

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010 (unaudited)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 12 2011

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Statements of Net Assets	3
Statements of Revenues, Expenses and Changes in Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements	6-16
<u>RELATED REPORTS</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	17-18
Schedule of Findings and Responses	19
Schedule of Prior Year Findings	20
<u>SUPPLEMENTARY INFORMATION</u>	
Schedule of Insurance in Force (Unaudited)	21

Chizal S. Fontenot, CPA
 James L. Nicholson, Jr., CPA
 G. Kenneth Pavy, II, CPA
 Michael A. Roy, CPA
 Lisa Trouille Manuel, CPA
 Dana D. Quebedeaux, CPA



JOHN S. DOWLING & COMPANY
 A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

John S. Dowling, CPA
 1904-1984
 John Newton Stout, CPA
 1938-2005

Retired

Harold Dupre, CPA
 1996
 Dwight Ledoux, CPA
 1998
 Joel Lanclos, Jr., CPA
 2003
 Russell J. Stelly, CPA
 2005

INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
 Greater Krotz Springs Port Commission
 Krotz Springs, Louisiana

We have audited the accompanying financial statements of the business-type activities of the Greater Krotz Springs Port Commission as of and for the year ended June 30, 2011, which collectively comprise the Greater Krotz Springs Port Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Greater Krotz Springs Port Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Greater Krotz Springs Port Commission as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

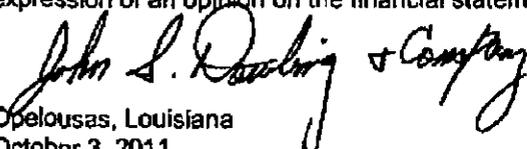
In accordance with Government Auditing Standards, we have also issued our report dated October 3, 2011, on our consideration of the Greater Krotz Springs Port Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greater Krotz Springs Port Commission's financial statements taken as a whole. The Schedule of Insurance in Force is presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Insurance in Force is marked "unaudited" on which we express no opinion.

The Greater Krotz Springs Port Commission has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

The Board of Commissioners
Greater Krotz Springs Port Commission
Krotz Springs, Louisiana

The June 30, 2010 financial statements were reviewed by us, and our report thereon, dated September 13, 2010, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.


Opelousas, Louisiana
October 3, 2011

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
STATEMENTS OF NET ASSETS
JUNE 30, 2011 and 2010 (unaudited)

ASSETS	BUSINESS-TYPE ACTIVITIES PROPRIETARY FUND	
	2011	2010
Cash	\$ 77,873	\$ 126,197
Investments	3,191,318	3,140,797
Leases receivable	21,831	20,141
Interest receivable	2,701	3,910
Other receivables	-	145,873
Prepaid insurance	12,153	-
Capital assets (net)	3,589,901	2,682,187
Total assets	6,895,777	6,119,105
LIABILITIES		
Accounts payable	1,292	43,754
Accrued payroll and benefits	3,663	3,486
Deferred income	57,050	23,746
Total liabilities	62,005	70,986
NET ASSETS		
Invested in capital assets, net of related debt	3,589,901	2,682,187
Unrestricted	3,243,871	3,365,932
Total net assets	6,833,772	6,048,119

The accompanying notes are an integral part of these statements.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 and 2010 (unaudited)

	BUSINESS-TYPE ACTIVITIES PROPRIETARY FUND	
	2011	2010
<u>OPERATING REVENUES</u>		
Leases	\$ 313,884	\$ 361,931
Tonnage and docking fees	17,534	31,465
<u>Total operating revenues</u>	<u>331,418</u>	<u>393,396</u>
<u>OPERATING EXPENSES</u>		
Commissioners per diem	22,725	21,375
Salaries and benefits	94,903	102,064
Taxes	4,353	4,093
Travel	2,094	2,686
Meetings and conventions	40,083	35,290
Dues	4,547	4,523
Advertising and promotion	817	2,003
Professional fees	17,572	19,025
Insurance	19,646	27,198
Telephone and utilities	6,608	5,474
Repairs and maintenance	9,323	28,540
Office expense	4,728	6,390
Depreciation	122,878	123,580
<u>Total operating expenses</u>	<u>350,277</u>	<u>382,241</u>
<u>OPERATING INCOME (LOSS)</u>	<u>(18,859)</u>	<u>11,155</u>
<u>NON-OPERATING REVENUES</u>		
Interest income	41,350	53,298
Grant revenue	670,000	-
Intergovernmental	93,162	-
<u>Total non-operating revenues</u>	<u>804,512</u>	<u>53,298</u>
<u>CHANGE IN NET ASSETS</u>	<u>785,653</u>	<u>64,453</u>
<u>NET ASSETS</u>, beginning of year	<u>6,048,119</u>	<u>5,983,666</u>
<u>NET ASSETS</u>, end of year	<u>6,833,772</u>	<u>6,048,119</u>

