

TABLE 6

## LAKE CHARLES HARBOR AND TERMINAL DISTRICT

RATIO OF NET GENERAL BONDED DEBT  
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA  
LAST TEN YEARS  
Proceedings

Year	Population	Assessed Value (in thousands)	Gross Bonded Debt	Restricted Debt Available for Debt Service
1987	178,000	826,108	\$ 2,828,000	\$ 2,180,328
1988	178,032	829,853	2,898,000	2,132,886
1989	178,544	836,159	2,935,000	2,147,599
1990	179,589	844,822	2,948,000	2,240,800
1991	188,989	901,409	-	-
1992	189,446	894,132	-	-
1993	179,000	804,528	-	-
1994	179,388	803,348	-	-
1995	178,000	807,808	-	-
1996	178,180	809,397	-	-

Notes:

- (i) Includes all long-term general obligation debt.  
 (ii) Reflects estimated parish-wide totals.

Table B

**LAKE CHARLES HARBOR AND TERMINAL DISTRICT**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Years**  
**(Reclassified)**  
**(in thousands)**

Year	Real Property		Personal Property	
	Assessed	Estimated	Assessed	Estimated
	Value	Value	Value	Value
1980	\$ 214,774	\$ 2,143,730	\$ 171,880	\$ 714,344
1981	215,223	2,151,224	170,494	715,574
1982	214,819	2,145,593	174,079	774,889
1983	215,214	2,152,345	218,778	843,094
1984	215,731	2,153,727	244,224	878,887
1985	214,529	2,143,388	218,878	858,288
1986	228,346	2,185,457	248,084	888,334
1987	228,849	2,228,689	260,455	1,115,489
1988	228,281	2,222,859	278,929	1,169,474
1989	232,827	2,228,279	290,268	1,143,529

## NOTES:

- (1) Louisiana state law establishes all assessment limitations.
- (2) Real property is assessed as: 100 - land, improvements and buildings  
Commercial: 100 - land, 125 - improvements and buildings  
Personal: 100
- (3) Public utilities are assessed by Louisiana Tax Commission annually - value and ratio.
- (4) All property assessments are made by the Calcasieu Parish Assessor.

Table 4

## LAKE CHARLES HARBOR AND TERMINAL DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Years  
(Dollars)

Year	Total Tax Levy	Less:		Net Tax Levy	Less:	
		Cancellations and Reductions			Outstanding Delinquent Taxes	
1987	\$ 1,907,578	\$ 20,826		\$ 1,886,752	\$ 34,000	
1988	2,004,718	54,829		2,000,000	20,264	
1989	2,000,100	25,260		2,000,000	24,940	
1990	2,027,000	28,894		2,011,110	22,180	
1991	1,957,700	21,871		1,935,829	8,880	
1992	1,959,718	20,890		1,933,738	8,000	
1993	1,998,198	27,455		1,977,410	7,500	
1994	1,983,130	22,210		1,969,400	6,000	
1995	1,980,188	8,180		1,980,000	1,200	
1996	1,973,100	17,729		1,955,371	7,400	

## Notes:

- (1) Delinquent tax collections are unidentifiable from prior year reports. All taxes collected are reflected in net total taxes collected column.
- (2) Cameron Parish Sheriff and Tax Collector collects taxes for the Port.

Table 1

## LAKE CHARLES HARBOR AND TERMINAL DISTRICT

SHIPPING ACTIVITIES  
TONNAGE  
THROUGHPUT1994 CARGO IMPORTS/EXPORTS  
(TONS)

CARGO	IMPORTS	EXPORTS	TOTALS
GENERAL CARGO	49,894	981,896	1,031,790
BULK	1,869,470	2,421,811	4,291,281
	<u>1,919,364</u>	<u>3,403,713</u>	<u>5,323,077</u>

FIVE YEAR CARGO  
IMPORT/EXPORT TONNAGE

	IMPORTS	EXPORTS	TOTALS
1990	854,854	4,823,901	5,678,755
1991	1,829,347	3,781,524	5,610,871
1992	1,790,870	3,813,398	5,604,268
1993	1,700,883	3,888,808	5,589,691
1994	1,919,364	3,474,813	5,394,177

MONTHLY CARGO THROUGH  
SHIPS AND BARGE

Month	Tonnage	Ships	Barges
January	385,144	19	53
February	471,310	24	43
March	478,823	20	43
April	329,828	21	73
May	881,188	23	64
June	467,137	21	54
July	429,195	18	49
August	408,380	24	53
September	448,180	24	57
October	317,820	28	53
November	448,823	26	64
December	683,820	26	24
TOTALS	<u>4,291,281</u>	<u>321</u>	<u>728</u>

