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PLUM CREEK MANUFACTURING, L.P.
SOUTHERN REGION
P.O. BOX 1919
WEST MONROE, LOUISIANA

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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 10-25-00

CAMERON, HINES & HARTT

(A Professional Accounting Corporation)

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Plum Creek Manufacturing, L.P.
Southern Region
P.O. Box 1919
West Monroe, LA 71294

We have audited the grant financial statement of the Plum Creek Manufacturing, L.P. for the year ended December 31, 1999. Our audit was made in accordance with generally accepted auditing standards and the *Government Auditing Standards* (Yellow Book) issued by the U.S. General Accounting Office, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The management of the Plum Creek Manufacturing, L.P., is responsible for the Provider's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records from the state contract number 19980051. The purpose of our testing of transactions and records from that contract was to obtain reasonable assurance that the Plum Creek Manufacturing, L.P. had, in all material respects, administered the contract in compliance with laws and regulations, non compliance with which we believe could have a material effect on the allowability of contract expenditures.

Our testing of transactions and records disclosed an instance of noncompliance with those laws and regulations. The instance of noncompliance that we found is identified in the accompanying schedule of findings and questioned costs.

In our opinion, except for the instance of noncompliance referred to in the preceding paragraph, for the year ended December 31, 1999, the Plum Creek Manufacturing, L.P., administered the state contract number 19980051 in compliance, in all material respects with laws and regulations, noncompliance with which we believe could have a material effect on the allowability of contract expenditures.

Cameron, Hines & Hartt (APAC)

West Monroe, Louisiana
September 15, 2000

PLUM CREEK MANUFACTURING, L.P.
SOUTHERN REGION
WEST MONROE, LOUISIANA

STATEMENT OF REVENUES, AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1999

Revenues

State:

Intergovernmental Revenues

Louisiana State Department of Economic Development \$ 250,000

Expenditures:

Course and Instructions \$ 559,291
Less: Expenditures Over Grant (329,291) 230,000

Material and Supplies/ Travel 33,029
Less: Expenditures Over Grant (23,029) 10,000

Monitoring Fees 10,000

Total Expenditures 250,000

Excess of Revenues over Expenditures \$ -

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

PLUM CREEK MANUFACTURING, L.P.
SOUTHERN REGION
WEST MONROE, LOUISIANA

NOTES TO THE GRANT FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 1999

Note 1- Historical Background

The Plum Creek Manufacturing, L.P. Southern Region is a Company that owns timber land, harvests timber, and manufactures it into merchant lumber. The company has a sawmill at Joyce, LA and West Monroe, LA. On April 8, 1999 the company entered into a Workforce Development and Training Contract with the Louisiana Department of Economic Development (DED), P.O. Box 94185, Baton Rouge, LA 70804. The Kisatchie-Delta Regional Planning and Development District, Inc., 1611 Arnold Dr. Alexandria , LA 71303 was the monitor. The purpose of the grant was to assist Plum Creek in expanding and modernizing the lumber operations in Louisiana, and in providing training of 120 employees in the use and maintenance of new equipment that is to be added to increase production. This will include, but is not limited to, the training in the use of advance logyard and saw mill equipment. This contract shall begin on September 28, 1998 and ends on September 29, 2001. The training portions of this contract shall begin on September 28, 1998 and terminate on September 29, 2000. The monitoring phase will continue until September 29, 2001.

Note 2- Summary of Significant Accounting Policies

A. Basis of Presentation-

The accompanying grant financial statement of Plum Creek Manufacturing, L.P. has been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units.

B. Reporting Entity-

The accompanying grant financial statement reflects only the revenue and expenditures of the grant and does not include all of the revenues and expenditures of Plum Creek Manufacturing, L.P.

C. Basis of Accounting-

The financial reporting treatment applied to a grant is determined by its measurement focus. The grant funds are accounted for using a current financial resource measurement focus. The grant financial statement accounts for the specific revenue source that is legally restricted to expenditures for specified purposes.