The accompanying notes are an integral part of these statements.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 and 2010 (unaudited)

	BUSINESS-TYPE ACTIVITIES PROPRIETARY FUND	
	<u>2011</u>	<u>2010</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Received from customers	\$ 363,032	\$ 352,299
Paid to suppliers	(154,033)	(93,688)
Paid to employees	(121,804)	(127,179)
<u>Net cash provided by operating activities</u>	<u>87,195</u>	<u>131,432</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase of fixed assets	(890,719)	(152,539)
Grant revenue received	670,000	-
Intergovernmental revenue	93,162	(145,873)
<u>Net cash used by capital and related financing activities</u>	<u>(127,557)</u>	<u>(298,412)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of investments	(50,000)	(13,825)
Interest on investments	42,038	53,006
<u>Net cash provided (used) by investing activities</u>	<u>(7,962)</u>	<u>39,181</u>
<u>NET DECREASE IN CASH AND CASH EQUIVALENTS</u>	(48,324)	(127,799)
<u>CASH AND CASH EQUIVALENTS, beginning of year</u>	126,197	253,996
<u>CASH AND CASH EQUIVALENTS, end of year</u>	<u>77,873</u>	<u>126,197</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating Income (loss)	\$ (18,859)	\$ 11,155
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	122,878	123,580
Changes in assets and liabilities:		
(Increase) decrease in receivables, net	(1,690)	(10,340)
(Increase) decrease in prepaid insurance	(12,153)	-
Increase (decrease) in accounts and other payables	(36,285)	37,794
Increase (decrease) in deferred income	33,304	(30,757)
<u>Net cash provided by operating activities</u>	<u>87,195</u>	<u>131,432</u>

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 and 2010 (unaudited)

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Greater Krotz Springs Port Commission was created as a political subdivision of the State of Louisiana by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 34:1451-1456. The Port Commission has the power to regulate the commerce and traffic in St. Landry Parish in such a manner as may be best for public interest; and it is empowered to own and have charge of, to administer, construct, operate and maintain wharfs, warehouses, landings, docks, sheds, belt and connection railroads, shipways, canals, channels, slips, basins, locks, elevators and other structures and facilities necessary and proper for the use and development of the business of the area under its control.

The Port Commission is governed by a board of commissioners, consisting of eleven members appointed as follows:

1. Three members by the St. Landry Parish Government
2. Two members by the City of Opelousas
3. Two members by the City of Eunice
4. Two members by the Town of Krotz Springs
5. Two members by the St. Landry Parish Municipal Association

The Port's office is located in Krotz Springs, Louisiana, and employs two administrative personnel. The Port's operations are funded entirely through annual self-generated revenues.

The accompanying financial statements of the Greater Krotz Springs Port Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of certain significant accounting policies and practices of the Greater Krotz Springs Port Commission:

A. FINANCIAL REPORTING ENTITY

The Port is reported as a stand-alone entity as defined by GASB Statement No. 14, "The Financial Reporting Entity." The Port is neither fiscally dependent on any other local government, nor does it provide specific financial benefits to or impose specific financial burdens on any other government. No other potential component units meet the criteria for inclusion in the financial statements of the Port.

B. BASIS OF PRESENTATION

The Division of Administration of the State of Louisiana has determined that the Greater Krotz Springs Port Commission is a primary government and not a component unit or agency of the State of Louisiana for financial reporting purposes.