Table 4

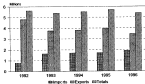
## LAKE CHARLES PARISH AND TERRITORIAL DISTRICT

COMPUTATION OF LEGAL DEBT MARGIN  
DECEMBER 31, 1974  
(UNAUDITED)

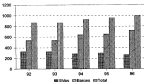
Net assessed value		\$ 445,953,140
Tax exempt property		<u>218,445,240</u>
Total assessed value		<u>\$ 664,398,380</u>
Debt limit - 10 percent of total assessed value		\$ 66,439,838
Amount of debt applicable to debt limit:		
Total bonded debt	\$ -	
LESS:		
Restricted assets available for payment of principal		<u>                    </u>
Total amount of debt applicable		<u>                    </u>
Legal debt margin		<u>\$ 66,439,838</u>

NOTE: The \$25,000,000 Port Improvement Revenue Bonds, Series 1981 are not general obligation bonds secured by the imposition of ad valorem property tax approved by a vote of the electors of the District.

## FIVE YEAR CARGO TONNAGE



## SHIPS/BARGES CALLING AT DISTRICT FACILITIES



Debt		Net Booked Debt	Ratio of Net Booked Debt to Assessed Value	Net Booked Debt per Capita
Physic Iron Subsidiary Company	Net Booked Debt			
\$	-	\$ 2,925,674	0.4	\$ 18.83
-	-	1,887,212	0.4	10.84
-	-	887,800	0.2	5.50
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

Note 10. Deferred Revenues

The District has entered into several leases wherein the lessee has paid the total rentals due at the inception of the lease. Details of the items comprising this account were as follows:

	Term, Years	Total Rent	Deferred 12/31/08	Deferred 12/31/09
Franklin 100 Land lease	40	\$ 341,905	\$ 319,855	\$ 349,591
Franklin 100 Land lease	40	1,308,438	438,882	487,458
Old Coast Aluminum land lease	40	487,400	345,540	345,540
Golden Shovel land lease option				<u>42,824</u>
Total			<u>\$ 1,104,277</u>	<u>\$ 1,225,413</u>

Note 11. Distributed Capital

Changes in contributed capital, by source, during the years ended December 31, 1998 and 1999 are presented below:

	Balance 12/31/08	1999 Changes		Balance 12/31/09
		Additions	Impairment/Loss	
State of Louisiana U.S. Department of The Navy	\$ 3,479,439	\$ 94,121	\$ (74,834)	\$ 3,498,726
ENR team	3,443,439	-	(318,335)	3,125,104
Other Sources	641,758	-	(322,334)	319,424
Agreement Energy	-	511,487	-	511,487
		<u>48,588</u>	<u>-</u>	<u>48,588</u>
	<u>\$ 4,164,636</u>	<u>\$ 534,709</u>	<u>\$ (1,015,499)</u>	<u>\$ 3,683,846</u>

	Balance 12/31/09	2008 Adjustments		Balance 12/31/08
		Adjustments	Impairment/Loss	
State of Louisiana U.S. Department of The Navy	\$ 3,498,726	\$ (74,834)	\$ (748,364)	\$ 3,345,528
ENR team	3,125,104	-	(318,335)	2,806,769
	<u>\$ 6,623,830</u>	<u>\$ (74,834)</u>	<u>\$ (1,066,699)</u>	<u>\$ 5,482,297</u>



NOTES TO FINANCIAL STATEMENTS

Note 18. Budgetary - GRAP Reporting Reconciliation

The accompanying comparative statement of revenues, expenditures, and changes in retained earnings budget and actual (budgetary fiscal-Proprietary Fund presents comparison of the legally adopted budget (more fully described in Note 1) with actual data on a budgetary basis. Certain expenditures have been budgeted to be paid from retained earnings. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles (GAAP), reconciliations of resultant basis and perspective differences in net income for the years ended December 31, 1994 and 1993 are presented on the budgetary comparison statement, Exhibit 3.

Note 19. Major Customers

A significant portion of the District's operating revenue has been derived from four major customers in 1994 and three major customers in 1993. Specifically:

each of the four customers accounted for 39%, 32%, 11% and 10%, respectively in 1994;

each of the three customers accounted for 31%, 18% and 3%, respectively in 1993.

