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WEST CALCASIEU AIRPORT
MANAGING BOARD
Sulphur, Louisiana

Financial Report
June 30, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court

Release Date 1-19-00

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Founded in 1978

BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
West Calcasieu Airport Managing Board
Sulphur, Louisiana

We have audited the financial statements of West Calcasieu Airport Managing Board, as of and for the periods ended June 30, 1999, as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Calcasieu Airport Managing Board as of June 30, 1999, and the results of its operations and its cash flows for the periods then ended in conformity with generally accepted accounting principles.

The year 2000 information on page 11 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurements and presentation of supplementary information. However, we did not audit the information and do not express an opinion it. In addition, we do not provide assurance that the West Calcasieu Airport Managing Board is or will become year 2000 compliant, that the West Calcasieu Airport Managing Board's year 2000 remediation efforts will be successful in whole or in part, or that the parties with which the West Calcasieu Airport Managing Board does business are or will be year 2000 compliant.

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Board of Commissioners
West Calcasieu Airport Managing Board
Page 2

In accordance with Government Auditing Standards, we have also issued our report dated December 30, 1999, on our consideration of West Calcasieu Airport Managing Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was performed for the purpose of forming an opinion on the financial statements of West Calcasieu Airport Managing Board, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of financial statements and, in our opinion is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Broussard & Company

Sulphur, Louisiana
December 30, 1999
/dkb

WEST CALCASIEU AIRPORT MANAGING BOARD
Sulphur, Louisiana
Balance Sheet
June 30, 1999

Assets

Current Assets

Cash and cash equivalents	\$	174,570
Accounts receivable (net of allowance for uncollectibles, of \$-0-)		29,016
Inventories		6,757
Prepaid expenses		22,164
		232,507

Plant, Property, and Equipment

Buildings and improvements		5,254,753
Furniture, fixtures, and equipment		105,438
Accumulated depreciation		(1,017,713)
Land		696,625
		5,039,103

Other Assets

Other assets		50
		50

Total Assets

\$ 5,271,660

Liabilities and Fund Equity

Current Liabilities

Notes payable	\$	69,798
Accounts payable		28,079
Retainage payable		48,935
Current portion of bonds payable		6,727
Accrued liabilities		861
		154,400

Long Term Liabilities

Bonds payable, net of current portion		152,288
		152,288
Total Liabilities		306,688

Fund Equity

Contributed capital		5,426,256
Accumulated deficit		(461,284)
		4,964,972

Total Liabilities and Fund Equity

\$ 5,271,660

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

WEST CALCASIEU AIRPORT MANAGING BOARD
Sulphur, Louisiana
Statements of Revenues, Expenses, and Changes in Accumulated Deficit
For The Two Years Ended June 30,

	1999	1998
Operating Revenues		
Sales, rentals, and service income	\$ 263,238	\$ 251,095
Cost of goods sold	134,352	130,593
	128,886	120,502
Gross Profit		
Miscellaneous	2,867	491
	131,753	120,993
Operating Expenses		
Salaries and benefits	91,328	88,825
Advertising and promotional	210	545
Dues and subscriptions	1,235	591
Depreciation	155,073	125,848
Insurance	30,900	32,271
Supplies	5,516	2,562
Office expenses	5,255	4,867
Professional services	8,484	13,047
Rentals	4,020	23,790
Repairs and maintenance	33,180	22,904
Telephone and utilities	21,731	23,069
Travel and seminars	4,731	408
Miscellaneous	3,014	977
	364,677	339,704
Operating (Loss)	(232,924)	(218,711)
Non-operating Income (Expenses)		
Intergovernmental revenue	120,000	120,000
Interest expense	(13,795)	(19,174)
Interest income	5,138	4,358
	111,343	105,184
Net (Loss)	(121,581)	(113,527)
Add current year's depreciation on fixed assets acquired by funds externally restricted for construction that reduces contributed capital	117,830	93,440
	(3,751)	(20,087)
Accumulated Deficit, Beginning of Year	(457,533)	(437,446)
Accumulated Deficit, End of Year	\$ (461,284)	\$ (457,533)

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

WEST CALCASIEU AIRPORT MANAGING BOARD
Sulphur, Louisiana
Statement of Cash Flows
Period Ended June 30, 1999

Increase (Decrease) in Cash

Cash Flows From Operating Activities:	
Operating (loss)	\$ (232,924)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation	155,073
(Increase) in receivables	(396)
Decrease in inventory	3,435
(Increase) in prepaid expenses	(2,570)
(Decrease) in accounts payable	(8,292)
(Decrease) in other payables	(5,034)
Net Cash (Used) by Operating Activities	(90,708)
Cash Flows From Investing Activities:	
Interest income	5,138
Net Cash Provided by Investing Activities	5,138
Cash Flows From Capital and Related Financing Activities:	
Capital expenditures	(487,341)
Contributed capital	521,320
Principal payments on bonds	(6,630)
Intergovernmental revenue	120,000
Interest paid	(13,795)
Net Cash Provided by Capital and Related Financing Activities	133,554
Net Increase in Cash	47,984
Cash at Beginning of Period	126,586
Cash at End of Period	\$ 174,570

WEST CALCASIEU AIRPORT MANAGING BOARD
Sulphur, Louisiana
Notes to Financial Statements
June 30, 1999

Note 1 - Organization and Summary of Significant Accounting Policies

On July 1, 1981 (amended May, 1984 and April, 1994), the West Calcasieu Port, Harbor, and Terminal District and the Industrial Development Board of the City of Sulphur, Inc. entered into a joint service agreement as to the development and operations of the West Calcasieu Airport.

