

COLUMBIA PORT COMMISSION

COLUMBIA, LOUISIANA

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 8/25/04

COLUMBIA PORT COMMISSION

COLUMBIA, LOUISIANA

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AUDITED FINANCIAL STATEMENTS

**HEARD
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& VESTAL**
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June 28, 2004

The Board of Commissioners
Columbia Port Commission
Columbia, Louisiana

Independent Auditor's Report

We have audited the accompanying general purpose financial statements of the Columbia Port Commission 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 Columbia Port Commission's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Columbia Port Commission as of December 31, 2003, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying other information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Columbia Port Commission. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 28, 2004, on our consideration of the Commission's internal control structure and on its compliance with laws and regulations. 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 audit.

Heard, McElroy & Vestal, LLP

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COLUMBIA PORT COMMISSION

BALANCE SHEET

AS OF DECEMBER 31, 2003

ASSETS

Cash and cash equivalents-Note 2	7,064
Land, buildings and equipment (net of accumulated depreciation)-Note 3	<u>884,214</u>
Total assets	<u>891,278</u>

LIABILITIES AND EQUITY

Liabilities:

Accounts payable	22,306
Line of credit-Note 4	30,000
Deferred revenue	31,294
Long-term debt-Note 4	<u>105,663</u>
Total liabilities	189,263

Equity:

Contributed capital	506,535
Retained earnings	<u>195,480</u>
Total equity	<u>702,015</u>

Total liabilities and equity	<u>891,278</u>
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The accompanying notes are an integral part of these financial statements.

COLUMBIA PORT COMMISSION
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Operating revenues:</u>	
Charges for services:	
Tonnage	18,009
Rental income:-Note 7	
Rental income-miscellaneous	22,800
Rail spur lease	7,150
Rock yard lease	<u>7,500</u>
Total operating revenues	55,459
<u>Operating expenses:</u>	
Land option	1,000
Consultant fees	12,413
Maintenance	20,606
Rent and utilities	6,300
Professional fees	2,106
Membership	1,475
Travel	718
Rail spur lease	14,950
Postage and printing	1,095
Miscellaneous	<u>113</u>
Total operating expenses before depreciation	<u>60,776</u>
<u>Operating (loss) before depreciation</u>	(5,317)
<u>Depreciation expense</u>	<u>38,376</u>
<u>Operating (loss)</u>	(43,693)
<u>Nonoperating revenues (expenses):</u>	
Interest income	120
Interest expense	<u>(10,423)</u>
Total	<u>(10,303)</u>
<u>Net (loss)</u>	<u>(53,996)</u>

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

COLUMBIA PORT COMMISSION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Retained Earnings</u>	<u>Contributed Capital</u>	<u>Total</u>
<u>Ending balance-December 31, 2002</u>	211,100	409,230	620,330
Net (loss)	(53,996)	-	(53,996)
Contributed capital-Note 5	-	135,681	135,681
Transfer of depreciation expense to contributed capital	<u>38,376</u>	<u>(38,376)</u>	<u>-</u>
<u>Ending balance-December 31, 2003</u>	<u>195,480</u>	<u>506,535</u>	<u>702,015</u>

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

COLUMBIA PORT COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Cash flows from operating activities:</u>	
Net (loss)	(53,996)
Adjustments to reconcile net (loss) to net cash provided by operating activities:	
Depreciation	38,376
Decrease in accounts receivable	40,923
Increase in deferred revenue	31,294
(Decrease) in accounts payable	<u>(19,644)</u>
Net cash provided by operating activities	36,953
 <u>Cash flows from capital and related financing activities:</u>	
Purchases of equipment	(191,779)
Proceeds from line of credit	30,000
Payments on notes payable	(13,639)
Contributed capital-DOTD	<u>135,681</u>
Net cash (used) for capital and related financing activities	<u>(39,737)</u>
 <u>Net (decrease) in cash and cash equivalents</u>	 (2,784)
 <u>Cash and cash equivalents at beginning of year</u>	 <u>9,848</u>
 <u>Cash and cash equivalents at end of year</u>	 <u>7,064</u>
 <u>Supplemental cash flow information:</u>	
Cash paid for interest	<u>10,423</u>

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

COLUMBIA PORT COMMISSION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

1. Historical Background

The Columbia Port Commission ("Port") is a political subdivision of the State of Louisiana and 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 Port may not acquire by expropriation any wharves, landing, or any other property in use by private interests.

Summary of Significant Accounting Policies

A. Basis of Accounting

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

B. Basis of Presentation - Fund Accounting

The Port's operations are accounted for in a proprietary fund type - the enterprise fund. The proprietary fund type is accounted for using the flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings. The operating statement presents increases (revenues) and decreases (expenses) in net total assets.

1. Historical Background (Continued)

The Port's operations are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. The measurement focus emphasizes the determination of net income. The Port follows the accrual basis of accounting for its proprietary fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Under the provisions of GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Fund Accounting," the Port has elected not to follow Financial Accounting Standards Board guidance issued subsequent to November 30, 1989.