These financial statements were prepared in accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. All activities of the Port are accounted for within a single proprietary (enterprise) fund. This fund type is used to report any activity for which a fee is charged to external users for goods and services. In addition, these financial statements include the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and related standards.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 and 2010 (unaudited)

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

C. MEASUREMENT FOCUS / BASIS OF ACCOUNTING

Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. The proprietary fund of the Port utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Port's enterprise fund are charged to tenants for the use of the facilities. Operating expenses for enterprise funds include the cost of maintaining the facilities, administrative expenses, and depreciation on capital assets. All revenues not meeting the definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Port has elected not to follow subsequent private-sector guidance.

D. CASH AND INVESTMENTS

The Port defines cash and cash equivalents as follows:

Cash – includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts (LAMP) that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents – includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 and 2010 (unaudited)

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

D. CASH AND INVESTMENTS (Continued)

For the purpose of the statement of cash flows, "cash and cash equivalents" include all demand, pooled cash account, and certificates of deposit with an original maturity of three months or less.

E. RECEIVABLES

Receivables consist of all revenues earned at year-end and not yet received.

F. INVENTORIES

Inventories for supplies are immaterial and are recorded as expenses when purchased.

G. CAPITAL ASSETS

All fixed assets are valued at historical cost. The Port maintains a threshold level of \$500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Revenues, Expenses, and Changes in Net Assets, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building	30 Years
Wharfs and docks	30 Years
Road and road improvements	30 Years
Mooring dolphin	5 Years
Furniture, fixtures, and office equipment	5 Years

H. COMPENSATED ABSENCES

Employees can accumulate up to 400 hours of sick leave; however, no payment is made for accrued and unused sick leave upon termination or retirement. Two weeks of annual leave is earned by each employee; however, any unused portion lapses at the end of the fiscal year.

I. EQUITY CLASSIFICATIONS

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
2. Restricted net assets – Consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 and 2010 (unaudited)

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

I. EQUITY CLASSIFICATIONS (Continued)

3. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

J. LEASE REVENUES

The Port's revenues include the leasing of land and improvements under cancelable operating leases. The leases are accounted for using the operating method whereby the amount of revenue recognized in each accounting period is equivalent to the amount of rent receivable according to the provisions of the lease. Deferred revenue includes the estimated fair value of improvements to the Port's facilities paid for by lessees. The revenue is being recognized over the terms of the operating leases.

K. ESTIMATES

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

L. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The Greater Krotz Springs Port Commission does not provide any post-employment benefits to retirees other than pension and therefore is not required to report under GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions.

NOTE (2) - CASH AND INVESTMENTS

Louisiana statutes authorize the Port to invest in United States bonds, treasury notes or certificates, time certificates of deposit in state and national banks, or any other federally insured investment.

The carrying amount of the Port's cash and investments at June 30, 2011 and 2010, respectively, was \$3,269,191 and \$3,266,994. The bank balance of cash was \$84,768 and \$127,844 and of investments was \$3,191,318 and \$3,140,797 at June 30, 2011 and 2010, respectively. Investments are stated at cost or amortized cost, which approximates market. Investments consist of time certificates of deposit and direct investment in the Louisiana Asset Management Pool (LAMP). Cash and certificates of deposits are fully secured through the pledge of bank-owned securities or federal deposit insurance. Investments in certificates of deposit at June 30, 2011 and 2010, respectively, were \$2,900,000 and \$2,850,000. The Louisiana Asset Management Pool (LAMP) is a cooperative endeavor designed to create a local government investment vehicle. The cooperative endeavor was created at the initiative of the Louisiana State Treasurer's Office. With investment advice provided by a professional investment manager and custody of the assets maintained by a major Louisiana bank, LAMP has been established to improve administrative efficiency and increase investment yield for all depositing members. Investment in LAMP at June 30, 2011 and 2010, respectively, was \$291,318 and \$290,797.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 and 2010 (unaudited)

NOTE (2) - CASH AND INVESTMENTS (Continued)

At June 30, 2011 and 2010, respectively, \$884,768 and \$1,218,641 of the bank balance was covered by FDIC insurance and \$2,100,000 and \$2,050,000 was covered by pledged securities held by the custodial bank(s) in the name of the bank(s)(GASB Category 3).