The managing authority of the West Calcasieu Airport shall be vested in a managing board appointed by the above owners.

The accounting policies of the Board conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units. The following is a summary of the more significant policies:

A. Financial Reporting Entity

This report includes all funds which are controlled by or dependent on the Board of Commissioners. Control by or dependence on the Board was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

The West Calcasieu Airport Managing Board is a component unit of the West Calcasieu Port, Harbor, and Terminal District and the Industrial Development Board of the City of Sulphur.

B. Fund Accounting

The accounts of the Board are organized on the basis of a proprietary fund.

PROPRIETARY FUND

Enterprise Fund - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

GASB Statement No. 20 also states that for proprietary activities, management may elect to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The Board will not elect to apply FASB Statement and Interpretations issued after November 30, 1989, unless they are adopted by GASB.

WEST CALCASIEU AIRPORT MANAGING BOARD
Sulphur, Louisiana
Notes to Financial Statements (Continued)
June 30, 1999

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

C. Fixed Assets

Proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

All fixed assets of the proprietary fund are recorded at historical costs. Donated fixed assets are valued at their estimated value on the date donated. Donated fixed assets include land valued at \$649,700. Depreciation of all exhaustible fixed assets is charged as an expense against their operations. Depreciation is provided over the estimated useful lives using the straight-line method. Depreciation expense for the period ending June 30, 1998 was \$125,848, and for the period ending June 30, 1999 was \$155,073.

The estimated useful lives are as follows:

Buildings and terminal improvements	40 years
Equipment	5 - 10 years

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or 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.

Proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenditures are recognized when they are incurred.

E. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

WEST CALCASIEU AIRPORT MANAGING BOARD
Sulphur, Louisiana
Notes to Financial Statements (Continued)
June 30, 1999

Note 2 - Cash and Cash Equivalents

At June 30, 1999, the Board had cash and cash equivalents (book balances) totaling \$174,570.

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. These securities are held in the name of the pledging agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1999, the Board had \$180,046 in deposits (collected bank balances).

These deposits are secured from risk by \$100,000 of federal deposit insurance and \$458,795 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, 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 Board that the fiscal agent has failed to pay deposited funds upon demand.

Under state law, the Board may invest in United States bonds, treasury notes, or certificates. These are classified as investments. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

The Board considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Note 3 - Bonds Payable

In 1995 and 1997, the West Calcasieu Airport Managing Board entered into reimbursement contracts with the Louisiana Bond Commission. The Board received \$100,000 in bond proceeds with the 1995 A bond issue, fifty percent (50%) of which is required to be reimbursed to the Louisiana Bond Commission by the Board. The 1997 A bond issue provided the Board with \$125,000 in bond proceeds, one hundred percent (100%) of which is required to be reimbursed to the Louisiana Bond Commission by the Board. The following is a summary of changes in long-term debt for the year ended June 30, 1999:

<u>Description</u>	<u>Amount of Original Issue</u>	<u>Maturity</u>	<u>Estimated Interest Rates</u>	<u>Balance 06/30/98</u>	<u>Retired</u>	<u>Balance 06/30/99</u>
1995 A	\$ 50,000	2015	5.94%	\$ 45,645	\$1,630	\$ 44,015
1997 A	125,000	2017	6.02%	120,000	5,000	115,000
	<u>\$175,000</u>			<u>\$165,645</u>	<u>\$6,630</u>	<u>\$159,015</u>

Continued

WEST CALCASIEU AIRPORT MANAGING BOARD
Sulphur, Louisiana
Notes to Financial Statements (Continued)
June 30, 1999

Note 3 - Bonds Payable (Continued)

The annual debt service requirements to maturity, for long-term debt as of June 30, 1999, are as follows:

Year Ended June 30,	
2000	\$ 6,727
2001	6,818
2002	6,914
2003	7,044
2004	7,182
Thereafter	<u>124,330</u>
	<u>\$159,015</u>

Note 4 - Intergovernmental Revenue

In February of 1995, the West Calcasieu Airport Managing Board entered into a Joint Services Agreement with the Board of Commissioners of the Chennault Industrial Airpark Authority, whereby the Chennault Industrial Airpark Authority agreed to transfer annually, for the tax collection period of 1996 through 2005, the amount of one hundred twenty thousand dollars (\$120,000) to the West Calcasieu Airport Managing Board. The funds will be used for the purpose and undertaking of the construction, acquisition, and improvement of public aviation projects or improvements to promote parish wide economic development.