Trade receivables due from these customers as of December 31, 1994 and 1993 represented the following percentage of total trade receivables:

each of three customers accounted for 30%, 18% and 3%, respectively, in 1994;

each of the two customers accounted for 26% and 17%, respectively, in 1993.

STATISTICAL SECTION  
(UNAUDITED)

TABLE 2

## LAKE CHARLES HARBOUR AND TERMINAL DISTRICT

SUMMARY OF REVENUES AND EXPENSES  
Years Ended December 31, 1987 through 1990  
(Unaudited)

	1987	1988	1989	1990
<b>OPERATING REVENUES</b>				
Charges for services	\$ 9,629,828	\$ 9,887,732	\$ 10,332,888	\$ 10,884,888
Rentals	1,820,178	1,663,200	1,666,812	1,588,814
Other	27,227	82,224	722,222	222,222
Total	<u>\$ 11,477,233</u>	<u>11,633,156</u>	<u>12,721,922</u>	<u>12,695,924</u>
<b>OPERATING EXPENSES</b>				
General and administrative	1,203,782	1,822,249	1,821,812	2,222,212
Maintenance and operation of facilities	6,713,828	6,822,874	6,781,214	6,222,822
Depreciation	2,512,824	2,522,822	2,522,822	2,422,222
Total	<u>\$ 10,429,434</u>	<u>11,167,945</u>	<u>11,125,848</u>	<u>10,867,856</u>
Income (Loss) from operations	107,799	465,211	1,596,074	1,828,068
<b>NONOPERATING REVENUES (EXPENSES) - NET</b>				
	<u>\$ 1,222,222</u>	<u>\$ 1,222,222</u>	<u>\$ 1,222,222</u>	<u>\$ 1,222,222</u>
Net income	<u>\$ 1,334,441</u>	<u>\$ 1,352,634</u>	<u>\$ 2,818,346</u>	<u>\$ 3,050,356</u>

Table 1

<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
\$ 21,208,746	\$ 22,208,339	\$ 23,768,082	\$ 24,873,460	\$ 21,887,442	\$ 23,288,381
1,484,884	1,442,185	1,548,287	1,574,313	1,568,742	1,455,842
<u>83,827</u>	<u>246,488</u>	<u>244,271</u>	<u>22,220</u>	<u>220,312</u>	<u>271,453</u>
<u>22,658,227</u>	<u>23,796,612</u>	<u>24,959,640</u>	<u>26,469,793</u>	<u>23,676,504</u>	<u>24,974,676</u>
2,781,228	2,278,788	2,427,722	2,588,814	2,413,488	2,328,495
2,881,876	2,484,822	2,592,854	2,688,874	2,288,404	2,421,787
<u>2,291,562</u>	<u>2,274,612</u>	<u>2,218,243</u>	<u>2,088,827</u>	<u>2,287,813</u>	<u>2,182,279</u>
<u>22,828,882</u>	<u>24,545,316</u>	<u>23,816,523</u>	<u>23,722,221</u>	<u>24,828,808</u>	<u>24,183,682</u>
(288,446)	174,341	467,888	12,412,282	172,378	12,385,987
<u>2,788,828</u>	<u>2,216,200</u>	<u>2,226,472</u>	<u>2,662,225</u>	<u>2,216,242</u>	<u>2,262,629</u>
<u>2,292,482</u>	<u>2,287,212</u>	<u>2,218,462</u>	<u>2,442,282</u>	<u>2,287,508</u>	<u>2,282,629</u>

## BULK CARGO

Total Short Tons 1996 - 4,341,387



## GENERAL CARGO

Total Short Tons 1996 - 1,050,900

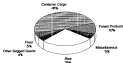


Table 2

## LESLIE CHARLES HARRIS AND TERMINAL DISTRICT

SHIPPING ACTIVITIES  
BULK AND GENERAL CARGO  
(Classified)1994 MONTHLY BULK CARGO  
(Tons)

Month	Tons				Wood Chips
	Petco Coke	CEMEX	GR	Aggregate	
January	554,848	4,429	525,124	2,579	27,820
February	596,573	24,225	465,589	2,885	44,847
March	543,246	-	47,813	4,203	-
April	213,718	-	73,788	52,567	-
May	289,729	-	246,844	2,888	49,185
June	218,343	6,238	227,428	10,899	-
July	209,879	-	83,848	4,444	41,402
August	142,884	-	124,444	2,847	28,249
September	213,983	23,213	132,388	2,898	-
October	143,343	9,812	114,113	4,969	-
November	183,313	8,819	113,434	44,744	29,349
December	227,122	16,222	124,624	62,432	-
	<u>3,344,542</u>	<u>81,941</u>	<u>3,018,628</u>	<u>222,128</u>	<u>244,421</u>

