

MADISON PARISH PORT COMMISSION
Tallulah, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 2003

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 5.26.04

MADISON PARISH PORT COMMISSION
Tallulah, Louisiana

General Purpose Financial Statements
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As of and for the Year Ended
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C O N T E N T S

	<u>Statement</u>	<u>Page No.</u>
Independent Auditor's Report		2
General Purpose Financial Statements:		
Combined Balance Sheet - All Fund Types and Account Groups	A	5
Governmental Fund Type:		
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances	B	6
General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP) Basis and Actual	C	7
Notes to the Financial Statements		8
Independent Auditor's Reports Required by <i>Government Auditing Standards; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and the Single Audit Act Amendments of 1996:</i>		
Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting		19
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance		21
Schedule of Findings and Questioned Costs	1	23
Schedule of Expenditures of Federal Awards	2	25
Summary Schedule of Prior Audit Findings	3	26

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Independent Auditor's Report

BOARD OF COMMISSIONERS
MADISON PARISH PORT COMMISSION
Tallulah, Louisiana

I have audited the general purpose financial statements of the Madison Parish Port Commission, a component unit of the Madison Parish Police Jury, as of December 31, 2003, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Madison Parish Port Commission's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred above present fairly, in all material respects, the financial position of the Madison Parish Port Commission as of December 31, 2003, and the results of operations for the year then ended in conformity with U.S. generally accepted accounting principles.

My audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Madison Port Commission, taken as a whole. The supplemental information listed in the table of contents, including the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

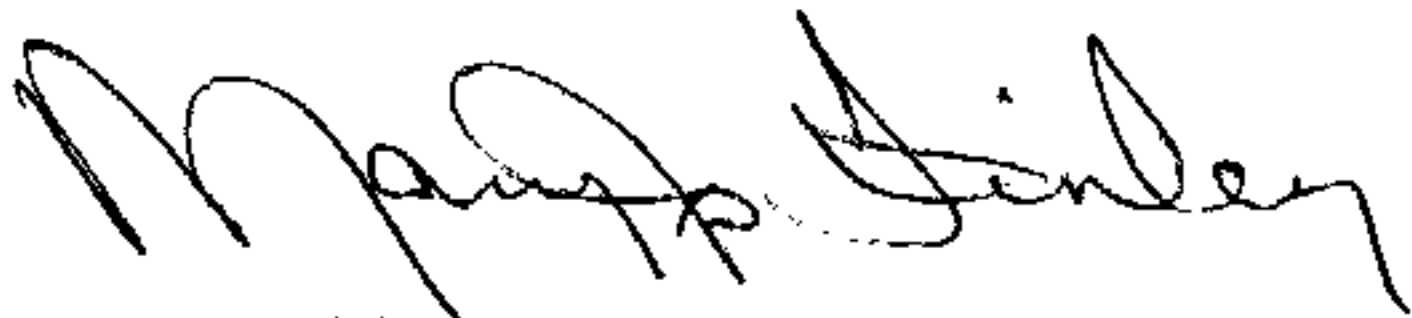
MADISON PARISH PORT COMMISSION

Tallulah, Louisiana

Independent Auditor's Report,

December 31, 2003

In accordance with *Government Auditing Standards*, I have also issued a report dated April 4, 2004, on my consideration of the Madison Parish Port Commission's internal control over financial reporting and my 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 my audit.



Columbia, Louisiana

April 4, 2004

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

MADISON PARISH PORT COMMISSION
Tallulah, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS

