funds on deposit shall be collateralized an amount at all times equal to 100% by pledged "approved securities" as specified by LA R.S. 39:1225, as amended, to protect the funds of the Avoyelles Parish Port Commission. The Avoyelles Parish Port Commission does not have a formal written policy for custodial credit risk.

AVOYELLES PARISH PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3. LONG-TERM NOTES PAYABLE

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.

Construction was completed during the fiscal year ended June 30, 2015 and total loan proceeds drawn were \$492,931. Effective January 2015, monthly payments of principal and interest became due, until fully paid in 2033. In June 2016, the Port Commission paid an additional \$66,347 on the principal of the loan and re-amortized the balance of \$399,556 at the same interest rate of 4.5% and the same monthly payment of \$3,304.16. In accordance with the loan agreement, the rate was adjusted on the 5-year loan anniversary date in November 2018, to the current rate of 6.5%.

At June 30, 2019, the Port Commission had an outstanding principal balance of \$333,216 on this issue to Cottonport Bank. Future debt service requirements for the certificates of indebtedness are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$18,524	\$21,126	\$39,650
2021	19,764	19,886	39,650
2022	21,088	18,562	39,650
2023	22,500	17,150	39,650
2024	24,007	15,643	39,650
2025-2029	146,417	51,833	198,250
2030-2032	80,916	6,161	87,077
	\$333,216	\$150,361	\$483,577

AVOYELLES PARISH PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3. LONG-TERM NOTES PAYABLE (continued)

A summary of changes in long-term debt for the year ended June 30, 2019:

<u>Description</u>	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2019</u>
Cottonport Bank Series 2012 \$500,000	<u>\$353,588</u>	<u>\$0</u>	<u>(\$20,372)</u>	<u>\$333,216</u>

NOTE 4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2019 is as follows:

	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
Capital assets, not being depreciated				
Land	\$1,540,101	\$0	\$0	\$1,540,101
Construction in progress	0	0	0	0
	<u>1,540,101</u>	<u>0</u>	<u>0</u>	<u>1,540,101</u>
Capital assets, being depreciated				
Buildings	4,825,750	0	0	4,825,750
Land improvements	562,770	0	0	562,770
Equipment	430,694	0	0	430,694
Infrastructure	19,459,328	0	0	19,459,328
	<u>25,278,542</u>	<u>0</u>	<u>0</u>	<u>25,278,542</u>
 Total Capital Assets	 26,818,643	 <u>0</u>	 <u>0</u>	 26,818,643
 Less accumulated depreciation	 (5,038,414)	 <u>(\$759,636)</u>	 <u>\$0</u>	 <u>(5,798,050)</u>
 Net Capital Assets	 <u>\$21,780,229</u>			 <u>\$21,020,593</u>

AVOYELLES PARISH PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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 compliant with all significant limitations and restrictions for the year ended June 30, 2019.

NOTE 6. FUND BALANCES

Fund balances for the Port Commission consisted of the following as of June 30, 2019:

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, 2019

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. The lease is being renewed on a year to year basis with the same terms as the original lease.

Farmland

The Port Commission entered into a lease for the rental of the 639 acres of farmland at an annual rental rate of \$122 per plantable acre, effective January 1, 2018, for a lease term of 1 year, with two 1-year renewable options. The first 1-year renewal option was exercised on January 1, 2019.

NOTE 8. SCHEDULE OF COMMISSIONERS

<u>Commissioners</u>	<u>Position</u>	<u>Term Expires</u>	<u>Compensation</u>
Barry Laiche	Chairman	January 12, 2020	\$0
Scott Williams	Vice-Chairman	January 12, 2020	0
Craig Foster	Secretary	January 12, 2020	0
Melanie Barr	Treasurer	January 12, 2020	0
Tony Pierite	Commissioner	January 12, 2020	0
Marshall Sampson	Commissioner	January 12, 2020	0
Stephanie Carmouche	Commissioner	January 12, 2020	0
Michael Moras	Commissioner	January 12, 2020	0

NOTE 9. LITIGATION AND CONTINGENCIES

At June 30, 2019, the Avoyelles Parish Port Commission was not involved in any litigation that would materially affect the financial statements.

AVOUELLES PARISH PORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10. SUBSEQUENT EVENTS

Subsequent events were evaluation through December 2, 2019, which is the date the financial statements were available to be issued.

In August 2019, the Commission adopted a resolution authorizing the Chairman to enter into a buy-sell agreement for the purchase of 70 acres of land at \$7,000 per acre. In November 2019, a buy-sell agreement was signed to purchase the 70 acres tract of land on the Atchafalaya River front. The purchase is being partially funded by a \$420,000 grant from the Red River Waterway Commission. It is anticipated that the transaction will be completed by December 31, 2019.

OTHER SUPPLEMENTAL SCHEDULE

**AVOUELLES PARISH PORT COMMISSION
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

FOR THE YEAR ENDED JUNE 30, 2019

Agency Head Name: Barry Laiche, Chairman

Salary	\$ 0
Telephone	0
Mileage reimbursement	<u>0</u>
Total	<u>\$ 0</u>

See independent accountants' review report.