1994 MONTHLY GENERAL CARGO  
(Tons)

Month	Tons					Container Cargo
	Rice	Finer	Forest Products	Grain Products	Misc	
January	27,262	3,412	3,177	-	2,326	33,249
February	24,814	8,778	7,714	17,645	3,240	44,599
March	8,240	4,424	12,124	139	593	29,628
April	20,220	4,267	-	4,254	18,128	33,258
May	14,624	143	4,578	9,327	1,440	40,944
June	24,164	15,845	9,918	8,374	2,224	44,877
July	14,214	-	8,824	2,284	1,447	32,874
August	23,828	2,178	24,822	2,822	1,214	34,144
September	14,922	2,218	16,892	2,442	2,887	40,569
October	20,812	2,822	2,142	3,142	2,419	34,235
November	23,477	-	14,522	-	2,827	43,222
December	40,212	12,822	3,242	2,242	22,124	42,222
	<u>282,248</u>	<u>32,212</u>	<u>168,222</u>	<u>42,222</u>	<u>22,212</u>	<u>402,222</u>

**FINANCIAL SECTION**

NOTES TO FINANCIAL STATEMENTS

The Lake Charles Harbor and Terminal District participates in the Louisiana Department of Transportation and Development Ports Reimbursement Program. Certain capital projects, as approved by the Department of Transportation are funded in part by the State and the District. The 1994 additions to capital grants, State of Louisiana, shown above, represents the State's share of Ports Priorities Projects; the addition, Joint Service Agreement, represents amounts due from the Calcasieu Parish Police Jury and the City of Lake Charles for infrastructure costs at the Industrial Park East. Capital grants adjustments resulted from decreases in the amount of funds awarded through the Ports Priority Program, State of Louisiana.

Note 17. Retained Earnings

Retained earnings aggregated \$127,438,488 and \$131,880,379 as of December 31, 1990 and 1991, respectively. As of December 31, 1990 and 1991, retained earnings reserves had been established for the following purposes:

	<u>1990</u>	<u>1991</u>
Additional security for certification of indebtedness outstanding	\$ 1,500,000	\$ 1,500,000
Trust funds pursuant to the issuance of the 1995 Port Improvement Revenue Bonds:		
Project Fund	1,931,729	8,099,299
COST OF ISSUANCE ACCOUNT	-	-
DEBT SERVICE RESERVE FUND	1,913,458	2,979,478
Depreciation Reserve Fund	<u>2,812,428</u>	<u>2,379,427</u>
Total	<u>\$ 10,718,625</u>	<u>\$ 14,958,204</u>

The Board of Commissioners of the Lake Charles Harbor and Terminal District have designated a portion of unreserved retained earnings to be used for the following purposes:

	<u>1990</u>	<u>1991</u>
Long-term maintenance needs	\$ 57,500,000	\$ 57,500,000
Commitments on construction contracts	2,814,828	78,407
Scholarship endowment	500,000	200,000
Special sinking fund for debt service	1,431,967	1,300,803
Debt service	<u>2,480,404</u>	<u>2,480,404</u>

Unreserved retained earnings are pledged as additional security for outstanding certification of indebtedness in accordance with terms of the bond indenture.



The Enterprise Fund showed a steady increase in 1968, reflecting the District's strong financial position. The financial statements included in the financial and statistical portions of this document show the decreased net income during 1968 resulting from an increased yield on the District's portfolio, and increased bulk volume more than offset by increased operating expenses attributed to the major portion of capital projects and a reduction in intergovernmental revenues.

#### **FUTURE GROWTH OF THE DISTRICT**

One of the District's primary marketing goals has been, and is, to diversify its cargo base.

During December, 1968, Polymor-Unionene, Inc. issued \$8 million in bonds to construct a plastic compounding facility in a new industrial park development on District property. This facility is expected to begin operation in June, 1970.

The District authorized a \$104 million capital projects program. Projects included will provide for cargo handling facilities required to place the Port on the physical position to compete for cargo, ships and jobs into the 21<sup>st</sup> century by offering shippers state-of-the-art facilities.

