

LAKE PROVIDENCE PORT COMMISSION
Lake Providence, 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

LAKE PROVIDENCE PORT COMMISSION
Lake Providence, Louisiana

General Purpose Financial Statements
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As of and for the Year Ended
December 31, 2003

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Independent Auditor's Report

BOARD OF COMMISSIONERS
LAKE PROVIDENCE PORT COMMISSION
Lake Providence, Louisiana

I have audited the general purpose financial statements of the Lake Providence Port Commission, a component unit of the East Carroll 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 Lake Providence Port Commission's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

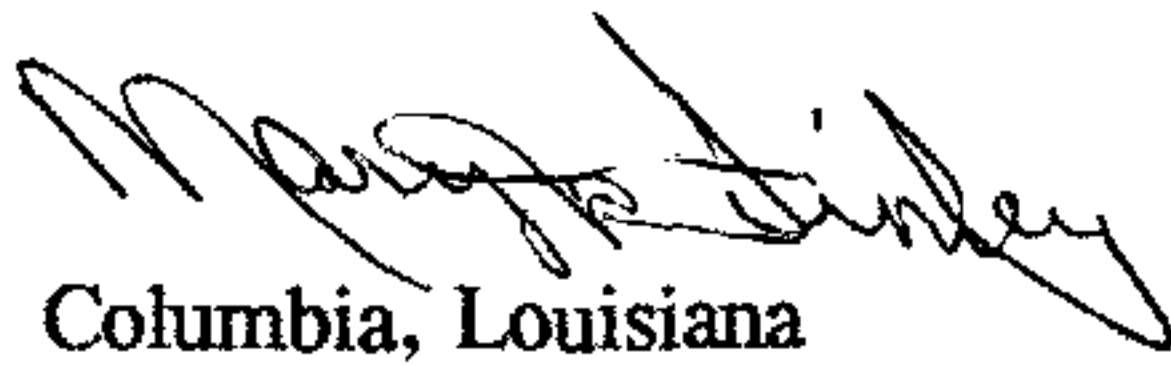
I conducted my audit in accordance with U. S. generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial 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 Lake Providence Port Commission as of December 31, 2003, and the results of operations and cash flows for the year then ended in conformity with U. S. generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Lake Providence Port Commission. 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 presented in all material respects in relation to the general purpose financial statements taken as a whole.

LAKE PROVIDENCE PORT COMMISSION
Lake Providence, Louisiana
Independent Auditors Report,
December 31, 2003

In accordance with *Government Auditing Standards*, I have also issued a report dated April 27, 2004, on my consideration of the Lake Providence 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 27, 2004

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

LAKE PROVIDENCE PORT COMMISSION
 Lake Providence, Louisiana
 PROPRIETARY FUND TYPE - ENTERPRISE FUND

Balance Sheet
 December 31, 2003

ASSETS

Current assets:

Cash	\$546,276
Receivables:	
Ad valorem taxes	103,709
State revenue sharing	6,516
Other receivable	44,742
Other assets	250
Total current assets	701,493

Restricted assets:

Cash and cash equivalents	54,010
Property, plant, and equipment (net of accumulated depreciation)	10,809,177
TOTAL ASSETS	\$11,564,680

LIABILITIES AND FUND EQUITY

Liabilities:

Current liabilities payable from current assets:

Accounts payable	\$8,981
Accrued interest payable	2,012
Current portion of long-term debt	120,990
Total current liabilities payable from current assets	131,983
Payable from restricted assets - current portion of long-term debt	54,010
Long-term liabilities - Certificates of indebtedness	422,000
Total liabilities	607,993

Fund Equity:

Contributed capital	8,394,448
Retained earnings:	
Unreserved - undesignated	2,562,239
Total Fund Equity	10,956,687

TOTAL LIABILITIES AND FUND EQUITY	\$11,564,680
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The accompanying notes are an integral part of this statement.

LAKE PROVIDENCE PORT COMMISSION
 Lake Providence, Louisiana
 PROPRIETARY FUND TYPE - ENTERPRISE FUND

Statement of Revenues, Expenses, and
 Changes in Retained Earnings
 For the Year Ended December 31, 2003

OPERATING REVENUES	
Use of money and property - leases	<u>\$461,246</u>
OPERATING EXPENSES	
Salaries and fringe benefits	78,478
Professional services	57,797
Advertising	3,984
Utilities	7,812
Telephone	1,513
Insurance	12,010
Materials and supplies	2,937
Travel	9,157
Repairs and maintenance	24,235
Dues and subscriptions	8,548
Depreciation	189,249
Other operating expenses	2,074
Total operating expenses	<u>397,794</u>
OPERATING INCOME	<u>63,452</u>
NON-OPERATING REVENUES (Expenses)	
Ad valorem taxes	105,758
State revenue sharing	6,516
Interest income	18,839
Interest expense	(55,712)
Other non-operating income	32,937
Other non-operating expenses	(4,553)
Total non-operating revenues (expenses)	<u>103,785</u>
NET INCOME	167,237
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>2,395,002</u>
RETAINED EARNINGS AT END OF YEAR	<u><u>\$2,562,239</u></u>

The accompanying notes are an integral part of this statement.

