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COLUMBIA PORT COMMISSION
STATE OF LOUISIANA

Component Unit Financial Statements
For the Years Ended December 31, 1999 and 1998

Under provisions of state law this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 APR 05 2000

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
FINANCIAL REPORT
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

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INDEPENDENT AUDITOR'S 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, 1999 and 1998, 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 generally accepted auditing standards and the standards for financial and compliance 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 component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit 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, 1999 and 1998, and the results of its operations for the years ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 21, 2000, 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

January 21, 2000

COMPONENT UNIT FINANCIAL STATEMENTS

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999

	Governmental	Account Groups		Memorandum
	Fund Type General Fund	General Fixed Assets	General Long- Term Obligations	Totals Only
<u>ASSETS AND OTHER DEBITS</u>				
Cash and Cash Equivalents	\$ 136,054	\$ -	\$ -	\$ 136,054
Receivables	-	-	-	-
Land, Buildings and Equipment	-	220,000	-	220,000
Amount to be Provided For Debt Retirement	-	-	155,033	155,033
<u>TOTAL ASSETS AND OTHER DEBITS</u>	<u>\$ 136,054</u>	<u>\$ 220,000</u>	<u>\$ 155,033</u>	<u>\$ 511,087</u>
<u>LIABILITIES, FUND EQUITY AND OTHER CREDITS</u>				
Liabilities				
Accounts Payable	\$ 2,770	\$ -	\$ -	\$ 2,770
Notes Payable	-	-	155,033	155,033
Total Liabilities	<u>2,770</u>	<u>-</u>	<u>155,033</u>	<u>157,803</u>
Fund Equity				
Investments in General Fixed Assets	-	220,000	-	220,000
Fund Balance- Unreserved/Undesignated	133,284	-	-	133,284
Total Fund Equity	<u>133,284</u>	<u>220,000</u>	<u>-</u>	<u>353,284</u>
<u>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</u>	<u>\$ 136,054</u>	<u>\$ 220,000</u>	<u>\$ 155,033</u>	<u>\$ 511,087</u>

The accompanying notes are an integral part of this financial statement.

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1998

	<u>Governmental Fund Type General Fund</u>	<u>Account Group General Fixed Assets</u>	<u>Memorandum Totals Only</u>
<u>ASSETS AND OTHER DEBITS</u>			
Cash and Cash Equivalents	\$ 137,261	\$ -	\$ 137,261
Land, Buildings and Equipment	-	65,000	65,000
<u>TOTAL ASSETS AND OTHER DEBITS</u>	<u>\$ 137,261</u>	<u>\$ 65,000</u>	<u>\$ 202,261</u>
<u>LIABILITIES, FUND EQUITY AND OTHER CREDITS</u>			
Liabilities			
Accounts Payable	\$ 1,744	\$ -	\$ 1,744
Notes Payable	-	-	-
Total Liabilities	<u>1,744</u>	<u>-</u>	<u>1,744</u>
Fund Equity			
Investments in General Fixed Assets	-	65,000	65,000
Fund Balance-			
Unreserved/Undesignated	<u>135,517</u>	<u>-</u>	<u>135,517</u>
Total Fund Equity	<u>135,517</u>	<u>65,000</u>	<u>200,517</u>
<u>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</u>	<u>\$ 137,261</u>	<u>\$ 65,000</u>	<u>\$ 202,261</u>

The accompanying notes are an integral part of this financial statement.

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BLANCE
GOVERNMENTAL FUND TYPE

	For the Years Ended	
	1999	1998
<u>Revenues:</u>		
<u>State:</u>		
Intergovernmental Revenue	\$ 10,865	\$ -
<u>Local:</u>		
Rental Income	10,500	12,000
Interest on Savings and Certificates of Deposit	3,722	4,472
Total Revenues	25,087	16,472
<u>Expenditures:</u>		
Operating Services	10,295	1,342
Professional Services	13,552	12,872
Other Charges	703	57
Capital Outlay	155,033	-
Debt Services -Interest on Debt	2,770	-
Total Expenditures	182,353	14,271
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	(157,266)	2,201
<u>Other Financing Services (Uses)</u>		
Proceeds of Bank Loan for Capital Projects	155,033	-
<u>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</u>	(2,233)	2,201
<u>Fund Balance at Beginning of Year</u>	135,517	133,316
<u>FUND BALANCE AT END OF YEAR</u>	\$ 133,284	\$ 135,517