Another badly needed expansion is that of the public grain elevator. The existing facility has storage capacity for only 18,800 tons of bulk commodities and is too small to compete for highly desirable full seasonal cargoes. However, port priority funding has been obtained for the expansion of the elevator to accommodate 25,000 tons. Total cost will be \$4 million and completion is expected in 1970.

In addition to expanding the grain elevator capacity, engineering began on a new ship berth connecting berths 9 and 18 at an estimated cost of \$17 million.

This project will be connected to a new automated bagging and semi-automated bag handling facility costing about \$75 million. The system will consist of palletizers, de-palletizers, conveyors, and ship loaders.

This total expansion of about \$48 million to our Bulk Terminal No. 2 elevator facilities will place the Port at the forefront of any competition for rice and other bulk or bagged cargoes for export.

The installation of a new shiploader and the extension of the dock face at Bulk Terminal No. 1 which began in 1966, continued through 1968. Total cost is \$24.5 million. This expansion will give the Port a state-of-the-art shiploader and a two-berth facility, all designed to improve the efficiency of the terminal operations and help reduce channel congestion.

# McELROY, QUINN & BURCH

IS PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER  
SOCIETY OF CHARTERED  
CERTIFIED PUBLIC ACCOUNTANTS

FOUR SEVENTH  
LAWYER BUILDING, SUITE 2000  
DALLAS, TEXAS

MEMBER SERVICE  
TELEPHONE DUTY SERVICE  
DALLAS 24-2421

MEMBER TEXAS SOCIETY OF CPAs

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Lake Charles Harbor and Terminal District  
Lake Charles, Louisiana

We have audited the accompanying general purpose financial statements of the Lake Charles Harbor and Terminal District, Lake Charles, Louisiana, a component unit of the State of Louisiana, as of 1970 for the years ended December 31, 1969 and 1970, as shown in the table of contents. These general purpose financial statements are the responsibility of the DISTRICT'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 generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These 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 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 Lake Charles Harbor and Terminal District, Lake Charles, Louisiana, as of December 31, 1969 and 1970, and the results of its operations and the cash flows of its proprietary fund type for the years then ended in conformity with accounting concepts applicable to such proprietary organizations.

In accordance with Government Auditing Standards, we have also issued a report dated February 10, 1971 on our consideration of the Lake Charles Harbor and Terminal District's internal control structure and a report dated February 10, 1971 on its compliance with laws and regulations. We have also issued reports dated February 17, 1971 on supplementary information and on compliance related to \$25,000,000 Lake Charles Harbor and Terminal District debt improvement revenue bonds, Series 1970.

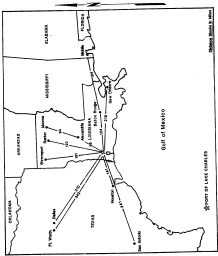
Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying statistical information shown in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Lake Charles Harbor and Terminal District, Lake Charles, Louisiana. Such information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements of the Lake Charles Harbor and Terminal District, Lake Charles, Louisiana, and, accordingly, we do not express an opinion on it.

*McElroy, Quinn & Burch*

Lake Charles, Louisiana  
February 24, 1971

LAKE CHARLES WATER AND SEWERAGE DISTRICT  
MANAGEMENT PLAN





REGIONAL LOCATION AND MILEAGE MAP

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lake Charles Harbor and  
Terminal District,  
Louisiana

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 1995

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Arthur R. Lynch*  
President

*Jeffrey L. Evans*  
Executive Director

A Certificate of Achievement is valid for a period of one year only. The District has received a Certificate of Achievement for the last eight consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to SPSA.

#### ACKNOWLEDGMENTS

The preparation of this comprehensive annual financial report could not have been accomplished without the efficient and dedicated efforts from the staffs of administration and finance, sales and marketing, executive support and coordination, and our independent auditor, Weidroy, Quirk & Marsh (WQM).



Gary L. Garza, Sr.  
Director of Administration and Finance

New leases negotiated by the District include provisions designed to clearly establish responsibility for any violation of local, state, or federal environmental regulations and laws.

The District is constantly reviewing its property liability coverage and is cooperating with its insurance underwriters in a program of risk reduction. In 1988, the District changed its insurance broker and lowered coverage to the maximum potential state based on an engineering study to reduce total annual premiums by \$228,000. The District's intensified employee safety education programs are effectively reducing claims for Worker's Compensation.

At present, the District does not engage in risk financing activities where the risk is retained by the governmental entity (i.e., self-insurance).

