

**AVOYELLES PARISH PORT COMMISSION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2020**

**DUCOTE & COMPANY**  
Certified Public Accountants  
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**AVOYELLES PARISH PORT COMMISSION  
SIMMESPORT, LOUISIANA  
June 30, 2020  
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## INDEPENDENT AUDITORS' REPORT

Barry Laiche, Chairman  
Board of Commissioners  
Avoyelles Parish Port Commission  
Simmesport, Louisiana

We have audited the accompanying financial statements of the governmental activities of the Avoyelles Parish Port Commission, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

Avoyelles Parish Port Commission  
Page 2  
January 20, 2021

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Avoyelles Parish Port Commission, as of June 30, 2020, and the resulting changes in financial position, and the respective budgetary comparison of the Avoyelles Parish Port Commission, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

The Avoyelles Parish Port Commission has not presented management's discussion and analysis that the accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated January 20, 2021, on our consideration of the Avoyelles Parish Port Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Avoyelles Parish Port Commission's internal control over financial reporting and compliance.

## *Ducote & Company*

Marksville, Louisiana  
January 20, 2021

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT WIDE FINANCIAL STATEMENTS**

**AVOYELLES PARISH PORT COMMISSION**  
**Simmesport, Louisiana**

**STATEMENT OF NET POSITION**  
**June 30, 2020**

	<b>GOVERNMENTAL ACTIVITY</b>
<b>ASSETS</b>	
Cash	\$309,739
Intergovernmental receivables	0
Property and equipment (net of accumulated depreciation)	20,699,549
Total Assets	21,009,288
 <b>LIABILITIES</b>	
Accounts payable	5,623
Accrued liabilities	1,438
Rental deposits	4,500
Bonds payable	114,188
Total Liabilities	125,749
 <b>NET POSITION</b>	
Invested in capital assets, net of related debt	20,585,361
Restricted for port operations	298,178
Total Net Position	<b>\$20,883,539</b>

The accompanying notes are an integral part of the financial statements.

**AVOYELLES PARISH PORT COMMISSION**  
**Simmesport, Louisiana**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2020**

	<b>Expenses</b>	<b>Program Operating Grants</b>	<b>Net (Expenses) Revenue</b>
<b>FUNCTIONS/PROGRAMS</b>			
<i>Governmental Activities</i>			
General Government			
Insurance	\$40,681	\$29,931	(\$10,750)
Professional fees	35,770	26,318	(9,452)
Operating services	84,661	62,290	(22,371)
Interes on long-term debt	20,622	15,173	(5,449)
Depreciation	758,118	557,793	(200,325)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$939,852</b>	<b>\$691,505</b>	<b>(248,347)</b>
General Revenues:			
Miscellaneous revenues			0
Total general revenues			0
Change in net position			(248,347)
Net position, beginning of year			21,131,886
Net position, end of year			<b>\$20,883,539</b>

The accompanying notes are an integral part of the financial statements.



## **FUND FINANCIAL STATEMENTS**

**AVOUELLES PARISH PORT COMMISSION**  
Simmesport, Louisiana

**Balance Sheet**  
**Governmental Fund Type – Special Revenue Fund**  
**June 30, 2020**

**ASSETS**

Cash	\$309,739
Intergovernmental receivables	<u>0</u>
Total Assets	<u><u>\$309,739</u></u>

**LIABILITIES AND FUND EQUITY**

Liabilities:	
Accounts payable	\$5,623
Accrued liabilities	\$1,438
Rental deposits	<u>4,500</u>
Total liabilities	<u>11,561</u>
Fund Equity:	
Fund balance, restricted	<u>298,178</u>
Total Liabilities and Fund Equity	<u><u>\$309,739</u></u>

The accompanying notes are an integral part of the financial statements.

**AVOYELLES PARISH PORT COMMISSION**  
**Simmesport, Louisiana**

**Reconciliation of the Governmental Fund Balance Sheet**  
**To the Statement of Net Position**  
**June 30, 2020**

Total fund balance for the governmental fund at June 30, 2020		\$298,178
Total net assets reported for the governmental activities in the statement of net assets is different because:		
Capital assets used in the governmental activities are not financial resources, and therefore are not reported in the funds. These assets consist of:		
Cost of capital assets as of June 30, 2020	\$27,255,717	
Less: accumulated depreciation as of June 30, 2020	<u>(6,556,168)</u>	20,699,549
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, 2020 are:		
Bonds payable	<u>(114,188)</u>	<u>(114,188)</u>
Net position at June 30, 2020		<u><u>\$20,883,539</u></u>

The accompanying notes are an integral part of the financial statements.