Balance Sheet, December 31, 2003

	GOVERNMENTAL FUND TYPE		ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
	GENERAL FUND	CAPITAL PROJECTS FUND	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	
ASSETS					
Cash and cash equivalents	\$680,952	\$11,601			\$692,553
Receivables	136,339				136,339
Land, buildings, equipment, and improvements			\$9,687,947		9,687,947
Amount to be provided for retirement of general long-term debt				\$352,645	352,645
TOTAL ASSETS AND OTHER DEBITS	<u>\$817,291</u>	<u>\$11,601</u>	<u>\$9,687,947</u>	<u>\$352,645</u>	<u>\$10,869,484</u>
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	\$5,015				\$5,015
Payroll deductions and withholding payable	1,568				1,568
Bank loan payable				\$352,645	352,645
Total Liabilities	<u>6,583</u>	<u>NONE</u>	<u>NONE</u>	<u>352,645</u>	<u>359,228</u>
Fund Equity:					
Investment in general fixed assets			\$9,687,947		9,687,947
Fund balance - unreserved - undesignated	810,708	11,601			822,309
Total Fund Equity	<u>810,708</u>	<u>11,601</u>	<u>9,687,947</u>	<u>NONE</u>	<u>10,510,256</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$817,291</u>	<u>\$11,601</u>	<u>\$9,687,947</u>	<u>\$352,645</u>	<u>\$10,869,484</u>

The accompanying notes are an integral part of this statement.

MADISON PARISH PORT COMMISSION
Tallulah, Louisiana
GOVERNMENTAL FUND TYPE

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 2003

	GENERAL FUND	CAPITAL PROJECT FUND	TOTAL (MEMORANDUM ONLY)
REVENUES			
Taxes - ad valorem	\$125,749		\$125,749
Intergovernmental revenues:			
Federal funds	5,532	\$505,232	510,764
State Funds		311,978	311,978
State Funds - State revenue sharing	12,010		12,010
Use of money and property:			
Leases	212,830		212,830
Interest on deposits	6,676	981	7,657
Total revenues	<u>362,797</u>	<u>818,191</u>	<u>1,180,988</u>
EXPENDITURES			
Transportation - current:			
Personal services and related benefits	125,283		125,283
Operating services	68,969		68,969
Materials and supplies	9,601		9,601
Travel and other charges	3,575		3,575
Debt service	88,950		88,950
Capital outlay	7,850	824,713	832,563
Intergovernmental	4,196		4,196
Total expenditures	<u>308,424</u>	<u>824,713</u>	<u>1,133,137</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	54,373	(6,522)	47,851
OTHER FINANCING SOURCE			
Repayment from employee theft	168		168
Total other financing source	<u>168</u>		<u>168</u>
EXCESS OF REVENUES AND OTHER SOURCE OVER EXPENDITURES	54,541	(6,522)	48,019
FUND BALANCES AT BEGINNING OF YEAR	<u>756,167</u>	<u>18,123</u>	<u>774,290</u>
FUND BALANCES AT END OF YEAR	<u><u>\$810,708</u></u>	<u><u>\$11,601</u></u>	<u><u>\$822,309</u></u>

The accompanying notes are an integral part of this statement.

MADISON PARISH PORT COMMISSION
Tallulah, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND

**Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget
(GAAP) Basis and Actual
For the Year Ended December 31, 2003**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Taxes - ad valorem	\$115,000	\$125,749	\$10,749
Intergovernmental revenues:			
Federal funds - in lieu of taxes		5,532	5,532
State funds - state revenue sharing	10,000	12,010	2,010
Use of money and property:			
Leases	180,000	212,830	32,830
Interest on deposits	1,862	6,676	4,814
Total revenues	<u>306,862</u>	<u>362,797</u>	<u>55,935</u>
EXPENDITURES			
Transportation - current:			
Personal services and related benefits	131,039	125,283	5,756
Operating services	75,300	68,969	6,331
Materials and supplies	10,000	9,601	399
Travel and other charges	11,500	3,575	7,925
Debt Service	95,000	88,950	6,050
Capital outlay	20,000	7,850	12,150
Intergovernmental		4,196	(4,196)
Total expenditures	<u>342,839</u>	<u>308,424</u>	<u>34,415</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(35,977)</u>	<u>54,373</u>	<u>90,350</u>
OTHER FINANCING SOURCE			
Repayment from employee theft		168	168
EXCESS OF REVENUES AND OTHER SOURCE OVER EXPENDITURES	<u>(35,977)</u>	<u>54,541</u>	<u>90,518</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>260,705</u>	<u>756,167</u>	<u>495,462</u>
FUND BALANCE AT END OF YEAR	<u><u>\$224,728</u></u>	<u><u>\$810,708</u></u>	<u><u>\$585,980</u></u>

The accompanying notes are an integral part of this statement.