Note 5 - Board of Commissioners Per Diem

The members of the governing board received no per diem for the periods ended June 30, 1999.

Note 6 - Contributed Capital

Contributed capital at June 30, 1999 consists of the following:

Federal Grants and State Grants	\$4,074,106
Contributions from West Calcasieu Port, Harbor, and Terminal District	788,725
Contributions from Industrial Development Board of the City of Sulphur, Inc.	788,725
Donation of Land	649,700
Other	<u>10,000</u>
	6,311,256
Less Accumulated Depreciation on Fixed Assets Acquired by Contributed Capital	<u>885,000</u>
	<u>\$5,426,256</u>

WEST CALCASIEU AIRPORT MANAGING BOARD
Sulphur, Louisiana
Notes to Financial Statements (Continued)
June 30, 1999

Note 7 - Compensated Absences

Accumulated vacation leave is not material, and therefore, has not been accrued.

Note 8 - Note Payable

The board of directors of the West Calcasieu Port, Harbor, and Terminal District approved a fifty thousand dollar (\$50,000) loan to the West Calcasieu Airport in June of 1995 and a \$7,750 as of June of 1997. Interest is charged at five percent (5%). The balance due at June 30, 1999 including interest is \$69,728.

Note 9 - Lease

The Board has a three year agricultural lease on 109 acres of land. The annual rent income is \$1,526.

Note 10 - Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

WEST CALCASIEU AIRPORT MANAGING BOARD
Sulphur, Louisiana
Year 2000 Compliance
For the Year Ended June 30, 1999

YEAR 2000 COMPLIANCE (UNAUDITED)

Time and space saving programming decisions made in prior years resulted in two-digit computer codes that may not correctly recognize "00" and the year 2000. Serious processing error or system failure could result. To prevent this error, computer systems and equipment must be reprogrammed or replaced to make them year 2000 compliant.

The Board is dependent on computerized systems for essential operations and to provide services to customers. The Board is engaged in discussions with its suppliers and third party administrator responsible for reporting and billings.

The Board has corrected all known problems with date sensitive essential equipment. Costs associated with these remediation efforts have been reimbursed by the State of Louisiana.

WEST CALCASIEU AIRPORT MANAGING BOARD
Sulphur, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>
Federal Aviation Administration Airport Improvement Program	20.106	\$ 413,054	\$ 413,054
TOTAL FEDERAL ASSISTANCE		\$ <u>413,054</u>	\$ <u>413,054</u>

The above statement was prepared on the accrual basis of accounting.



Founded in 1978

BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

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

Board of Commissioners
West Calcasieu Airport Managing Board
Sulphur, Louisiana

We have audited the financial statements of West Calcasieu Airport Managing Board, as of and for the year ended June 30, 1999, and have issued our report thereon dated December 30, 1999. 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 West Calcasieu Airport Managing Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 City of Sulphur, Louisiana's, internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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.

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Board of Commissioners
West Calcasieu Airport Managing Board
Page 2

This report is intended solely for the information of management, the Board of Commissioners, 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. However, this report is a matter of public record and its distribution is not limited.

Broussard & Company

Sulphur, Louisiana
December 30, 1999
/dkb



Founded in 1978

BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
West Calcasieu Airport Managing Board
Sulphur, Louisiana

Compliance

We have audited the compliance of West Calcasieu Airport Managing Board, 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 each of its major federal programs for the year ended June 30, 1999 West Calcasieu Airport Managing Board's, major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of West Calcasieu Airport Managing Board's, management. Our responsibility is to express an opinion on West Calcasieu Airport Managing Board's, compliance based on our audit.

We conducted our audit of compliance in accordance with 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 we 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 West Calcasieu Airport Managing Board's, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on West Calcasieu Airport Managing Board's, compliance with those requirements.

In our opinion, West Calcasieu Airport Managing Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

The management of West Calcasieu Airport Managing Board 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 our audit, we considered West Calcasieu Airport Managing Board 's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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Our 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. We 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 management, the Board of Commissioners, 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. However, this report is a matter of public record and its distribution is not limited.

Broussard & Company

Sulphur, Louisiana
December 30, 1999
/dkb

WEST CALCASIEU AIRPORT MANAGING BOARD
Sulphur, Louisiana
Schedule of Findings and Questioned Costs
June 30, 1999

I. Summary of Independent Auditor's Results:

1. Unqualified opinion on financial statements.
2. No reportable conditions in internal control disclosed.
3. The audit disclosed no instances of noncompliance considered material to the financial statements.
4. The audit did not disclose any reportable conditions in internal control over its major federal award programs.
5. Unqualified opinion on compliance for major programs.
6. No audit findings relative to major federal award programs.
7. Major program - Federal Aviation Administration - 20.106 Airport Improvement Program
8. Type A threshold totaled \$300,000.
9. The auditee does not qualify as a low risk auditee.

II. GAGAS Findings

1. The audit disclosed no instances of noncompliance considered material to the financial statements.

III. Federal Awards Findings

1. Nothing required to be reported.