OTHER INFORMATION

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Mr. Barry Laiche
President
Avoyelles Parish Port Commission
Simmesport, Louisiana 71369

We have performed the procedures enumerated below, which were agreed to by the Avoyelles Parish Port Commission and the Louisiana Legislative Auditor (the specified parties), on the Commission's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended June 30, 2019, as required by Louisiana Revised Statute 24:513 and the *Louisiana Government Audit Guide*. The Commission's management is responsible for its financial records and compliance with applicable laws and regulations.

The sufficiency of these procedures is solely the responsibility of the specific parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purposes.

PUBLIC BID LAW

1. Obtain documentation for all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$157,700. Compare the documentation for these expenditures to Louisiana Revised Statute (RS) 39:1551-39:1755 (the state procurement code) or RS 38:2211-2296 (the public bid law), whichever is applicable, and report whether the expenditures were made in accordance with these laws.

No expenditures were made during the year for materials and supplies exceeding \$30,000 and no expenditures were made for public works exceeding \$157,700.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. Obtain a list of the immediate family members of each Board member as defined by LSA-RS 42:1101-1124 (the ethics law).

Management provided us with the required list including the noted information.

3. Obtain a list of all employees paid during the fiscal year.

Management provided us with the required list including the noted information.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3 above.

None of the employees included on the list of employees provided by management per item (3) appeared on the list provided by management per item (2).

5. Obtain a list of all disbursements made during the year and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

Management provided the requested information. None of the business of board members, employees, and board members' and employees' immediate families appeared as vendors on the list of disbursements.

BUDGETING

6. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There were no amendments made to the budget during the year

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report if there are any exceptions.

The budget was adopted, and the adoption was documented in the minutes, noting an exception on the timing of the adoption of the budget. See *Current Year Finding 2019-01*.

8. Compare the revenues and expenditures of the final budget to the actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceeded budgeted amounts by 5% or more.

Revenues and expenditures of the final budget were compared to actual revenues and expenditures. Actual revenues failed to meet the final budget by more than 5%. Expenditures for the year were less than budgeted amounts. See *Current Year Finding 2019-02*.

ACCOUNTING AND REPORTING

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and

(a) Report whether the six disbursements agree to the amount and payee in the supporting documentation.

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee;

(b) Report whether the six disbursements were coded to the correct fund and general ledger account.

All six of the payments were properly coded to the correct fund and general ledger account.

(c) Report whether the six disbursements were approved in accordance with management's policies and procedures.

All six of the payments were properly approved and signed.

MEETINGS

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by RS 42:11 through 42:28 (the open meetings law) and report whether there are any exceptions.

The Commission is only required to post a notice of each meeting and the related agenda on the door of the Commission's office. The Commission complied with this requirement.

DEBT

11. Obtain bank deposit slips for the fiscal year and scan bank slips in order to identify and report whether any deposits appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

ADVANCES AND BONUSES

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances or gifts.

An inspection of the payroll records and the meeting minutes of the Commission for the year noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

STATE AUDIT LAW

13. Report whether the agency provided for a timely report in accordance with RS 24:513

The Avoyelles Parish Port Commission provided for a timely report in accordance with RS 24:513.

14. Inquire of management and report whether the agency (1) entered into any contracts that utilized state funds as defined by RS39:72.1 A. (2); and that were subject to the public bid law (RS 38:2211, et seq), while the agency was not in compliance with RS 24:513 (the audit law)

The management of the Avoyelles Parish Port Commission represented that the Commission was in compliance with RS 24:513 (the audit law). Management further represented that the Commission did not enter into any contract that utilized state funds as defined in RS 39:72.1A.(2), while not in compliance with RS 24:513 (the audit law)

PRIOR COMMENTS AND RECOMMENDATIONS

15. Obtain and report management's representation as to whether any prior suggestions, exceptions, recommendations, and/or comments have been resolved.

See the schedule of prior and current findings and management's corrective action plan for any comments or unresolved matters.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Avoyelles Parish Port Commission and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Ducote & Company

Certified Public Accountants
Marksville, Louisiana
December 2, 2019

Avoyelles Parish Port Commission

P. O. Box 127

Simmesport, Louisiana 71369

LOUISIANA ATTESTATION QUESTIONNAIRE

December 2, 2019

Ducote & Company
Certified Public Accountants
P. O. Box 309
Marksville, Louisiana 71351

In connection with your compilation of our financial statements as of June 30, 2019 and for the year then ended, and as required by Louisiana Revised Statute (RS) 24:513 and the *Louisiana Government Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of December 2, 2019.

PUBLIC BID LAW

It is true that we have complied with the public bid law, RS Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes No

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of RS 42:1101-1124.

Yes No

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of RS 42:1119.

Yes No

BUDGETING

We have complied with the state budgeting requirements of the Local Government Budget Act (-RS 39:1301-15) or the budget requirements of LSA-RS 39:1331-1342, where applicable.