MADISON PARISH PORT COMMISSION
Tallulah, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Madison Parish Port Commission was created by Act 369 of the 1966 Session of the Louisiana Legislature as the governing authority of the Madison Parish Port, Harbor, and Terminal District. The board of commissioners consist of seven members who serve four-year staggered terms; six appointed by the Madison Parish Police Jury, and one elected by the six appointed members. Commissioners serve without compensation.

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Madison Parish Police Jury is the financial reporting entity for Madison Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for the which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's component unit financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria determining which component units should be considered part of the Madison Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.

MADISON PARISH PORT COMMISSION
Tallulah, Louisiana
Notes to the Financial Statements (Continued)

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints the port commission's governing body, the port commission was determined to be a component unit of the Madison Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds of the port commission and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. FUND ACCOUNTING

The 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 related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term debt) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The port commission's current operations require the use of only governmental fund types. The governmental fund types used by the port commission are described as follows:

General Fund

The General Fund is the general operating fund of the port commission. It accounts for all financial resources, except those required to be accounted for in other funds.

MADISON PARISH PORT COMMISSION
Tallulah, Louisiana
Notes to the Financial Statements (Continued)

Capital Project Fund

The Capital Project Fund is used to account for grants received for various construction projects at the port.

**C. GENERAL FIXED ASSETS
AND LONG-TERM DEBT**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures (*capital outlay*) in governmental funds and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at historical cost. No depreciation is recognized on general fixed assets. The costs of normal maintenance and repairs that do not add to the value of fixed assets or materially extend their useful lives are not capitalized but are only recognized as a normal current expenditure of the governmental funds.

Long-term debt, such as bank loans, are normally recognized as a liability of governmental funds (debt service) only when due. The remaining portion of such debt is reported in the general long-term debt account group.

D. BASIS OF ACCOUNTING

The financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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 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 port commission uses the following practices in recognizing and reporting revenues and expenditures:

MADISON PARISH PORT COMMISSION
Tallulah, Louisiana
Notes to the Financial Statements (Continued)

Revenues

Ad valorem taxes are recognized in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.

State revenue sharing, which is based on population and homesteads in the parish, is generally recognized as revenue in the year the related ad valorem tax is due and payable.

State and federal grants are recognized when the commission is entitled to the funds.

Interest income on deposits is recognized when the interest has been earned and the amount is determinable.

Substantially all other revenues are recorded when received.

Based on the above criteria, ad valorem taxes, state revenue sharing, and state grants, are treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt, which is recognized when due.

Other Financing Source

Restitution from employee theft is also recognized as an other financing source.

MADISON PARISH PORT COMMISSION
Tallulah, Louisiana
Notes to the Financial Statements (Continued)

E. BUDGET PRACTICES

A preliminary budget for the ensuing year is prepared by the secretary/treasurer during October. The preliminary budget is reviewed by the port director and presented to the board of commissioners and made available for public inspection. A budget hearing is held during the regular December board meeting. Changes are made to the proposed budget based on the results of the public hearing and the desires of the port commission. The budget is then adopted by the port commission and notice is published in the official journal. The proposed budget for the General Fund is prepared on the modified accrual basis of accounting. The budget is established and controlled by the board of commissioners at the object level of expenditure. The port commission does not utilize encumbrance accounting in its budgetary system. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the board of commissioners.

The secretary/treasurer presents necessary budget amendments to the port commission when it is determined that actual operations are differing materially from those anticipated in the original budget. The port commission, during its regular meeting, reviews the proposed amendments, makes changes as it deems appropriate, and formally adopts the amendments. The adoption of amendments is included in the port commission minutes published in the official journal.