LAKE PROVIDENCE PORT COMMISSION
Lake Providence, Louisiana
PROPRIETARY FUND TYPE -
ENTERPRISE FUND

Statement of Cash Flows
For the Year Ended December 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES

Operating Income	<u>\$63,452</u>
Adjustments to Reconcile Operating Income to Net Cash	
Provided (Used) by Operating Activities:	
Depreciation	189,249
Increase in receivables	(32,819)
Increase in payables	<u>295</u>
Total adjustments	<u>156,725</u>
Net cash provided by operating activities	<u>220,177</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(84,127)
Principal paid on long-term debt	(165,000)
Interest paid on long-term debt	(55,712)
Ad valorem tax proceeds	105,758
State revenue sharing	6,516
Grant proceeds	99,894
Other	<u>28,383</u>
Total cash flows from capital and related financing activities	<u>(64,288)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earnings	<u>18,839</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS

174,728

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR425,558**CASH AND CASH EQUIVALENTS AT END OF YEAR**\$600,286

The accompanying notes are an integral part of this statement.

LAKE PROVIDENCE PORT COMMISSION
Lake Providence, Louisiana

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lake Providence Port Commission was created by Act 450 of the 1958 Session of the Louisiana Legislature as the governing authority of the Lake Providence Port, Harbor, and Terminal District. The board of commissioners consist of seven members; four appointed by the East Carroll Parish Police Jury, two by the Town of Lake Providence, and one elected by the six appointed members. The commissioners serve four year staggered terms without compensation.

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the East Carroll Parish Police Jury is the financial reporting entity for East Carroll 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 which 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 (GASB) Statement No. 14 established criteria determining which component units should be considered part of the East Carroll 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.

LAKE PROVIDENCE PORT COMMISSION
Lake Providence, 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 a voting majority of the commission's governing body, the agency was determined to be a component unit of the East Carroll Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds of the 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 Lake Providence Port Commission is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed primarily through user charges.

C. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The Enterprise Fund is reported in the accompanying financial statements on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

D. FIXED ASSETS AND LONG-TERM DEBT

Fixed assets of the commission are included on the balance sheet of the Enterprise Fund at cost. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over an estimated useful life of: 40-70 years for buildings and improvements other than buildings; 5 to 20 years for equipment; and 5 to 10 years for furniture and fixtures. Long-term debt is recognized within the Enterprise Fund.

LAKE PROVIDENCE PORT COMMISSION
 Lake Providence, Louisiana
 Notes to the Financial Statements (Continued)

E. CASH AND CASH EQUIVALENTS

Under state law, the 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 commission has cash and cash equivalents (book balances) totaling \$600,286 as follows:

Demand deposits	\$432,710
Time deposits	<u>167,576</u>
Total	<u>\$600,286</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 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 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>\$600,794</u>
Federal deposit insurance	\$263,835
Pledged securities (uncollateralized)	<u>750,347</u>
Total	<u>\$1,014,182</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 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 commission that the fiscal agent bank has failed to pay deposited funds upon demand.

For purposes of the statement of cash flows, cash equivalents include all highly liquid investments with a maturity date of three months or less when purchased.

LAKE PROVIDENCE PORT COMMISSION
 Lake Providence, Louisiana
 Notes to the Financial Statements (Continued)

F. VACATION AND SICK LEAVE

The director of the port earns from fourteen to twenty four days of cumulative vacation and sick leave per year depending on length of service.

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

H. CONTRIBUTED CAPITAL

Grants received by the commission that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired from such contributions.

2. LEVIED TAXES AND PRINCIPAL TAXPAYERS

The commission is authorized by voter approval to levy a 2.5 mill ad valorem tax in the parish for the purpose of carrying out its powers, including the payment of principal and interest on indebtedness incurred by the commission. The commission levied 3.79 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 valuations (amounts expressed in thousands):

	2003 Assessed Valuation	Per cent of Total Assessed Valuation
Trunkline Gas Company	\$2,886	8.75%
Columbia Gulf Transmission	1,299	3.94%
Southern Natural Gas	1,210	3.67%

LAKE PROVIDENCE PORT COMMISSION
 Lake Providence, Louisiana
 Notes to the Financial Statements (Continued)

	2003 Assessed Valuation	Per cent of Total Assessed Valuation
Tennessee Gas Pipeline	\$981	2.98%
Entergy Louisiana, Inc.	758	2.30%
Bellsouth	707	2.14%
Terral Riverservice, Inc.	607	1.84%
Western Correction, IV	547	1.66%
Monticello Gin & Elevator Co.	544	1.65%
Hollybrook Gin, Inc.	513	1.56%
Total	<u>10,052</u>	<u>30.49%</u>