NOTE (3) - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balances 7/1/2010	Increases	Decreases	Balances 6/30/2011
Business-type Activities				
Land	\$ 862,100	\$ -	\$ 6,000	\$ 856,100
Buildings	872,010	-	-	872,010
Wharfs and docks	2,104,258	-	-	2,104,258
Road and road improvements	689,657	-	-	689,657
Mooring dolphin	43,119	-	-	43,119
Furniture and equipment	37,759	-	5,112	32,647
Construction in progress - Boat launch	100,683	1,036,592	-	1,137,275
<u>Total at historical cost</u>	<u>4,709,586</u>	<u>1,036,592</u>	<u>11,112</u>	<u>5,735,066</u>
Less accumulated depreciation				
Buildings	343,842	29,067	-	372,909
Wharfs and docks	1,226,864	70,142	-	1,297,006
Roads and road improvements	377,345	22,989	-	400,334
Mooring dolphin	43,119	-	-	43,119
Furniture and equipment	36,229	680	5,112	31,797
<u>Total accumulated depreciation</u>	<u>2,027,399</u>	<u>122,878</u>	<u>5,112</u>	<u>2,145,165</u>
Business-type Activities Capital assets, net	<u>2,682,187</u>	<u>913,714</u>	<u>6,000</u>	<u>3,589,901</u>

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 and 2010 (unaudited)

NOTE (3) - CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Balances</u> <u>7/1/2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u> <u>6/30/2010</u>
Business-type Activities				
Land	\$ 602,994	\$ 259,106	\$ -	\$ 862,100
Buildings	872,010	-	-	872,010
Wharfs and docks	2,104,258	-	-	2,104,258
Road and road improvements	689,657	-	-	689,657
Mooring dolphin	43,119	-	-	43,119
Furniture and equipment	37,759	-	-	37,759
Construction in progress - Boat launch	200,000	46,556	145,873	100,683
<u>Total at historical cost</u>	<u>4,549,797</u>	<u>305,662</u>	<u>145,873</u>	<u>4,709,586</u>
Less accumulated depreciation				
Buildings	314,775	29,067	-	343,842
Wharfs and docks	1,156,722	70,142	-	1,226,864
Roads and road improvements	354,351	22,994	-	377,345
Mooring dolphin	43,119	-	-	43,119
Furniture and equipment	34,852	1,377	-	36,229
<u>Total accumulated depreciation</u>	<u>1,903,819</u>	<u>123,580</u>	<u>-</u>	<u>2,027,399</u>
Business-type Activities Capital assets, net	<u><u>2,645,978</u></u>	<u><u>182,082</u></u>	<u><u>145,873</u></u>	<u><u>2,682,187</u></u>

NOTE (4) - PENSION PLAN

All full-time employees of the Port are members of the Louisiana State Employees Retirement System ("System"), a multiple-employer, public employee retirement system (PERS) controlled and administered by a separate board of trustees.

All full time employees are eligible to participate in the System. Benefits vest with ten years of service. Vested employees may retire at (a) any age with thirty years of service, (b) age 55 with twenty-five years of service. A participant's basic annual retirement benefit is equal to \$300 plus 2.5% of their highest consecutive 36 month average salary multiplied by their years of credited service. Participants who became members of LASERS on or after July 1, 1986, are not eligible for the \$300 addition to the annual retirement benefit formula. The maximum annual retirement benefit may not exceed the lesser of 100% of a member's average compensation or certain specified dollar amounts of actuarially determined monetary limits depending upon the member's age at retirement. As an alternative to the basic retirement benefit, a member may elect to receive his retirement benefits under any one of four different options providing for a reduced retirement benefit payable throughout his life with certain benefits being paid to his designated beneficiary after his death. The System also provides death and disability benefits. Benefits are established by state statute.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 and 2010 (unaudited)

NOTE (4) - PENSION PLAN (Continued)

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees' Retirement System, 7937 Office Park Boulevard, Baton Rouge, LA 70809.

Description of Funding Policy -

Covered employees are required by State statute to contribute 7.5% of their gross salary to the System and the Port contributes an additional percentage of 25.6%. Contributions to the System during fiscal year ended June 30, 2011, 2010, and 2009 were funded through employee and employer contributions. Employer contributions were \$0, \$10,488, and \$12,645, respectively for years ended June 30, 2011, 2010, and 2009. The total payroll of the Port, fully covered by the System, was \$75,185, \$75,185, and \$68,350, for the same periods. Under present statutes, the Port does not guarantee any of the benefits granted by the System. The executive director is the only employee enrolled in the pension plan and he is currently in drop program.