#### **INDEPENDENT AUDIT**

State statutes require an annual audit by independent certified public accountants. In addition, federal funds expended by the District are subject to an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-129, Audits of State and Local Governments. There were no federal funds expenditures in 1988.

The accounting firm of McElroy, Quirk & Smith (MQS) was selected by the office of the legislative Auditor with the approval of the Board of Commissioners to perform these audits. The auditor's report on the composite unit financial statements is included in the financial section of this report. The auditor's reports on compliance with applicable laws and regulations, the internal control structure, schedule of supplementary information, and compliance related to \$28,000,000 Lake Charles Harbor and Terminal District Port Improvement Revenue Bonds, Series 1984 are included in a separate report.

#### **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Lake Charles Harbor and Terminal District for its comprehensive annual financial report for the fiscal year ended December 31, 1988. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such GFOA must satisfy both generally accepted accounting principles and applicable legal requirements.

## CASH MANAGEMENT

Prevailing Louisiana statutes provide the Lake Charles Harbor and Terminal District with legal authority to promulgate and implement reasonable standards for its cash management and investment operations. Subsequent to a review by a professional cash management advisory group, the District Board of Commissioners in 1990 adopted a formal statement of Cash Management and Investment Policy.

The statement provides definitive requirements, guidelines, and goals for implementation and administration of a comprehensive cash management program for the District. The policies and procedures included in the statement were designed to place the District in full compliance in all respects with GASM Statement No. 3 and other authoritative pronouncements affecting cash management of municipal and governmental organizations.

## DEBT ADMINISTRATION

Outstanding revenue bonds (certificates of indebtedness) as of December 31, 1990 totaled \$25,000,000.

On February 14, 1991, the District issued \$25,000,000 Port Improvement Revenue Bonds, Series 1991. The proceeds from these bonds are dedicated to certain additions, alterations and improvements to the city docks, including a new ship berth and transit shed extension at the city docks and new ship loader with conveyor system at Bulk Terminal 1. The bonds are subject to scheduled mandatory sinking fund redemption on January 1, 1991 and annually thereafter to and including January 1, 2017. Interest is payable quarterly at a variable rate.

Other than accounts and amounts payable, there are no other significant debt obligations.

Standard & Poor's Corporation rated the District's outstanding bonds issued in 1990 at AA and B-1+.

## RISK MANAGEMENT

The District continues negotiating all its leases to require substantial general liability insurance coverage by its lessors and inclusion of the District as a named insured in the lessor's policy.



## **INTERNAL CONTROL**

The District is an enterprise fund type and employs accounting principles established for enterprise type proprietary funds as set out by the Governmental Accounting Standards Board and pertinent authoritative pronouncements from other organizations. Significant accounting policies and procedures used for reporting and for the underlying accounting records include recognition of revenues and expenses on the accrual basis of accounting.

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (i) the cost of a control should not exceed the benefits likely to be derived, and (ii) the valuation of costs and benefits requires estimates and judgments by management.

## **BUDGETARY CONTROL**

The Board of Commissioners adopts an annual operating budget which establishes budgetary appropriations for the operations of the District. Operating expenditures are legally restricted to annual budgetary appropriations at the division level. Transfers of funds between departments, programs or functions or increases in budgeted expenditures require the approval of the Board of Commissioners. Capital project budgets are established and maintained, on a management level, on a project-length basis, subject to annual review and continuing authorization.

The District's employee contributions and the District's contributions to the employee's pension fund are paid into the State of Louisiana general pension fund and are administered by the state.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Two subsides also have been granted major district users, #78 to Conoco, Inc. and #79 to Cingo Petroleum Corporation. Cingo activated its subsides effective April 1, 1991. Conoco activated its subsides effective April 1, 1990.

## ADMINISTRATION

Members of the Board of Commissioners as of December 31, 1990 are as follows:

Billy J. Langley, Jr., President  
Larry K. Deussen, Vice President  
Cris Nidoaux, Treasurer  
James C. Matis, Secretary  
Donald E. Dussard, Assistant Secretary/Treasurer  
George E. Williams  
Russell T. Trivette, Sr.

Administrative changes effective January 1, 1990 include the retirement of Executive Director Wynnan J. de St. Germain, Jr. and the promotion of Edward F. Meehan to the position of Executive Director. Mr. Nathan Jakubowicz was hired as Director of Sales and Marketing.

