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COLUMBIA PORT COMMISSION
STATE OF LOUISIANA

Financial Statements
For the Years Ended December 31, 2002 and 2001

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 8/20/03



COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
FINANCIAL REPORT
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report -----	1
 <u>COMPONENT UNIT</u> <u>FINANCIAL STATEMENTS</u> <u>Proprietary Fund Type – Enterprise Fund:</u>	
Balance Sheets -----	2
Statements of Revenues, Expenses and Changes in Retained Earnings -----	3
Statements of Cash Flows -----	4
Notes to Financial Statements -----	5-10
 <u>COMPLIANCE REPORTING</u>	
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> -----	11-12
Schedule of Findings and Questioned Costs -----	13-14
Summary Schedule of Prior Audit Findings -----	15
Management's Corrective Action Plan -----	16

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Columbia Port Commission
State of Louisiana
Caldwell Parish

We have audited the accompanying component unit financial statements of the Columbia Port Commission as of and for the years ended December 31, 2002 and 2001, as listed in the table of contents. These component unit financial statements are the responsibility of the Columbia Port Commission. Our responsibility is to express an opinion on these component unit financial statements based on our audits.

We conducted our audits 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 audits 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Columbia Port Commission as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years 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 a report dated May 15, 2003, on our consideration of Columbia Port Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Cameron, Hines & Hartt (APAC)

West Monroe, Louisiana
May 15, 2003

COMPONENT UNIT FINANCIAL STATEMENTS

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
BALANCE SHEETS - ENTERPRISE FUND

	December 31,	
<u>ASSETS</u>	2002	2001
Cash and Cash Equivalents	\$ 9,848	\$ 37,223
Accounts Receivable	40,923	-
Land, Buildings and Equipment, Net	730,811	298,258
<u>TOTAL ASSETS</u>	\$ 781,582	\$ 335,481
<u>LIABILITIES AND RETAINED EARNINGS</u>		
Current Liabilities		
Accounts Payable	\$ 41,950	\$ 2,000
Notes Payable	13,711	12,723
Total Current Liabilities	55,661	24,083
Notes Payable - Long Term	105,591	117,058
Total Liabilities	161,252	131,781
Contributed Capital	409,230	-
Retained Earnings	211,100	203,700
Total Contributed Capital and Retained Earnings	620,330	203,700
<u>TOTAL LIABILITIES AND RETAINED EARNINGS</u>	\$ 781,582	\$ 335,481

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

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS -
ENTERPRISE FUND

	Years Ended	
	December 31,	
	<u>2002</u>	<u>2001</u>
<u>OPERATING REVENUES</u>		
Charges for Services:		
Tonnage	\$ 35,599	\$ 26,227
Rental Income:		
Rental Income	19,200	23,700
Rail Spur Lease	6,050	7,686
Total Operating Revenues	<u>60,849</u>	<u>57,613</u>
<u>OPERATING EXPENSES</u>		
Port Administration	-	22,000
Consultant Fees	5,943	14,495
Maintenance	-	23,988
Rent and Utilities	6,500	5,120
Professional Fees	2,416	6,175
Membership	1,000	1,275
Travel	2,191	625
Rail Spur Lease	14,950	14,950
Office Expense	227	745
Miscellaneous	383	1,000
Depreciation Expense	11,439	11,293
Total Operating Expenses	<u>45,049</u>	<u>101,666</u>
<u>TOTAL OPERATING INCOME (LOSS)</u>	15,800	(44,053)
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Investment Income	1,422	2,040
Interest Expense	(9,822)	(6,542)
Total Nonoperating Revenues (Expenses)	<u>(8,400)</u>	<u>(4,502)</u>
<u>NET INCOME (LOSS)</u>	7,400	(48,555)
<u>RETAINED EARNINGS AT BEGINNING OF YEAR</u>	<u>203,700</u>	<u>252,255</u>
<u>RETAINED EARNINGS AT END OF YEAR</u>	<u>\$ 211,100</u>	<u>\$ 203,700</u>

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

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
STATEMENTS OF CASH FLOWS - ENTERPRISE FUND