NOTE (5) - LEASE REVENUES

The Port negotiates lease-rental and user contracts with companies for the use of the Port's wharfs, docks, land and warehouses. Fees are composed of minimum lease payments and, in certain contracts, additional rates based upon the volume of commodities moved across the docks leased. The total lease and tonnage revenue earned in the fiscal years ended June 30, 2011 and 2010, respectively was \$331,418 and \$393,396.

A summary of current leases follows:

Cabot Corporation

On April 5, 1993 (amended on September 13, 1993), the Port entered into a lease with Cabot Corporation for the use of 5.58 acres of land, more or less which includes a basic rent and one cent per barrel for all material, either incoming or outgoing, moved across the dock. The Port also granted several easements, servitudes, right-of-ways, rights of passage, etc. for Cabot Corporation to conduct its business. The term of the lease is for 5 years from April 5, 1993, with Cabot Corporation having the option to extend the same for 4 additional 5 year terms unless giving notice in writing to the Port 60 days in advance of the end of a particular 5-year term to renew. (The lease is in its third renewal period which extends the lease until April 5, 2013.)

Cabot Corporation guarantees a 30,000 barrel minimum per month throughput. Said one cent per barrel charge to accrue on October 1, 1993 and shall be due on a calendar month basis thereafter. Cabot Corporation shall furnish to the Port a monthly throughput report no later than 30 days following the end of the month covered by each report. The additional rent shall be adjusted at the beginning of each option year to reflect the increase in the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all Urban Consumers (CPI-U), South Region.

For the fiscal years ended June 30, 2011 and 2010, respectively, Cabot Corporation paid \$17,878 and \$31,466.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 and 2010 (unaudited)

NOTE (5) - LEASE REVENUES (Continued)

Alon Refining Krotz Springs, Inc.

On May 13, 1993, the Port entered into a lease with Phibro Energy USA, Inc. for the use of certain tracts or parcels of land and/or rights of way designated as Tract 2-A containing 10.16 acres, Tract 3 containing 5.29 acres, Tract 4 containing 1.46 acres, Tract 5 containing 2.95 acres. In addition Phibro shall have a pipeline and road right-of-way for the existing Phibro pipelines and the existing roads, etc.

The surface lease agreement shall be for a period of 10 years commencing on January 1, 1993 and ending on December 31, 2002, subject to Phibro's option to extend or renew this lease for one additional 5 year period commencing on January 1, 2003 and terminating on December 31, 2007, on the same terms and conditions as contained herein.

Phibro agrees to pay a monthly rental of \$15,285, due and payable on or before the 15th day of each month beginning March 15, 1993 and like installment due and payable on or before the 15th day of each month thereafter. The rental shall be adjusted by 25% of the CPI adjustment on January 1 of each year of the primary lease and any extension thereof.

In May 1997, Basis Petroleum, Inc. (formerly known as Phibro Energy USA, Inc.) sold all of its capital stock to Valero Refining and Marketing Company, a wholly owned subsidiary of Valero Energy Corporation.

On February 5, 2007, the lease with Valero Refining was extended to December 31, 2017, with one option to extend the lease for one five-year period. In addition, lease payments will adjust on January 1st of each year in accordance with the original lease.

On June 2, 2008, the Port agreed to assign the lease to Alon Refining Krotz Springs, Inc. after its acquisition of the facilities from Valero Refining.

The present monthly rental is \$19,119 and for the fiscal years ended June 30, 2011 and 2010, Alon paid a total of \$227,358 and \$204,476, respectively.

Alon Refining Krotz Springs, Inc.

On January 1, 2006, the Port entered into a lease with Valero Refining Company - Louisiana for the use of a 16,000 sq. ft. warehouse and 11.58 acres situated in Section 15, T-6-S, R-7-E, St. Landry Parish. The term of the lease is 10 years, commencing January 1, 2006 with the option to extend the lease on the same terms for 2 additional ten year terms. Valero is to pay \$17,370 per year land rental and \$24,000 per year warehouse rental. The rental is to be adjusted annually to reflect the changes in the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all Urban Consumers (CPI-U), South Region.