C. Land, Building and Equipment

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

Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation has been calculated on each class of depreciable property using the straight-line method with estimated useful lives of fifteen to twenty years.

D. Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Port considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

E. Recent Governmental Accounting Standards Board Pronouncements

Recent Pronouncements by the Government Accounting Standards Board (GASB) including GASB Statement 33, "Accounting and Financial Reporting for Nonexchange Transactions" (effective for periods beginning after June 15, 2000) and GASB Statement 34, "Basic Financial Statements - for State and Local Governments" (effective for the Port for periods beginning after June 15, 2003) may have a significant impact on the Port's financial statements for future reporting periods.

F. Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Such estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingencies and litigation arising in the ordinary course of business. It is possible that management's estimates will change in the near term.

2. Cash and Interest-Bearing Deposits

At December 31, 2003, the Port had cash and cash equivalents with book values totaling \$7,064 as follows:

2. Cash and Interest-Bearing Deposits (Continued)

Demand deposits	3,254
Certificate of deposit	1,965
Savings account	1,763
Construction fund	<u>82</u>
Total	<u>7,064</u>

During the current year, all of the bank balances were covered by FDIC insurance. Under state law, the Port 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.

3. Fixed Assets

A summary of property and equipment at December 31, 2003 follows:

Land	128,000
Building and equipment	864,550
<u>Less-accumulated depreciation</u>	<u>(108,336)</u>
Total property and equipment	<u>884,214</u>

4. Notes Payable

Following is a summary of notes payable:

Line of credit, Caldwell Bank & Trust Co., dated February 28, 2003, bearing interest at 8%.	<u>30,000</u>
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Long-term debt, including amounts currently payable, consist of the following:

Notes payable, Caldwell Bank & Trust Co., dated November 1, 1999, bearing interest at 7.5%, payable monthly with maturity at November 1, 2009. Building and equipment are security for the note.	<u>105,663</u>
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The required annual principal payments, for notes payable at December 31, 2003, are as follows:

<u>December 31,</u>	
2004	14,687
2005	15,827
2006	17,056
2007	18,380
2008	19,807
Thereafter	<u>19,906</u>
	<u>105,663</u>

5. Grant Program

The Port was approved for a grant from the Louisiana Department of Economic Development (herein sometimes referred to as DOTD) which was appropriated by the State of Louisiana. The purpose of the Grant was to assist in enabling the Port to construct an aggregate yard for river access. Eligible cost of this Grant by DOTD was \$135,682. The allowable funds shall be used as follows:

PROJECT COSTS

<u>Total Cost by Activity</u>	<u>Port Commission</u>	<u>DOTD Funds</u>	<u>Total Costs</u>
Aggregated yard: River access	<u>15,076</u>	<u>135,681</u>	<u>150,757</u>
Total project costs	<u>15,076</u>	<u>135,681</u>	<u>150,757</u>

The project was completed in 2003.

6. Litigation and Claims

There are no claims pending against the Columbia Port Commission at December 31, 2003.

7. Rental Income Under Operating Leases

The Port is a lessor of certain property which consists of the use of the rock yard, acreage, grain elevator, and a rail spur. Following is a schedule by year of future minimum rental income to be received under noncancelable operating leases in effect as of December 31, 2003:

Year Ending December 31:

2004	26,650
2005	19,500
2006	7,500
2007	-
2008	-
Thereafter	<u>-</u>
	<u>53,650</u>

OTHER REPORTS

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June 28, 2004

The Board of Commissioners
Columbia Port Commission
Columbia, Louisiana

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

We have audited the general purpose financial statements of Columbia Port Commission as of and for the year ended December 31, 2003, and have issued our report thereon dated June 28, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the general purpose financial statements of Columbia Port Commission 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 general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered internal control over financial reporting of Columbia Port Commission in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management, and the Office of the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties.

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COLUMBIA PORT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2003

We have audited the general purpose financial statements of Columbia Port Commission as of and for the year ended December 31, 2003, and have issued our report thereon dated June 28, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the general purpose financial statements as of December 31, 2003 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

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

Internal Control - No material weakness or reportable condition was noted; no management letter was issued.

Compliance - No material noncompliance was noted.

b. Federal Awards - No major program.

Section II - Financial Statement Findings

No matters were reported.

COLUMBIA PORT COMMISSION
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2003

No prior year findings were reported.

OTHER INFORMATION

COLUMBIA PORT COMMISSION
P. O. Box 367
Columbia, Louisiana 71418

BOARD OF COMMISSIONERS

<u>Name</u>	<u>Last Appointment/Term</u>
Charles "Buddy" Page	Caldwell Parish 7/1/2002 - 2007
Robert Bruce Frazier President	City of Columbia 7/1/2003 - 2008
Darron McGuffee Secretary	City of Columbia 7/1/2003 - 2008
Charlie Mack Rowland	Caldwell Parish 7/1/2002 - 2007
Marshall Davis, Jr.	Columbia Port Commission 7/1/2001 - 2006