**AVOYELLES PARISH PORT COMMISSION**  
**Simmesport, Louisiana**

**Statement of Revenues, Expenditures, and  
Changes in Fund Balance – Budget (GAAP Basis) and Actual  
Governmental Fund Type – Special Revenue Fund  
For the Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Intergovernmental revenues	\$40,000	\$40,000	\$460,000	\$420,000
Rental income	226,280	226,280	231,505	5,225
Total revenues	<u>266,280</u>	<u>266,280</u>	<u>691,505</u>	<u>425,225</u>
<b>EXPENDITURES</b>				
General governmental				
Insurance	30,000	30,000	40,681	(10,681)
Contract services/consultants	42,000	42,000	35,770	6,230
Operating services	102,030	102,030	84,661	17,369
Debt service:				
Principal	21,600	21,600	219,028	(197,428)
Interest	18,400	18,400	20,622	(2,222)
Capital outlay	0	0	437,075	(437,075)
Total expenditures	<u>214,030</u>	<u>214,030</u>	<u>837,836</u>	<u>(623,806)</u>
Excess (deficiency) of revenues over expenditures	52,250	52,250	(146,331)	<u>(\$198,581)</u>
Fund balance, beginning of year	<u>444,509</u>	<u>444,509</u>	<u>444,509</u>	
Fund balance, end of year	<u>\$496,759</u>	<u>\$496,759</u>	<u>\$298,178</u>	

The accompanying notes are an integral part of the financial statements.

**AVOYELLES 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, 2020**

Total net changes in fund balance for the year ended June 30, 2020, per the Statement of Revenues, Expenditures and Changes in Fund Balance		(\$146,331)
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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	437,075	
Depreciation expense for the year ended June 30, 2020	<u>(758,118)</u>	(321,044)

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>219,028</u>	<u>219,028</u>
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Total changes in net position for the year ended June 30, 2020, per the Statement of Activities.		<u><u>(\$248,347)</u></u>
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The accompanying notes are an integral part of the financial statements.

**AVOYELLES PARISH PORT COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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.

**K. GOVERNMENTAL FUND BALANCES**

On January 1, 2011, the Port Commission adopted the provisions of GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which significantly changed the reporting of fund balance in the balance sheets of governmental fund types.

In the governmental fund financial statements, fund balances are classified as follows:

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

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

**AVOYELLES PARISH PORT COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)**

**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>\$309,739</u>
Total	<u>\$309,739</u>

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

**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

**AVOYELLES PARISH PORT COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 2. CASH AND CASH EQUIVALENTS (continued)**

At June 30, 2020 the Commission had \$412,238 respectively, in deposits (collected bank balances):

<b>Depository Account</b>	<b>Bank Balance</b>
Insured	\$250,000
Collateralized:	
Collateral held by pledging bank's trust department, not in the Port Commission's name	162,238
Uninsured and collateralized	0
Total Deposits	\$412,238

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.

**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%.

**AVOYELLES PARISH PORT COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 3. LONG-TERM NOTES PAYABLE (continued)**

At June 30, 2020, the Port Commission had an outstanding principal balance of \$114,188 on this issue to Cottonport Bank. A review of transactions subsequent to year end revealed that the Port Commission paid the loan in full during September 2020; therefore, the entire principal balance is presented as a short-term liability in the June 30, 2020 financial statements.

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

Year Ended			
June 30,	Principal	Interest	Total
2021	<u>\$114,188</u>	<u>\$2,349</u>	<u>\$116,537</u>

**NOTE 4. CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2020 is as follows:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Capital assets, not being depreciated				
Land	\$1,540,101	\$429,575	\$0	\$1,969,676
Construction in progress	0	7,500	0	7,500
	<u>1,540,101</u>	<u>437,075</u>	<u>0</u>	<u>1,977,176</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>\$437,075</u>	<u>\$0</u>	27,255,718
Less accumulated depreciation	(5,798,050)	<u>(\$758,118)</u>	<u>\$0</u>	(6,556,168)
Net Capital Assets	<u>\$21,020,593</u>			<u>\$20,699,549</u>

Construction in progress is comprised on engineering fees paid to date on the study and design of an additional 1,000,000-gallon storage tank at the port for the exclusive use by Helena Chemical.

**AVOYELLES PARISH PORT COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 4. CAPITAL ASSETS (continued)**

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

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

**NOTE 5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The statutes which created the Port Commission, place certain limitations and restrictions on the collections and disbursements of the Fund. The Fund is in compliance with all significant limitations and restrictions for the year ended June 30, 2020.