On June 2, 2008, the Port agreed to assign the lease to Alon Refining Krotz Springs, Inc. after its acquisition of the facilities from Valero Refining.

For the fiscal years ended June 30, 2011 and 2010, respectively, Alon paid a total of \$46,926 and \$46,693 for this lease

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 and 2010 (unaudited)

NOTE (5) - LEASE REVENUES (Continued)

Alon Refining Krotz Springs, Inc.

On June 4, 2007, the Port entered into a lease with Valero Refining Company - Louisiana for the use of a cargo dock and 5.495 acres situated in Section 15, T-6-S, R-7-E, St. Landry Parish. The term of the lease is 5 years, commencing July 1, 2007 with the option to extend the lease on the same terms for 5 additional five-year terms. Valero is to pay \$60,000 per year rental. The rental is to be adjusted annually to reflect the changes in the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all Urban Consumers (CPI-U), South Region.

On June 2, 2008, the Port agreed to assign the lease to Alon Refining Krotz Springs, Inc. after its acquisition of the facilities from Valero Refining.

For the fiscal years ended June 30, 2011 and 2010, respectively, Alon paid a total of \$32,139 and \$63,639 for this lease.

Town of Krotz Springs

On August 7, 2006, the Port entered into a lease with the Town of Krotz Springs for the use of a 3,000 sq. ft. metal building situated on Lot A in the Town of Krotz Springs. The term of the lease is 5 years, commencing August 1, 2006 with the option to extend the lease for an additional 5 year term with the rent amount to be negotiated based on the appraised value of the premises on August 1, 2011. The Town of Krotz Springs is to pay \$4,800 annually.

RiverBank Hunting Club

The Port entered into a lease with RiverBank Hunting Club on November 10, 2009. The term of the lease is 3 ½ years, commencing on November 10, 2009. RiverBank Hunting Club is to pay \$1,162.50 to cover the period from the signing date of the lease until June 30, 2010 and \$2,325 will be paid annually thereafter.

NOTE (6) - RISK MANAGEMENT

The Port is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee medical insurance; and natural disasters. The Port carries commercial insurance for risks of loss or damage to property, general liability, and medical insurance. There were no significant reductions in insurance coverage in 2011 from coverage in the prior year. Settled claims have not exceeded this commercial coverage in the past three fiscal years.

NOTE (7) - LITIGATION AND CLAIMS

The Greater Krotz Springs Port Commission filed a suit against The BellTech Group, contractor, and Auccin and Associates, engineer, in connection with a boat ramp built on property owned by the Port. Public bids were taken and a contract in the amount of \$995,000 was awarded to BellTech. In January 2011, while the ramp was still under construction, a serious failure of the ramp became evident when a large gap and cracks were observed. An investigation was conducted by the engineer without a definitive cause for the failure.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 and 2010 (unaudited)

NOTE (7) - LITIGATION AND CLAIMS (Continued)

Despite the failure of the work, the contractor submitted a request for the payment of the remaining balance under the contract, which the engineer approved. However, the engineer refused to declare substantial completion or recommend acceptance of the project because it was unusable due to the concrete breaking off and sliding into the river. Faced with the dilemma of having a certified pay application, but inability to use the boat ramp, the Port filed the lawsuit and deposited into the registry of the court the contract balance of \$300,968.95. The petition file by the Port asked that the funds deposited be held pending the court's determination as to the cause of the failure and also that the court assess damages against the responsible party. In response, BellTech filed a Motion to Withdraw the Funds which has been opposed by the Port, and which has not been heard by the court. There is no trial date scheduled.

The Port has been advised that the contractor intends to make a claim for additional work in the approximate amount of \$300,000; however, no such claim has been filed with the litigation.

As of the date of the audit report, no further action was taken. All amounts paid to date are included in the accompanying financial statements under the caption Construction-in-Progress.

NOTE (8) - FEDERAL FINANCIAL ASSISTANCE

The Board received no federal funds during the fiscal year ended June 30, 2011 and 2010.