## REPORTING ENTITY

The Lake Charles Harbor and Terminal District, created by the Louisiana Legislature in 1924 and incorporated in 1928, is a political subdivision of the State of Louisiana. It is governed by a Board of seven commissioners appointed with the advice and consent of the Senate. The District is a component unit of the State of Louisiana, the primary government which is financially accountable for the District. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. This report includes all operations and activities of the District and includes no other agencies.

## Exhibit 1

## LARRY CHARLES HARRIS AND TRUSTEES' RECEIPTS

COMPARATIVE BALANCE SHEETS  
PROVISIONAL FUND  
December 31, 1995 and 1996

ASSETS	Provisional Fund	
	1995	1996
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (Notes 1 and 2)	\$ 24,896,228	\$ 9,896,085
Investments (Notes 1 and 2)	28,377,304	19,953,873
Receivables:		
Trade (net of allowance for doubtful accounts of \$-0- for 1995 and \$213,813 for 1996)	3,289,763	3,318,025
Intergovernmental (Note 3)	529,878	-
Property taxes receivable (Note 4)	1,857,808	1,238,444
Interest	1,894,765	1,328,358
Inventory (Note 2)	227,424	138,388
Prepaid expenses (Note 1)	839,928	588,425
Total current assets	<u>59,852,528</u>	<u>37,962,183</u>
<b>RESTRICTED ASSETS</b>		
Cash equivalents (Notes 1 and 2)	4,955,247	8,373,828
Investments (Notes 1 and 2)	4,024,883	6,021,442
INTEREST RECEIVABLE	187,482	187,482
Total restricted assets	<u>9,167,612</u>	<u>14,582,752</u>
<b>PERMANENT ASSETS:</b>		
Investments (Notes 1 and 2)	42,245,244	53,351,969
Investments designated for endowment (Note 2)	188,880	188,880
Total permanent assets	<u>42,434,124</u>	<u>53,540,849</u>
<b>FIXED ASSETS</b>		
PROPERTY, PLANT, and EQUIPMENT (Notes 1 and 2)	138,328,480	128,547,768
Less accumulated depreciation	<u>47,485,814</u>	<u>40,388,763</u>
Net property, plant and equipment	90,842,666	88,158,995
Investment in direct financing lease (Note 5)	2,000,000	1,838,483
Fixed assets-net	<u>92,842,666</u>	<u>89,997,478</u>
<b>OTHER ASSETS</b>		
Unamortized expense (Note 6)	148,000	598,764
Prepaid advertising (Note 1)	180,000	232,200
Other	24,128	82,322
Total other assets	<u>352,128</u>	<u>913,286</u>
<b>Total assets</b>	<b><u>\$ 119,389,228</u></b>	<b><u>\$ 121,372,247</u></b>

The notes to the financial statements are an integral part of this statement.

Major structural repairs to existing berths 1, 2 and 3 began in 1990 at an estimated cost of \$7 million.

Construction was completed on new ramps at the ends of shafts No. 2 and 4 to allow for full accessibility by cranes and equipment from one end of Clay Docks to the other without encountering the current difficulties of clearance and traffic on Clay Docks streets.

All the capital improvements at the Port will provide us with the facilities necessary to handle both revenue producing and labor-intensive shipments.

## **ECONOMIC CONDITION AND COMMUNITY PARTICIPATION**

The long-term outlook for the local economy is generally positive. Several of the petrochemical industries have recently completed major expansion projects in excess of \$1 billion dollars. Conoco-Mansoni formed a joint venture expansion totaling about \$750 million. C.uga, Inc. announced an expansion of \$100 million. Construction on these projects continued through 1990.

Several hotels and restaurant chains have announced or begun construction on local facilities.

Community events in which the District participated during 1990 included (continued) Jazz Festival, Martin L. King Day, and the International Rice Festival. The District continued to conduct tours and presentations for area schools and civic organizations.

## **DRY BULK CARGO TERMINALS**

The District owns four dry bulk terminals specializing in commodities such as petroleum coke, woodchips, barite, textile, grains, and ceramic sands. These terminals are equipped with loading and unloading facilities which include shiploaders, ship unloaders, rail car roll-overs, truck and rail hoppers, pits and chutes, conveyor systems, scales, silos, and open air storage pads.

The District either leases the dry bulk facilities to customers or has long-term operating agreements with the individual industrial users.

The District has completed its deferred maintenance program and is now focusing on preventative maintenance and infrastructure upgrade and expansion.

Funding for the projects comes from current operating income, investment income and some state matching funds.