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

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>Revenues:</u>			
<u>State:</u>			
Intergovernmental Revenue	\$ 10,000	\$ 10,865	\$ 865
<u>Local:</u>			
Rental Income	10,500	10,500	-
Interest on Savings and Certificate of Deposit	3,500	3,722	222
Total Revenues	<u>24,000</u>	<u>25,087</u>	<u>1,087</u>
<u>Expenditures:</u>			
<u>Operating Services:</u>			
Membership	1,000	400	600
Travel and Conferences	1,500	2,927	(1,427)
Rent and Utilities	6,000	2,025	3,975
Telephone	1,000	-	1,000
Rent and Utilities	3,000	3,829	(829)
Insurance	3,000	-	3,000
Maintenance	5,000	1,114	3,886
Consultant Fee and Expenses	8,000	13,552	(5,552)
Office Expense	1,000	703	297
Purchase of Land and Building	-	155,033	(155,033)
Interest on Debt	-	2,770	(2,770)
Total Expenditures	<u>29,500</u>	<u>182,353</u>	<u>(152,853)</u>
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	(5,500)	(157,266)	(151,766)
<u>Other Financing Sources (Uses)</u>			
Proceeds of Bank Loan	-	155,033	155,033
<u>Excess (Deficiency) of Revenues and Other Sources</u> <u>Over Expenditures and Other Uses</u>	(5,500)	(2,233)	3,267
<u>Fund Balance at Beginning of Year</u>	<u>132,000</u>	<u>135,517</u>	<u>3,517</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 126,500</u>	<u>\$ 133,284</u>	<u>\$ 6,784</u>

The accompanying notes are an integral part of this financial statement

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Local:			
<i>Rental Income</i>	\$ 12,000	\$ 12,000	\$ -
Interest on Savings and Certificate of Deposit	4,000	4,472	472
Total Revenues	<u>16,000</u>	<u>16,472</u>	<u>472</u>
<u>Expenditures</u>			
Operating Expenses	9,600	1,342	8,258
Professional Services	5,000	12,872	(7,872)
Other Charges	5,500	57	5,443
Total Expenditures	<u>20,100</u>	<u>14,271</u>	<u>5,829</u>
<u>Excess of (Deficiency) Revenues Over Expenditures</u>	(4,100)	2,201	6,301
<u>Fund Balance at Beginning of Year</u>	<u>128,605</u>	<u>133,316</u>	<u>4,711</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 124,505</u>	<u>\$ 135,517</u>	<u>\$ 11,012</u>

The accompanying notes are an integral part of this financial statement.

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

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 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.

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

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 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, 1999 AND 1998

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:

General Fund

The Columbia Port Commission as provided by Louisiana Revised Statutes 34: Section 1901, is the principal fund of the Columbia Port Commission and is used to account for the operations of the Port Commission. The Port Commission's primary sources of revenues are leases on the port facilities and income from the Louisiana Department of Economic Development. Other sources of revenues include interest earned on interest bearing certificates of deposit and savings account.

General Fixed Asset Account Group

Fixed assets used in governmental fund type operations (General Fixed Assets) are accounted for in the General Fixed Assets Account Group, rather than in the General Fund. General Fixed Assets provided by the Port Commission are recorded within the General Fixed Assets Account Group.

General Long-Term Debt Account Group

This account group is established to account for all long-term debt of the Port Commission and for those long-term liabilities to be liquidated with resources to be provided in future periods.

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

Note 2 - Summary of Significant Accounting Policies (continued)

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. *The accompanying component unit financial statements have been prepared on the modified accrual basis of accounting.* The modified accrual basis of accounting is used for reporting all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. Measurable means the amount of the transaction that can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Columbia Port Commission uses the following practice in recording revenues and expenditures:

1. Revenues

The rental income from the lease of port facilities are recorded in the month earned.

Intergovernmental revenues are recorded when the port commission is entitled to the funds.

Interest income on time deposits and savings accounts is recorded when the time deposit and savings account have matured and income is available.

All other revenues are recorded when received.

2. Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. Cash and Cash Equivalents

Cash includes amount in non-interest bearing demand deposits and interest bearing certificate of deposits 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 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.

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

Note 2 - Summary of Significant Accounting Policies (continued)

F. General Fixed Assets

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. In accordance with generally accepted accounting principles, no provision is made for depreciation of such assets in the General Fixed Assets Account Group.

G. Budgetary Practice

The Louisiana Legislature amended the LRS 34:1901 effective July 1, 1999 to require the Port Commission to be covered by the Local Government Budget Law are to adopt annual budgets for the general fund. The budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles (GAAP).