NOTE (9) - COMPENSATION PAID TO BOARD MEMBERS

The schedule of per diem payments to Board Members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Board members are paid \$75 for each meeting they attend, as authorized by Louisiana Revised Statute 34:1451.

The amounts paid to Board Members during the years ended June 30, 2011 and 2010 are as follows:

<u>Member</u>	<u>2011</u>	<u>2010</u>
Cheryl L. Carter	\$ 1,875	\$ 1,800
Sal Diesl	1,650	1,425
Billy Frilot	2,700	2,625
Vernon Haynes	1,575	975
Arlen LaFleur	1,950	1,725
Malcolm McMillan	2,700	2,625
Monita Reed	1,650	1,650
Barry K. Soileau	-	225
James Soileau	2,700	2,625
John K. Soileau	1,725	1,800
Michael R. Thibodeaux	2,400	2,475
William Thompson	1,800	1,425
	<u>22,725</u>	<u>21,375</u>

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 and 2010 (unaudited)

NOTE (10) – BOAT LAUNCH PROJECT

The Port received a grant from the State of Louisiana – Department of Natural Resources in the amount of \$670,000 for construction of a new boat launch.

The Port and the Town of Krotz Springs have made an agreement to share the excess cost required for completion of the boat launch above the amount of grant money received. The Port reflects all money received from the Town of Krotz Springs as intergovernmental revenue on the financial statements.

NOTE (11) – SUBSEQUENT EVENTS

Subsequent events were evaluated through October 3, 2011, which is the date the financial statements were available to be issued. As of October 3, 2011, there were no subsequent events noted.

RELATED REPORTS

Chizal S. Fortenot, CPA
 James L. Nicholson, Jr., CPA
 G. Kenneth Pavy, II, CPA
 Michael A. Roy, CPA
 Lisa Trouille Manuel, CPA
 Dana D. Quebedeaux, CPA



JOHN S. DOWLING & COMPANY
 A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

John S. Dowling, CPA
 1904-1984
 John Newton Stout, CPA
 1938-2005

Retired

Harold Dupre, CPA
 1996
 Dwight Ledoux, CPA
 1998
 Joel Lanclos, Jr., CPA
 2003
 Russell J. Stelly, CPA
 2005

**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**

To the Board of Commissioners
 Greater Krotz Springs Port Commission
 Krotz Springs, Louisiana

We have audited the financial statements of the business-type activities of the Greater Krotz Springs Port Commission, as of and for the year ended June 30, 2011, which collectively comprise the Greater Krotz Springs Port Commission's basic financial statements and have issued our report thereon dated October 3, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Greater Krotz Springs Port Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Greater Krotz Springs Port Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Greater Krotz Springs Port Commission's internal control over financial reporting.

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.

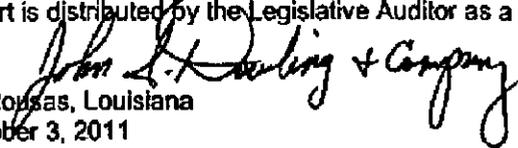
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Board of Commissioners
Greater Krotz Springs Port Commission
Krotz Springs, Louisiana
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Greater Krotz Springs Port Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, board members, others within the entity, and the appropriate regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513 this report is distributed by the Legislative Auditor as a public document.


Opelousas, Louisiana
October 3, 2011

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2011

Section I - SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Greater Krotz Springs Port Commission.
2. No significant deficiencies in internal control relating to the audit of the financial statements are reported in the 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.
3. No instances of noncompliance material to the financial statements of the Greater Krotz Springs Port Commission which would be required to be reported in accordance with Government Auditing Standards were disclosed during the audit.

Section II - 2011 FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

Section III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

Section I -- INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

No prior year findings.

Section II -- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No prior year findings.

Section III -- MANAGEMENT LETTER

No prior year findings.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE (UNAUDITED)
JUNE 30, 2011

<u>INSURER</u>	<u>COVERAGE</u>	<u>COVERAGE LIMITS</u>	<u>POLICY PERIOD</u>	
			<u>FROM</u>	<u>TO</u>
Zurich North America	Crime	\$50,000 limit	1/17/2011	1/17/2012
Dupre-Carrier-Godchaux	General Liability Property & Fire	\$2,500 deductible	2/25/2011	2/25/2012