F. CASH AND CASH EQUIVALENTS

Under state law, the port commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The commission may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 2003, the port commission has cash and cash equivalents (book balances) totaling \$692,553, as follows:

Demand deposits	\$337,711
Time deposits	<u>354,842</u>
Total	<u>\$692,553</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance

MADISON PARISH PORT COMMISSION
Tallulah, Louisiana
Notes to the Financial Statements (Continued)

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. Cash and cash equivalents (bank balances) at December 31, 2003 , are secured as follows:

Bank Balances	<u>\$789,683</u>
Federal deposit insurance	\$200,000
Pledged securities (uncollateralized)	<u>1,008,518</u>
Total	<u>\$1,208,518</u>

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the port commission, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106; however, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the port commission that the fiscal agent bank has failed to pay deposited funds upon demand. Further, LRS 39:1224 states that securities held by a third party shall be deemed to be held in the port commission's name.

G. VACATION AND SICK LEAVE

Employees of the port commission earn ten days of vacation and five days of sick leave per year. Vacation leave must be taken in the year earned and cannot be carried forward. Upon retirement, employees are paid for accumulated sick leave.

At December 31, 2003, the maximum amount of accumulated and vested employee leave benefits is not material and is not reflected in the financial statements. The cost of leave privileges is recognized as a current year expenditure when leave is actually taken or when employees are paid for accrued leave upon separation.

H. RISK MANAGEMENT

The port commission is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, and injuries to employees and others. To handle such risk of loss, the port commission maintains insurance policies covering commercial property, professional liability, and workers compensation. No claims were paid on any of the policies during the past three years which exceeded the

MADISON PARISH PORT COMMISSION
 Tallulah, Louisiana
 Notes to the Financial Statements (Continued)

policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2003.

**I. TOTAL COLUMNS ON
 COMBINED STATEMENTS**

Total columns on the combined statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. LEVIED TAXES

The port commission is authorized by voter approval to levy a three mill ad valorem tax in the parish for operation and maintenance of port facilities. The port commission levied 2.86 mills for 2003. The difference between authorized and levied millages is the result of reassessments of taxable property in the parish as required by Article 7, Section 18 of the Louisiana Constitution of 1974.

The following are the principal taxpayers for the parish and their 2003 assessed valuation (amounts expressed in thousands):

	<u>2003 Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
Ingram Barge Company	\$3,893	7.26%
American Commercial Barge Line	2,958	5.52%
Entergy Louisiana, Inc.	2,747	5.12%
American River Transportation	2,336	4.36%
Hibernia National Bank	1,246	2.32%
FBA, Inc.	1,156	2.16%
Columbia Gulf Transmission Corp	1,112	2.07%
Bellsouth Telecommunications	939	1.75%
Kansas City Southern	709	1.32%
Complex Chemicals Co., Inc.	667	1.24%
Total	<u>\$17,763</u>	<u>33.13%</u>

MADISON PARISH PORT COMMISSION
Tallulah, Louisiana
Notes to the Financial Statements (Continued)

3. RECEIVABLES

The following is a summary of receivables at December 31, 2003:

	<u>General Fund</u>
Taxes - ad valorem	\$113,052
State revenue sharing	8,007
Leases	<u>15,280</u>
Total	<u><u>\$136,339</u></u>

4. CHANGES IN GENERAL FIXED ASSETS

The following presents the changes in fixed assets for the two years ended December 31, 2003:

	<u>Balance at January 1,</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31,</u>
Land	\$574,460			\$574,460
Land improvements	2,141,703	\$6,850		2,148,553
Buildings	4,113,521			4,113,521
Improvements Other Than Buildings		2,657,413		2,657,413
Office equipment	36,417			36,417
Vehicles	26,396			26,396
Heavy equipment	131,187			131,187
Construction in progress	<u>1,831,700</u>	<u>825,713</u>	<u>(\$2,657,413)</u>	
Total	<u><u>\$8,855,384</u></u>	<u><u>\$3,489,976</u></u>	<u><u>NONE</u></u>	<u><u>\$9,687,947</u></u>

Capital outlay does not equal additions due to construction project completed during 2003.