	Years Ended December 31,	
	2002	2001
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net Income (Loss)	\$ 7,400	\$ (48,555)
Adjustments to Reconcile Net Income (Loss)		
To Net Cash Provided (Used) by Operating Activities:		
Depreciation	11,439	11,293
(Increase) Decrease in Accounts Receivable	(40,923)	1,000
(Increase) Decrease in Reimbursements Receivable	-	200
Increase (Decrease) in Accounts Payable	39,950	2,000
Net Cash Provided (Used) by Operating Activities	17,866	(34,062)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchases of Equipment	(443,993)	(10,779)
Payments on Notes Payable	(10,478)	(13,909)
Contributed Capital - DOTD	409,230	-
Net Cash Used by Capital and Related Financing Activities	(45,241)	(24,688)
<u>NET DECREASE IN CASH AND CASH EQUIVALENTS</u>	(27,375)	(58,750)
<u>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</u>	37,223	95,973
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	\$ 9,848	\$ 37,223
<u>SUPPLEMENTAL CASH FLOW INFORMATION</u>		
Cash Paid for Interest	\$ 9,822	\$ 6,542

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

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

Note 1 - Historical Background

The Columbia Port Commission was created by the Revised Statutes 34:1901 by the Louisiana Legislature. The Commission is composed of five members, who shall serve without compensation, and who shall be appointed as follows:

1. The governing authorities of the Parish of Caldwell shall appoint two Commissioners.
2. The governing authorities of the Town of Columbia shall appoint two Commissioners.
3. One Commissioner shall be elected by the appointed Commission at their initial meeting.

The Commission shall exercise the powers therein conferred upon it, within the entire parish of Caldwell. The Commission may authorize a reasonable travel allowance for its members in the performance of their duties, and it may employ such officers, or agents, and employees, as it may find necessary in the performance of its duties, and may prescribe the duties, powers and compensation of such officers, agents, and employees. The commission may, on such terms upon which it may agree, contract for legal, financial, engineering and other professional services necessary or expedient in the conduct of its affairs, and may on terms and conditions mutually agreeable, utilize the services of the executive department of the state.

The Commission shall have authority, when authorized to do by a vote of a majority of the property taxpayers of the port area qualified to vote at an election for the purpose in accordance with law, to levy annually on all property situated within the port area, subject to taxation, an ad valorem tax not to exceed two and one-half mills on the dollar.

Also the Columbia Port Commission may not acquire by expropriation any wharves, landing, or any other property in use by private interests.

Note 2 - Summary of Significant Accounting Policies

A. Basis of Accounting

The accompanying financial statements of the Columbia Port Commission have been prepared in conformity with accounting principles generally accepted in the United States of America 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.

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

Note 2 - Summary of Significant Accounting Policies (continued)

B. Reporting Entity

For financial reporting purposes, in conformity with (GASB), the Columbia Port Commission is a component unit of the State of Louisiana. The financial reporting entity consists of (a) the primary government (State of Louisiana), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement 14 established criteria for determining which component units should be considered part of the State of Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing board, and
 - a. The ability of the State of Louisiana to impose its will on that organization and/or
 - b. The potential for the organization to provide specific benefits to or impose specific financial burdens on the State of Louisiana.
2. Organizations for which the State of Louisiana does not appoint a voting majority but are fiscally dependent on the State of Louisiana.
3. *Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.*

Because the State of Louisiana provides for the Port's operation and maintenance, the Columbia Port Commission was determined to be a component unit of the State of Louisiana, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Columbia Port Commission and do not present information on the State of Louisiana, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

Note 2 - Summary of Significant Accounting Policies (continued)

C. Fund Accounting

The Columbia Port Commission uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets that are not recorded in the funds because they do not directly affect net expendable available financial resources. The funds presented in the financial statements are described as follows:

PROPRIETARY FUNDS

Enterprise Funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. In prior years, the Columbia Port Commission was accounted for as a governmental fund but elected a change in accounting method.

D. Basis of Accounting

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

E. Cash and Cash Equivalents

Cash include amounts in non-interest bearing demand deposits and interest bearing certificates of deposit and a saving account. The Port Commission considers those accounts as cash or cash equivalents because they are highly liquid debt instruments with initial maturities of three months or less. Under state law, the Port

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

Note 2 - Summary of Significant Accounting Policies (continued)

E. Cash and Cash Equivalents (continued)

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 principal offices in Louisiana.

F. Land, Building and Equipment

Land, building and equipment are stated on the basis of historical cost estimated for certain items purchased prior to August 31, 1976. Major fixed asset additions are financed primarily from bank loan proceeds. Assets acquired through gifts or donations are recorded at their estimated fair value at time of acquisition. Major additions are capitalized while maintenance and repairs that do not improve or extend the life of the respective assets are charged to expense.

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method over the estimated useful life of twenty years.

G. Long-Term Liabilities

Long-term liabilities are recognized within the proprietary fund.