Yes [] No [X]

ACCOUNTING AND REPORTING

All non-exempt government records are available as a public record and have been retained for at least three years, as requires by RS 44:1, 44:7, 44:31, and 44:36.

Yes [X] No []

We have filed our annual financial statements in accordance with RS 24:514 and 33:463, where applicable.

Yes [X] No []

We have had our financial statements reviewed in accordance with RS 24:513.

Yes [X] No []

We did not enter into any contracts that utilized state funds as defined in-RS 39:72.1 A(2); and that were subject to the public bid law (RS 38:2211, et seq.), while the agency was not in compliance with RS 24:513 (the audit law).

Yes [X] No []

We have complied with RS 24:513A(3) regarding disclosure of compensation, reimbursements, benefits, and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [X] No []

MEETINGS

We have complied with the provisions of the Open Meetings Law, provided in RS 42:11 through 42:28.

Yes [X] No []

DEBT

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and RS 39:1410.60-1410.65.

Yes No

ADVANCES AND BONUSES

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, RS 14:138, and AG opinion 79-729.

Yes No

PRIOR YEAR COMMENTS

We have resolved all prior year recommendations and/or comments.

Yes No

GENERAL

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No

We have evaluated our compliance with these laws and regulations prior to make these representations.

Yes No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes No

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes No

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes No

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes No

The previous responses have been made to the best of our belief and knowledge.



Barry Laiche, Chairman

December 2, 2019

**AVOYELLES PARISH PORT COMMISSION
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

Prior Year Findings:

Compliance:

2018-01 & 2017-02 – *Noncompliance with Louisiana Local Government Budget Act*

Finding: 2017-02 - Expenditures for the year ended June 30, 2017 exceeded \$500,000 and the Commission failed to comply with the LSA RS 39:3907, public participation laws, and timely adoption of an annual budget, for the adoption of an annual budget with expenditures in excess of \$500,000.

Finding 2018-01 - Expenditures for the year ended June 30, 2018 did not exceed \$500,000; therefore, the Commission did not have to comply with the public participation laws for the year ended June 30, 2018; however the June 30, 2018 budget was not timely adopted in accordance with the Louisiana Local Government Budget Act.

Status: Partially – See Current Year Finding 2019-01

**AVOYELLES PARISH PORT COMMISSION
SCHEDULE OF CURRENT YEAR FINDINGS AND
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2019**

Current Year Findings:

Compliance:

2019-01 – Noncompliance with Louisiana Local Government Budget Act

Condition and Criteria: Louisiana Revised Statute (LRS:RS) 39:1301-1314, known as the Local Government Budget Act, requires that a proposed budget be presented for discussion and adoption prior to the beginning of the fiscal year.

The budget for the fiscal year ended June 30, 2019 did not exceed \$500,000 and was not subject to the public participations law. However, the proposed budget was not presented to the Commission until August 20, 2018 and was not adopted until the October 30, 2018 meeting, which was 122 days after the start of the fiscal year.

Effect: The condition resulted the June 30, 2019 proposed budget not being timely adopted which is a violation of the Louisiana Local Government Budget Act.

Cause: The condition of the late adoption of the June 30, 2019 budget resulted because the Commission failed to have a quorum at the June 2018 and the July 2018 meetings. This resulted in the Commission's failure to adopt a budget for fiscal year end June 30, 2019 prior to the start of the fiscal year.

Recommendation: The Commission should initiate their budget process earlier in the fiscal year so that the proposed budget and any budget amendments, can be adopted in a timely manner in compliance with the Louisiana Government Budget Act.

Management's Corrective Action Plan: Management concurs with the recommendation and will begin the budget process earlier in the fiscal year and review budget variances more closely during the fiscal year.

**AVOYELLES PARISH PORT COMMISSION
SCHEDULE OF CURRENT YEAR FINDINGS AND
MANAGEMENT'S CORRECTIVE ACTION PLAN (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

Current Year Findings (continued):

Compliance:

2019-02 – Failure to adopt budget amendment

Condition and Criteria: The Local Government Budget Act, pursuant to Louisiana Revised Statute (LRS:RS) 39:1310, provides two mandatory instances in which the adopted budget must be amended. One of those instances is when there has been a change in operations upon which the originally adopted budget was developed. The definitions of a change in operations includes when there is greater than a 5% unfavorable variance in either expenses or anticipated revenues.

Effect: The condition resulted in a violation of the Louisiana Local Government Budget Act.

Cause: The Commission failed to have a quorum for four meetings during the fiscal year and budgetary variances were not timely monitored during the fiscal year. This resulted in failure to adopt a budget amendment for fiscal year end June 30, 2019.

Recommendation: The Commission should encourage attendance at monthly Commissioner meetings and more closely monitor the budgetary variances and financial reports for the Avoyelles Parish Port Commission. Necessary budget amendments should be timely adopted in compliance with the Louisiana Government Budget Act.

Management's Corrective Action Plan: Management concurs with the recommendation and will monitor budget variances more closely during the fiscal year and adopt timely budget amendments as necessary.