5. PENSION PLAN

Substantially all employees of the port commission are members of the Louisiana State Employees Retirement System (LSERS), a multiple-employer, defined benefit pension plan. Generally, all full-time employees are eligible to participate in the system, with employee benefits vesting after 10 years of service.

MADISON PARISH PORT COMMISSION
 Tallulah, Louisiana
 Notes to the Financial Statements (Continued)

All full-time employees who are under the age of 60 at the time of original employment and are not drawing retirement benefits from any other public retirement system in Louisiana are required to participate in the system. Employees who retire at or after age 55 with at least 25 years of credited service or with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final-average salary for each year of credited service, not to exceed 100 per cent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. The system also provides death and disability benefits. Benefits are established by state statute.

The system issues an annual publicly available report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the Louisiana State Employee's Retirement System, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 922-0600.

Plan members are required by state statute to contribute 7.50 per cent of their annual covered salary and the Madison Parish Port Commission is required to contribute at an actuarially determined rate. The current rate is 15.8 per cent of annual covered payroll. The contribution requirements of plan members and the Madison Parish Port Commission are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Madison Parish Port Commission's contributions to the system for the years ending December 31, 2003, 2002, and 2001, were \$9,886, \$6,781, and \$2,171, respectively, equal to the required contributions for each year.

6. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions funds for the year ended December 31, 2003:

Long-term debt at January 1, 2003	\$407,890
Additions	NONE
Retirements	<u>(55,245)</u>
Long-term debt at December 31, 2003	<u>\$352,645</u>

At December 31, 2003, long-term debt of the port commission is comprised of a \$352,645 bank loan. The remaining principal is due in six annual payments of \$88,950, with interest of 8.15 per cent. Debt retirement payments are made from the General Fund.

MADISON PARISH PORT COMMISSION
Tallulah, Louisiana
Notes to the Financial Statements (Continued)

7. CAPITAL GRANT FUNDS

During the year ended December 31, 2003, the commission received \$505,232 in grant funds from the Louisiana Department of Facility Planning and Control for the construction of and improvements to port facility fixed assets and infrastructure. Grant expenditures are included in general fixed assets on Statement A and in the Capital Projects Fund operations on Statements B and C.

8. LITIGATION AND CLAIMS

At December 31, 2003, the Madison Parish Port Commission is not involved in any litigation, nor is it aware of any unasserted claims.

**Independent Auditor's Reports
on Compliance with
Laws, Regulations, Contracts, and Grants,
and Internal Control**

The following independent auditor's reports on compliance with laws, regulations, contracts, and grants and internal control are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States; the U. S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the *Single Audit Act Amendments of 1996*; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

Mary Jo Finley, CPA

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Columbia, LA 71418
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**Independent Auditor's Report on Compliance and
Internal Control Over Financial Reporting**

MADISON PARISH PORT COMMISSION

Tallulah, Louisiana

I have audited the general purpose financial statements of the Madison Parish Port Commission as of and for the year ended December 31, 2003, and have issued my report thereon dated April 4, 2004. I conducted my audit in accordance with U.S. 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 Madison Parish Port Commission's financial statements are free of material misstatement, I 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 amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Madison Parish Port Commission's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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. 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 a 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. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government auditing Standards*.

MADISON PARISH PORT COMMISSION
Tallulah, Louisiana
Independent Auditor's Report on Compliance
And Internal Control Over Financial Reporting, etc.
December 31, 2003

This report is intended for the information of the Madison Parish Port Commission, management of the port commission's office, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.



Columbia, Louisiana
April 4, 2004

Mary Jo Finley, CPA

A Professional Corporation

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Columbia, LA 71418

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**Independent Auditor's Report on Compliance
With Requirements Applicable to Each Major Program
and Internal Control Over Compliance**

MADISON PORT COMMISSION

Tallulah, Louisiana

Compliance

I have audited the compliance of the Madison Port Commission with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2003. The Madison Port Commission's major federal program is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Madison Port Commission. My responsibility is to express an opinion on the Madison Port Commission's compliance based on my audit.