Note 3 - Cash and Cash Equivalents

At December 31, 2002 and 2001, the Columbia Port Commission had cash and cash equivalents with book values totaling \$9,848 and \$37,223, respectively as follows:

	<u>2002</u>	<u>2001</u>
Demand Deposits	\$ 6,001	\$ 1,107
Certificate of Deposit	1,860	34,393
Savings Account	1,749	1,723
Construction Fund	<u>238</u>	<u>-</u>
Total	<u>\$ 9,848</u>	<u>\$ 37,223</u>

During the current year, all of the bank balances were covered by FDIC insurance.

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

Note 3 - Cash and Cash Equivalents (continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balance) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Note 4 - Fixed Assets

A summary of proprietary fund type property and equipment at December 31, 2002 and 2001 follows:

	<u>2002</u>	<u>2001</u>
Land	\$ 128,000	\$ 128,000
Building and Equipment	672,771	228,779
<u>Less: Accumulated Depreciation</u>	<u>(69,960)</u>	<u>(58,521)</u>
<u>Total Property and Equipment</u>	<u>\$ 730,811</u>	<u>\$ 298,258</u>

Note 5 - Long-Term Debt

Long-term debt, including amounts currently payable, consist of the following:

	<u>2002</u>	<u>2001</u>
Notes Payable, Caldwell Bank & Trust Co. dated November 1, 1999, bearing interest at 7.5%, payable monthly with maturity at November 1, 2009. Building and equipment are security for the note.	<u>\$ 119,302</u>	<u>\$ 129,781</u>

The required annual principal payments, for notes payable at December 31, 2002, are as follows:

<u>December 31,</u>	<u>Amount</u>
2003	\$ 13,711
2004	14,775
2005	15,923
2006	17,159
2007	18,491
2008-2009	<u>39,243</u>
Total	<u>\$ 119,302</u>

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

Note 6 - Grant Program

The Port Commission was approved for a grant from the Louisiana Department of Economic Development (herein sometimes referred to as DOTD) which was appropriated by the State of Louisiana. The purpose of the Grant is to assist in enabling the Port to construct a Grain Warehouse and River Loadout. Eligible cost of this Grant by DOTD is \$409,230. The allowable funds shall be used as follows:

PROJECT COSTS

<u>Total Cost By Activity</u>	<u>Port Commission</u>	<u>DOTD Funds</u>	<u>Total Costs</u>
Grain Warehouse And River Loadout	\$ 34,763	\$ 409,230	\$ 443,993
Total Project Cost	<u>\$ 34,763</u>	<u>\$ 409,230</u>	<u>\$ 443,993</u>

The Port's first payment of \$44,715 was received on May 3, 2002 and the remaining Five (5) payments were received on January 6, 2003 for a total of \$409,230.

Note 7 - Litigation and Claims

There are no claims pending against the Columbia Port Commission at December 31, 2002.

COMPLIANCE REPORTING

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

Board of Commissioners
Columbia Port Commission
State of Louisiana
Caldwell Parish

We have audited the financial statements of the Columbia Port Commission, Columbia, Louisiana as of and for the year ended December 31, 2002, and have issued our report thereon dated May 15, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether the 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 no instance of noncompliance that is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Port Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Board of
Commissioners of
Columbia Port Commission
Page 2

This report is intended solely for the information and use of management of the Port Commission of Columbia, Louisiana, the Louisiana Legislative Auditor, federal awarding agencies and pass through entities 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.

Cameron, Aines & Hartt (APAC)

West Monroe, Louisiana
May 15, 2003

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2002

We have audited the financial statements of the Columbia Port Commission as of and for the year ended December 31, 2002, and have issued our report thereon dated May 15, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2002, resulted in an unqualified opinion.

Section I - Summary of Auditors' Report

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses yes no Reportable Conditions yes no

Compliance

Compliance material to financial statements yes no

B. Federal Awards- N/A

Internal Control

Material Weaknesses yes no Reportable Conditions yes no

Type of Opinion on Compliance

For Major Programs Unqualified Qualified
 Disclaimer Adverse

Are their findings required to be reported in accordance with Circular A. 133, Section .510(a)?

C. Identification of Major Programs:

CFDA Number(s) Name of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs \$ N/A

Is the audience a "low-risk" auditee, as defined by OMB Circular a-133?

yes no N/A

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2002

Section II - Financial Statement Findings

This section not applicable for this entity.

Section III - Federal Award Findings and Questioned Costs

This section not applicable for this entity.

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2002

Internal Control and Compliance Material to the Financial Statements

This section not applicable for this entity.

Internal Control and Compliance Material to Federal Awards

This section not applicable for this entity.

Management Letter

No management letter was issued.

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2002

Internal Control and Compliance Material to the Financial Statements

This section not applicable for this entity.

Internal Control and Compliance Material to Federal Awards

This section not applicable for this entity.