3. CHANGES FIXED ASSETS

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

	Balance at January 1	Additions	Deletions	Balance at December 31
Land	\$893,783			\$893,783
Buildings	2,567,797			2,567,797
Improvements other than buildings	8,677,039	\$84,127		8,761,166
Equipment	1,083,260			1,083,260
Construction in progress	NONE			NONE
Total	<u>\$13,221,879</u>	<u>\$84,127</u>	<u>NONE</u>	<u>\$13,306,006</u>

A summary of proprietary fund type fixed assets at December 31, 2003, follows:

Land	\$893,783
Buildings/improvements	11,328,963
Furniture/equipment	1,083,260
Construction in progress	NONE
Total	<u>13,306,006</u>
Accumulated depreciation	<u>(2,496,829)</u>
Net fixed assets	<u>\$10,809,177</u>

LAKE PROVIDENCE PORT COMMISSION
Lake Providence, Louisiana
Notes to the Financial Statements (Continued)

4. PENSION PLAN

The one employee of the Lake Providence Port Commission is a member of the Louisiana State Employees' Retirement System (System), a cost-sharing multi-employer, defined benefit pension plan administered by a separate board of trustees. Generally, all full-time employees are eligible to participate in the system, with employee benefits vesting after 10 years of service.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (504) 922-0600.

Plan members are required by state statute to contribute 7.5 per cent of their annual covered salary and the Lake Providence Port Commission is required to contribute at an actuarially determined rate. The current rate is 13.0 per cent of annual covered payroll. The contribution requirements of plan members and the Lake Providence Port Commission are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:102, 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 Lake Providence Port Commission's contributions to the system for the years ended December 31, 2003, 2002, and 2001, were \$9,798, \$8,293, and \$7,280, respectively, equal to the required contributions for each year.

5. LONG-TERM DEBT

Long-term debt payable at December 31, 2003, is comprised of the following individual issues:

\$1,100,000 - Certificates of indebtedness issued December 18, 1995, are due in annual installments from \$88,000 to \$152,000 through December 1, 2005, with interest at 8 per cent per annum.	\$292,000
\$400,000 - Certificates of indebtedness issued June 20, 2001, are due in annual installments from \$30,000 to \$55,000 through December 1, 2010, with interest at 6.72 per cent per annum.	<u>305,000</u>
	<u>\$597,000</u>

The annual requirements to amortize all outstanding debt at December 31, 2003, including interest of \$123,216, is as follows:

LAKE PROVIDENCE PORT COMMISSION
 Lake Providence, Louisiana
 Notes to the Financial Statements (Continued)

<u>Year</u>	<u>Series 1995</u>	<u>Series 2001</u>	<u>Total</u>
2004	\$163,360	\$55,496	\$218,856
2005	164,160	58,144	222,304
2006		55,456	55,456
2007		52,768	52,768
2008		55,080	55,080
2009-2010		115,752	115,752
Total	<u>\$329,515</u>	<u>\$394,697</u>	<u>\$720,216</u>

6. LITIGATION AND CLAIMS

The Lake Providence Port Commission is not involved in any litigation at December 31, 2003, nor is it aware of any unasserted claims.

7. CAPITAL GRANT FUNDS

During the year ended December 31, 2003, the commission received \$99,894 in grant funds for the construction of and improvements to port facility fixed assets and infrastructure. The grant funds are included in fixed assets and contributed capital on Statement A and consist of grant number 578-18-0016 from the Department of Transportation & Development and a rural development grant.

**Independent Auditor's Report Required
by *Government Auditing Standards***

The following independent Auditor's report on compliance with laws and regulations and internal control over financial reporting is presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

Mary Jo Finley, CPA

A Professional Corporation
129 Chambola Drive
Columbia, LA 71418
Phone (318) 649-5089

**Independent Auditor's Report on Compliance and
Internal Control Over Financial Reporting**

LAKE PROVIDENCE PORT COMMISSION
Lake Providence, Louisiana

I have audited the general purpose financial statements of the Lake Providence Port Commission as of and for the year ended December 31, 2003 and have issued my report thereon dated April 27, 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 Lake Providence 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 Lake Providence 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 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 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

LAKE PROVIDENCE PORT COMMISSION
Lake Providence, Louisiana
Independent Auditor's Report on Compliance
And Internal Control Over Financial Reporting, etc.
December 31, 2003

This report is intended solely for the information and use of the Lake Providence Port Commission and management of the commission's office 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.

A handwritten signature in black ink, appearing to read 'M. P. ...', is written over the printed text of the signature block.

Columbia, Louisiana
April 27, 2004

LAKE PROVIDENCE PORT COMMISSION
Lake Providence, 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 Lake Providence Port Commission.
2. No instances of noncompliance material to the financial statements of Lake Providence 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.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

**LAKE PROVIDENCE PORT COMMISSION
Lake Providence, Louisiana**

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

There were no audit findings reported in the audit for the year ended December 31, 2002.