The following procedures are followed in establishing the budgetary data reflected in the financial statements

1. Prior to January 1st of the preceding year, the Port Commission prepares a budget for the next succeeding fiscal year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Port Commissioners at its meeting in December adopts the proposed budget after the Budget Committee report. Since the total expenditures fall below two hundred and fifty thousand dollars, the Port Commission is not required to invite the public to participate.
3. The budget is legally adopted at a special meeting on December 20th by a resolution of the Commission.
4. The Budget is filed in the minutes of the Port Commission

Once the budget is approved, it can be amended by the Port Commission by majority vote. However, the budgets for 1999 and 1998 were not amended.

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

Note 2 - Summary of Significant Accounting Policies (continued)

H. Total Columns on Combined Statements

The total columns presented in the Combined Statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. No consolidating entries or other eliminations were made in the aggregation of the totals; thus, they do not present consolidated information and do not purport to present financial position, results of operations or cash flows in conformity with generally accepted accounting principles.

Note 3 - Cash and Cash Equivalents

At December 31, 1999, the Columbia Port Commission had cash and cash equivalents with book value totaling \$136,054 as follows:

	<u>Caldwell Bank & Trust Company</u>	<u>Citizen Progressive Bank</u>	<u>Total</u>
Demand Deposits	\$ (248)	\$ -	\$ (248)
Certificate of Deposit	12,151	-	12,151
Savings Account	-----	<u>124,151</u>	<u>124,151</u>
Total	\$ 11,903	\$ 124,151	\$ 136,054

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. At December 31, 1999, the Port Commission has \$136,054 in deposits (collected bank balance). Caldwell Bank & Trust Company is fully secured by the federal deposit insurance. Citizen Progressive Bank had \$124,151 of which only \$100,000 is fully secured by the federal deposit insurance and \$24,151 being unsecured deposits.

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

Note 4 - General Fixed Assets

A summary of general fixed assets follows:

	<u>Land</u>	<u>Building and Improvements</u>	<u>Total</u>
Balance - December 31, 1998	\$ -	\$ 65,000	\$ 65,000
Additions	110,000	45,000	155,000
Deductions	-----	-----	-----
Balance - December 31, 1999	\$ 110,000	\$ 110,000	\$ 220,000

Note 5 - General Long-Term Debt

A summary of general long-term debt is as follows:

<u>Description</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance at December 31, 1999</u>
General Obligation Promissory Note Payable \$155,032 with Interest Rate of 7.5%	\$155,032	\$ -	\$155,032

The Port commission had one promissory note payable for which interest had not been accrued at December 31, 1999. Accordingly, General Long-Term Debt has been restated to record accrued interest from October 19, 1999 to December 31, 1999 in the amount of \$2,294.

The following is a summary of annual requirements to amortize the general long-term debt:

<u>December 31,</u>	<u>Promissory Note Payable</u>
1999	\$ 5,520
2000	22,083
2001	22,083
2002	22,083
2003	22,083
2004	22,083
2005-2009	----- 104,895
Total	220,830
Less Interest	(65,797)
Outstanding Principal	\$ 155,033

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

Note 6 - Grant Program

The Port Commission was approved for a grant from the Louisiana Department of Economic Development (herein sometimes referred to as DED). The purpose of the Grant is to assist in enabling the Port to purchase twenty-three (23) acres of land adjacent to the current location and purchase a Spears Construction Dry Kiln operation, which includes all yard improvements and a shed. The funding for the project will solidify the value added wood products industry at the Port by securing additional property for subsequent expansion and obligation as well as maintain the necessary equipment for the dry kiln operation (tenant). Eligible cost of this Grant by DED is \$130,000. The allowable funds shall be used as follows:

PROJECT COSTS

<u>Total Cost By Activity</u>	<u>Private Cash</u>	<u>Private In-Kind</u>	<u>DED Funds</u>	<u>Total Costs</u>
Land Acquisition	\$110,000	\$ -	\$ 130,000	\$ 240,000
Building	45,000	-	-	45,000
Total Project Cost	\$155,000	\$ -	\$ 130,000	\$ 285,000

The Port's first payment of \$79,500 was in January 2000. As of December 31, 1999, there have been no expenditures. The agreement between the Port and DED shall be effective on June 20, 1999 and shall terminate on June 20, 2001.

Note 7 - Litigation and Claims

There are no claims pending against the Columbia Port Commission at December 31, 1999.

COMPLIANCE REPORTING

CAMERON, HINES & HARTT

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

Honorable Board of
Commissioners of
Columbia Port Commission
Columbia, Louisiana

We have audited the component unit financial statements of the Columbia Port Commission, Columbia, Louisiana as of and for the year ended December 31, 1999, and have issued our report thereon dated January 21, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 component unit 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 instances of noncompliance 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 99-1 and 99-3.

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 component unit financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Port Commission's ability to record, process, summarize and report financial data consistent with the assertions of management in the component unit financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 99-2.