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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

Plum Creek Manufacturing, L.P.
Southern Region
P.O. Box 1919
West Monroe, LA 71294

We have audited the grant financial statement of the Plum Creek Manufacturing, L.P., as of and for the year ended December 31, 1999, and have issued our report thereon dated September 15, 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 Plum Creek Manufacturing, L.P. grant financial statement is 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 grant 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 test disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as item 99-1.

Internal Control Over Financial Reporting

In planning and performing our grant audit, we considered the Plum Creek Manufacturing, L.P.'s internal control over grant financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the grant financial statement and not to provide assurance on the internal control over grant financial reporting. Our consideration of the internal control over grant 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 grant financial statement 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 grant financial reporting and its operation that we consider to be material weaknesses.

Prior Year Findings

There were no prior year audit findings.

This report is intended solely for the information and use of management of the Plum Creek Manufacturing, L.P., the Louisiana Legislative Auditor, and the Louisiana Department of Economic Development 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
September 15, 2000

PLUM CREEK MANUFACTURING, L.P.
SOUTHERN REGION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 1999

Plum Creek Manufacturing, L.P.
Southern Region
P.O. Box 1919
West Monroe, LA 71291

We have audited the grant financial statement of Plum Creek Manufacturing, L.P. as of and for the year ended December 31, 1999, and have issued our report thereon dated September 15, 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 grant financial statement as of December 31, 1999, resulted in an unqualified opinion.

Section 1- Summary of Auditor's Report

A. Report on Internal Control and Compliance material to the Grant Financial Statement.

Internal Control
Material Weakness ___ Yes X No Reportable Condition ___ Yes X No

Compliance
Compliance Material to Grant Financial Statement X Yes ___ No

B. Federal Awards -N/A

Internal Control
Material Weaknesses ___ Yes ___ No Reportable Condition ___ Yes ___ No

Type of opinion on compliance- ___ Unqualified Qualified ___
For Major Programs ___ 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 auditee a "Low-Risk", as defined by the OMB Circular A-133? ___ Yes
No ___ N/A

PLUM CREEK MANUFACTURING, L.P.
SOUTHERN REGION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 1999

Section II- Grant Financial Statement Findings

99-1 Louisiana Revised Statute 24:513

Condition:

Plum Creek Manufacturing, L.P. did not comply with Louisiana Revised Statute 24:513.

Criteria:

In order to comply with Louisiana Revised Statute 24:513, the audited grant financial statement must be submitted within six months after the end of the entity's fiscal accounting year.

Effect:

Plum Creek Manufacturing, L.P. did not submit the audited grant financial statement by June 30, 2000.

Recommendation:

It is recommended that in the future Plum Creek Manufacturing, L.P. submit any audited grant financial statements within the guidelines of state law.

Response:

Plum Creek Manufacturing, L.P. was in compliance with the grant contract law but was unaware of the six month rule under state law. For any future grant funds received that are required to be audited, the audited grant financial statement will be submitted within six months after close of the fiscal year.

Section III- Federal Awards Findings and Questioned Costs

N/A

PLUM CREEK MANUFACTURING, L.P.
SOUTHERN REGION
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 1999

Section I- Internal Control and Compliance Material to the Grant Financial Statements

No findings were reported under this section.

Section II- Internal Control and Compliance Material to Federal Awards

This section is not applicable for this entity.

Section III- Management Letter

No Management Letter was issued.

PLUM CREEK MANUFACTURING, L.P.
SOUTHERN REGION
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 1999

Section I- Internal Control and Compliance Material to the Grant Financial Statement

99-1 Louisiana Revised Statute 24.513

Recommendation:

It is recommended that in the future Plum Creek Manufacturing, L.P. submit any audited grant financial statements within the guidelines of state law.

Action Taken:

We are aware of the six month requirement for submission of audited financial statements and will abide by it for any future grants received that require audits.

Section II - Internal Control and Compliance Material to Federal Awards

This section is not applicable for this entity.

Section III - Management Letter

No management letter was issued.