



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

July 2, 2014

The Honorable Eric Rusk, Mayor,
and Members of the Board of Aldermen
Town of Simmesport
372 Mission Drive
Simmesport, Louisiana 71369

Dear Mayor Rusk:

As you are aware, my Investigative Audit Services staff visited the Town of Simmesport (Town) to assess certain financial matters. This letter briefly summarizes the results of our work. We stress the importance of addressing this issue and encourage you to consider our recommendation as you work to resolve the following:

Town-Owned Lot Sold Without Formal Appraisal

On February 14, 2011, the Town sold a Town-owned parcel of land in a local industrial park for \$10,000 without a formal appraisal. The Town's Board of Aldermen (Board) passed an ordinance authorizing the sale and a resolution empowering Mayor Rusk to execute the sale on "such terms and conditions as he may in his own discretion deem proper and advisable for the Town of Simmesport."

According to Mayor Rusk, the Town did not have funds to spend on a formal appraisal. He (Mayor Rusk) claims he spoke with the Avoyelles Parish Assessor who quoted him a market value of approximately \$7,000 to \$10,000 for the lot. We spoke to Avoyelles Parish Assessor Emeric Dupuy who told us that he did not specifically recall giving Mayor Rusk a quote for this property; however, he added that he may have spoken to someone at the Town concerning this property, but could not say for certain.

Town records show the sale of the lot was advertised in the local newspaper and required a minimum bid of \$10,000. According to Mayor Rusk, the Town received one \$10,000 bid for the lot from Coastal & Highway Erosion Control. The board approved the bid through a resolution and Coastal & Highway Erosion Control purchased the lot for \$10,000 on February 14, 2011.

The Town owned three additional lots located across the street from the lot referenced above. The Town obtained formal appraisals for each of these three lots in 2012. Mayor Pro Tem Charles Austin indicated that he proposed getting the appraisals because he felt the appraisals would help the Town obtain the best price for the lots. Despite smaller lot sizes, these

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properties appraised for significantly more than the lot sold to Coastal & Highway Erosion Control (see table below). In addition, one lot sold for more than its appraised value.

Town of Simmesport Land Appraisals and Sales					
Lot Description	Lot Size	Appraised Value	Appraisal Date	Sale Price	Sale Date
Lot B (sold to Coastal & Highway Erosion Control)	2.49 acres	no appraisal	no appraisal	\$10,000	2/14/2011
Lot C	1.39 acres	\$20,000	10/01/2012	no sale	no sale
Lot D	.986 acres	\$16,000	10/01/2012	no sale	no sale
Lot F	1.01 acres	\$19,000	10/01/2012	\$19,050	1/31/2014

The Town-owned lot conveyed to Coastal & Highway Erosion Control sold for significantly less than the appraised value of similarly situated Town-owned lots of comparable size, indicating the lot may have been sold for significantly less than its fair market value. According to Attorney General Opinion 10-0255, "...a political subdivision selling property for less than the property's fair market value would also be prohibited donation." Because the Town appears to have sold this lot for less than its fair market value, the Town may have violated state law^A and the state constitution,^B which prohibits the donation of public property.

We recommend that the Town develop a written policy governing property sales that includes a provision mandating formal appraisals prior to any sale of Town-owned property to ensure that fair market value is obtained in accordance with the requirement of the state constitution.^B Should you have any questions, please call Kevin Kelley or Gary Duty at (225) 339-3800.

Sincerely,

 Daryl G. Purpera, CPA, CFE
 Legislative Auditor

DGP/ch
 SIMMESPORT 2014

^A Louisiana Revised Statute 42:1461(A) provides, in part, that "Officials, whether elected or appointed and whether compensated or not, and employees of any "public entity"... assume a personal obligation not to misappropriate, misapply, convert, misuse, or otherwise wrongfully take any funds, property, or other thing of value belonging to or under the custody or control of the public entity in which they hold office or are employed."

^B Louisiana Constitution Article VII, Section 14(A) provides, in part, that "Prohibited Uses. Except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private."