**NOTE 6. FUND BALANCES**

Fund balances for the Port Commission consisted of the following as of June 30, 2020:

**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 1<sup>st</sup> of each month, commencing April 1, 2012;
- b. \$2,250 per month for 10 years, payable on or before the 1<sup>st</sup> 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.

*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.

**AVOYELLES PARISH PORT COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 7. AGREEMENTS (continued)**

Farmland

The Port Commission entered a lease for the rental of the 639 acres of farmland at an annual rental rate of \$122 per plantable acre for a total annual rent of \$74,420. The rental term is for 3 years, beginning January 1, 2018, with the first payment due January 1, 2018, and then on January 1<sup>st</sup> of each subsequent year.

**NOTE 8. SCHEDULE OF COMMISSIONERS**

Commissioners	Position	Term Expires	Compensation
<b><i>Appointed January 12, 2020:</i></b>			
Barry Laiche	Chairman	February 12, 2024	\$0
Scott Williams	Vice-Chairman	February 12, 2024	0
Patrick Deshotels	Secretary	February 12, 2024	0
Tony Pierite	Commissioner	February 12, 2024	0
Penn Lemoine	Commissioner	February 12, 2024	0
James Sampson	Commissioner	February 12, 2024	0
Sullivan Batiste	Commissioner	February 12, 2024	0
<b><i>Resigned On or Before January 12, 2020:</i></b>			
Craig Foster	Commissioner	January 12, 2020	0
Melanie Barr	Secretary	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, 2020, the Avoyelles Parish Port Commission was not involved in any litigation that would materially affect the financial statements.

**AVOYELLES PARISH PORT COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 10. SUBSEQUENT EVENTS**

As a result of COVID-19 Coronavirus, economic uncertainties have arisen which are unlikely to negatively impact financial resources. While the duration of the economic impact is expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

In October 2020, the 2021 farmland lease bids were received, and the lease was awarded to the highest bidder, effective January 1, 2021 at \$147 per plantable acre.

Subsequent events were evaluated through January 20, 2021, which is the date the financials statements were available to be issued. There are no further subsequent events to disclose.

**NOTE 12 – SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD**

Agency Head Name: Barry Laiche, Chairman

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

## **OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

The following pages contain reports on the internal control structure and compliance with laws and regulations required by *Government Auditing Standards*, issued by the Comptroller General of the United States. These reports address the financial statements of the Avoyelles Parish Port Commission.



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

Barry Laiche, Chairman  
Board of Commissioners  
Avoyelles Parish Port Commission  
Simmesport, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Avoyelles Parish Port Commission, Louisiana as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Avoyelles Parish Port Commission, Louisiana's basic financial statements and have issued our report thereon dated January 20, 2021.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify one deficiency in internal control described in the accompanying schedule of findings and responses as Item 2020-01, that we consider to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Avoyelles Parish Port Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items 2020-02 and 2020-03.

### **Avoyelles Parish Port Commission Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

***Ducote & Company***  
Certified Public Accountants  
Marksville, Louisiana

January 20, 2021

**AVOYELLES PARISH PORT COMMISSION  
SCHEDULE OF CURRENT YEAR  
FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2020**

**Section I – Summary of Auditors’ Results**

A. Financial Statement Audit	
a. Type of auditors’ report issued	Unmodified
B. Internal Control Over Financial Reporting	
a. Internal Control Material Weakness	Yes
b. Significant Deficiencies	Yes
C. Material Noncompliance to the Financial Statements	Yes
D. Federal Awards	Not Applicable
E. Management Letter	Not Issued

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

**A. Internal Control Findings**

**Item 2020-01 Inadequate Documentation of the Components of Internal Control**

**Criteria:** Elements of internal control require that policies and procedures be developed and written for adoption by the Commission

**Condition:** Management has not adopted formal written internal control policies and procedures for the management and operation of the Avoyelles Parish Port Commission. Adequate design, documentation, and implementation of internal controls, policies and procedures assist management in the operations and reporting and also reduce the possibility of a material misstatement in the financial statements and potential theft or misuse of funds.

**Cause:** Failure to develop and adopt written internal control policies and procedures.

**Effect:** Material weakness in internal control which could result in intentional or unintentional errors being made within the operation of the Port Commission. Inadequate design and documentation of policies and procedures can result in failure of internal controls to timely prevent or detect errors or fraud within the operations of the Avoyelles Parish Port Commission and result in a material misstatement in the financial statements.