Honorable Board of
Commissioners of
Columbia Port Commission
Page 2

A material weakness is a condition in which the design or operations of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the component unit 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

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.

Cameron, Hines & Hartt (APAC)

West Monroe, Louisiana
January 21, 2000

COLUMBIA PORT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 1999

We have audited the general-purpose financial statements of the Columbia Port Commission as of and for the year ended December 31, 1999, and have issued our report thereon dated January 21, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards 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, 1999, resulted in an unqualified opinion.

Section I - Summary of Auditor's 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: N/A

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, 1999

Section II- Financial Statement Findings

99-1 Failure to Comply with Local Government Budget Act

Condition

The Columbia Port Commission did not amend its budget for the fiscal year ending December 31, 1999 in a timely manner.

Criteria

The Louisiana Legislature amended the Local Government Budget Law to bring the Port and Harbor District and Individual Port Commission in the law effective July 1, 1999. The Port Commission did not amend its budget to reflect the purchase of the building and land from Wallace Moulding and Millworks.

Effect

An Amended budget is an integral management tool to be used in financial decisions.

Recommendations

The Port Commission should review and amend its budget when necessary.

Response

The Port Commission will make every effort to review and amend its budget when it becomes necessary.

99-2 Internal Control over Receipts

Historical Date of Lease Agreement

The Columbia Port Commission entered into a lease agreement with Robert L. Grady to operate grain elevators and conveyors for loading grain onto barges at the port. The term of the lease was to start on August 1, 1995 and end at midnight on July 31, 2005.

Under item 2 of the terms, the lessee was allowed to make repairs and improvements to the grain elevators and facilities using rental revenues to pay for the expense incurred in making the necessary repairs and improvements for first time start up.

Upon satisfactory proof of expenditures of \$60,000, the first eight years rental payments are abrogated in favor of the lessee. Under item 7, it states that the agreement to use lessee payments to pay start up costs will cease after start up costs are paid for, and all remaining lease payments will be paid to the Columbia Port Commission.

COLUMBIA PORT COMMISSION
STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 1999

99-2 Internal Control over Receipts (continued)

Condition

The lease start up cost ended on September 10, 1997. There have been no further costs incurred from that date until February 2000. The Port Commission was denied lease revenue of \$29,000.

Criteria

The Port Commission should monitor all lease agreements periodically to ensure that the lessee and the lessor are in compliance with the agreement.

Effects

By not monitoring the lease agreement periodically, the Port Commission was denied operating revenue of \$27,000 for the two years ended December 31, 1999.

Recommendation

We recommend that the Columbia Port Commission, through its attorney, take steps to see that the lessee starts honoring the terms of the lease agreement.

Response

The Port Commission will ask its attorney to request the lessee to start honoring the term of the agreements and pay the required payments in advance.

99-3 Security for Deposits

Condition

The Port Commission did not comply with Louisiana law to insure that deposits are fully secured.

Criteria

Louisiana Revised Statutes (LSA-RS 39:1225) requires that the amount of security shall at all times be equal to one hundred percent of the amount of collected funds and deposits to the credit of each depositing authority.

Effect

The Port Commission's deposit with Citizen's Progressive Bank was not fully secured at December 31, 1999 by \$24,151.

Recommendation

We recommend that the Port Commission require the financial institution to put up additional securities to fully secure its deposits.

Response

The Columbia Port Commission will require the Citizen Progressive Bank to put up additional securities to fully insure its deposits.

COLUMBIA PORT COMMISSION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 1999

Internal Control and Compliance Material to the Financial Statements

The financial statements of the Columbia Port Commission were not audited prior to the December 31, 1999 reporting period; consequently, this section is N/A.

Internal Control and Compliance Material to Financial Awards

N/A – see above

Management Letter

No management letter was issued.

COLUMBIA PORT COMMISSION
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 1999

Internal Control and Compliance Material to the Financial Statements

99-1 Failure to Comply with Local Government Budget Act

Recommendation:

The Port Commission should review and amend its budget when necessary.

Action Taken:

The Port Commission will make every effort to review and amend its budget when it becomes necessary.

99-2 Internal Control over Receipts

Recommendation:

We recommend that the Columbia Port Commission, through its attorney, take steps to see that the lessee starts honoring the terms of the lease agreement.

Action Taken:

The Port Commission will ask its attorney to request the lessee to start honoring the terms of the agreement and pay the required payments in advance.

99-3 Security for Deposits

Recommendation:

We recommend that the Port Commission require the financial institution to put up additional securities to fully secure its deposits.

Action Taken:

The Columbia Port Commission will require the Citizen Progressive Bank to put up additional securities to fully insure its deposits.