I conducted my audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Madison Port Commission's compliance with those requirements and performing such other procedures as I consider necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Madison Port Commission's compliance with those requirements.

In my opinion, the Madison Port Commission complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003. The results of my auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

MADISON PORT COMMISSION

Tallulah, Louisiana

Independent Auditor's Report on Compliance

With Requirements Applicable to Each Major

Program and Internal Control Over Compliance, etc.

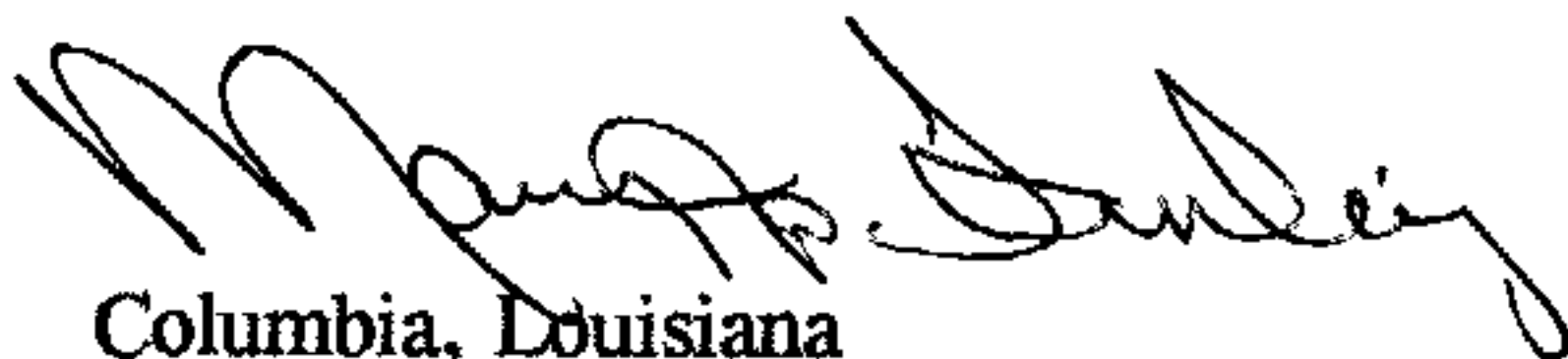
December 31, 2003

Internal Control Over Compliance

The management of the Madison Port Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Madison Port Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the members of the Madison Port Commission, management of the port commission, 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. Although the intended use of these reports may be limited, under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.



Columbia, Louisiana

April 4, 2004

MADISON PORT COMMISSION
Tallulah, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2003

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Madison Port Commission.
2. No instances of noncompliance material to the financial statements of Madison Port Commission were disclosed during the audit.
3. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting.
4. No reportable conditions relating to the audit of the major federal award program is reported in the Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance.
5. The auditor's report on compliance for the major federal award program for the Madison Port Commission expresses an unqualified opinion.
6. No audit findings relative to the major federal award program for the Madison Port Commission are reported.
7. The program tested as major was Grants for Public Works & Economic Development - CFDA 11.300.
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The Madison Port Commission was determined to be a low-risk auditee.

MADISON PORT COMMISSION
Tallulah, Louisiana

Schedule of Findings and Questioned Costs (Continued)
For the Years Ended December 31, 2003

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL
AWARD PROGRAMS AUDIT**

None

MADISON PORT COMMISSION
Tallulah, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2003

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	FEDERAL EXPENDITURES
Economic Development Administration, Department of Commerce			
Grants for Public Works & Economic Development	11.300	08-01-03275	\$505,232
United States Department of Interior			
Direct program - Payment in Lieu of Taxes	15.000	N/A	<u>5,532</u>
Total Federal Financial Assistance			<u><u>\$510,764</u></u>

**MADISON PARISH PORT COMMISSION
Tallulah, Louisiana**

**Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2003**

The audit report for the year ended December 31, 2002 contained no audit findings.