**Recommendation:** We recommend Management formalize the Commissions internal control policies and procedures and prepare a written document of policies and procedures for adoption by the Port Commission Board of Directors.

**Views of Responsible Officials and Planned Corrective Action:** The Commissioners are in the process of drafting formal, written internal control policies and procedures. Once drafts are completed, the Commissioners along with legal counsel, will review and finalize for adoption by the Board of Commissions.

**AVOUELLES PARISH PORT COMMISSION  
SCHEDULE OF CURRENT YEAR  
FINDINGS AND RESPONSES (continued)  
FOR THE YEAR ENDED JUNE 30, 2020**

**B. Compliance Findings**

***Item 2020-02 Local Government Budget Act***

**Criteria:** The Local Government Budget Act (LRS 39:1301-15) requires that an annual budget be adopted at least 15 days prior to the beginning of the fiscal year (LRS 39:1306) and that a budget amendment be timely adopted if the agency experiences an unfavorable budget variance in excess of 5%. This occurs when actual receipts plus projected revenue collections for the year fail to meet budgeted revenues by more than 5% or when actual expenditures plus projected expenditures to year end exceed budgeted expenditures by more than 5%. (LRS 39:1311).

**Condition:** For the fiscal year ended June 30, 2020, the annual budget was not timely adopted, and the Commission's annual budget was not amended when it was determined that had an unfavorable budget variance in expenditures would be in excess of 5%.

**Cause:** Insufficient controls and policies regarding budgetary process.

**Effect:** The public notice for the public hearing and adoption of the budget for the fiscal year ended June 30, 2020 was published on June 27, 2019 and the public hearing set for July 15, 2019. This timeline did not meet the requirements of adoption of the annual budget before the start of the fiscal year. Expenditures for the fiscal year exceeded final budget expenditures by 291%. These two matters violate the Local Government Budget Act.

**Recommendation:** We recommend that management review the Local Government Budget Act and adopt and implement internal controls regarding the Local Budget Act requirements. This will provide for timely adoption of the annual budget and monitoring of budget variances during the fiscal year. Budget amendments can then be adopted when deemed necessary. These recommendations will assist The Port Commission to stay in compliance with the Local Government Budget Act.

**Views of Responsible Officials and Planned Corrective Action:** Management agrees with the recommendations. The budget for the fiscal year June 30, 2021 was timely adopted and the Commission will monitor the annual budgets more closely for variances and adopt budget amendments when necessary.

**AVOYELLES PARISH PORT COMMISSION  
SCHEDULE OF CURRENT YEAR  
FINDINGS AND RESPONSES (continued)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Item 2020-03 Written Minutes**

**Criteria:** LRS 42:20 requires written minutes of all open meetings for public bodies. LRS 42:20(A)(3) specifically references that the minutes include “the substance of all matters decided, and, at the request of any member, a record, by individual member, of any votes taken”.

**Condition:** Minutes for the August 19, 2019 meeting do not reflect all action of the meeting. The motion to adopt the budget for the fiscal year ended June 30, 2020 is not stated in the minutes of that meeting. During discussions with management and per notation on the budget, it was stated that the budget for the fiscal year ended June 30, 2020 was adopted by motion at the open meeting held August 19, 2019. There is no reference to a motion to adopt or the adoption of the June 30, 2020 budget in the minutes of the August 19, 2019.

**Cause:** Not having sufficient review processes of minutes.

**Effect:** Violation of LRS 42:20 and failure to provide accurate and complete detail of the actions of the Commission to the public.

**Recommendation:** Management should review the provisions of LRS 42:11-42:28 and its policies regarding minutes of meetings. Policies and procedures need to be adopted to ensure accurate minutes are approved that reflect all actions of the Commission during an open meeting.

**Views of Responsible Officials and Planned Corrective Action:** Management will review LRS 42:11-42:28 regarding statutes for provisions of Open Meetings. Effort will be taken to ensure minutes are accurate and complete. Commissions will review minutes in greater detail to verify they include all actions taken, before voting to accept minutes of meetings.

**Section III Management Letter**

The audit report contained no separate management letter.

**AVOUELLES PARISH PORT COMMISSION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Item 2019-01 Noncompliance with Louisiana Local Government Budget Act**

**Condition:** LRS 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 was not presented and adopted timely in accordance with the Act.

**Recommendation:** Management should initiate the budget process earlier in the fiscal year so that the proposed budget can be adopted in accordance with the Local Government Budget Act.

**Current Status:** Unresolved – See item 2020-02.