## LAWY CLAUDE BARON AND TERMINAL DISTRICT

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN EQUITY  
PROFICIENCY FUND TYPE  
Years Ended December 31, 1999 and 2000  
(Continued)

	<u>Proficiency Fund</u>	
	<u>1999</u>	<u>2000</u>
Increase in retained earnings	5,399,897	7,394,348
Retained earnings-beginning of year	<u>121,882,729</u>	<u>124,826,512</u>
Retained earnings-end of year	<u>127,282,626</u>	<u>132,220,860</u>
Contributed capital-beginning of year (Note 18)	18,373,842	18,308,163
add capital grants	481,818	-
less adjustment of grants receivable	-	(79,508)
less depreciation	<u>(202,826)</u>	<u>(128,718)</u>
Contributed capital-end of year	<u>18,652,834</u>	<u>18,100,937</u>
Equity-end of year	<u>\$ 145,935,460</u>	<u>\$ 150,321,797</u>

The notes to the financial statements are an integral part of this statement.

## LAKE CHARLES MARSH AND TERRITORIAL DISTRICT

COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
DECEMBER 31, 1890  
(Revised)

Jurisdiction	Net Debt Outstanding	Percentage Applicable to District	Amount Applicable to District
Caledonia Parish School District No. 11	\$ 3,216,818	100%	\$ 3,216,818
Caledonia Parish School District No. 12	3,843,348	88%	3,400,074
Caledonia Parish School District No. 13	27,826,090	100%	27,826,090
City of Lake Charles	60,000	100%	60,000
Caledonia Parish School District No. 18	53,118,760	100%	53,118,770
Caledonia Parish School District No. 19	2,118,000	100%	211,500
Caledonia Parish School District No. 20	3,688,000	1%	29,800
	<u>\$ 72,408,026</u>		<u>\$ 27,106,032</u>

NOTE: Provided by Caledonia Parish School Board, City of Lake Charles, and City of Newlake.

	<u>Public Utilities</u>		<u>Total All Programs</u>		<u>Ratio of Total Assessed to Total Estimated Actual Value</u>
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	
	\$	\$	\$	\$	
4	42,180	304,813	435,188	3,145,650	13.5
	41,380	279,808	438,463	3,162,313	13.5
	41,370	275,333	438,488	3,139,000	14.1
	40,813	272,753	442,921	3,248,184	14.3
	41,435	278,232	441,434	3,416,833	14.7
	40,914	288,765	444,313	3,376,038	14.7
	39,754	288,627	433,184	3,438,408	14.7
	48,084	297,827	440,773	3,437,111	15.8
	48,824	272,400	440,968	3,760,886	14.8
	38,463	243,887	438,558	4,342,839	14.3

2. Financial Services, including the District's general purpose financial statements and accompanying independent auditor's report of the financial statements. The notes accompanying the financial statements contained in this section provide additional supporting data, explanations and disclosures.
3. Statistical Services, including tables of unaudited data showing the recent financial history of the District, demographics and economic characteristics and trends, location and data services as well as other information.

Certain demographic information and miscellaneous statistics included in this annual report do not come from the District's financial records but are presented for the reader's information.

The Lake Charles Harbor and Terminal District operates a deep water port on the Calcasieu River from the Gulf of Mexico and maintains all areas served by rail lines, highways, and waterways that converge on Lake Charles, Louisiana.

The following information is intended to present an overview of the operations and accomplishments of the Lake Charles Harbor and Terminal District, significant activities and future plans and other information to enable the reader to understand the nature of the entity and its operations.

#### HIGHLIGHTS 1994

Cash and investments increased approximately .3 percent over 1993 from \$98,282,122 to \$98,574,877 in 1994. Cash and investments are expected to continue to increase during 1997 as the DISTRICT continues to expand its positive cash flow from operations and accompanying income on infrastructure development.

Retained earnings increased approximately 4.3 percent from \$137,888,378 in 1993 to \$142,428,408 in 1994. Retained earnings growth is expected to continue at its current rate.

Total operating revenues increased 7.5 percent, from \$28,377,524 in 1993 to \$30,474,500 in 1994. Total cargo services revenues increased 3.8 percent, from \$11,887,442 in 1993 to \$12,309,155 in 1994. Total cargo tonnage decreased 1.3 percent from 3,918,851 in 1993 to 3,864,567 in 1994.





April 26, 1987

Board of Commissioners  
Citizens of the District  
Lake Charles Harbor and Terminal District  
Lake Charles, Louisiana



**Lake Charles  
Harbor  
& Terminal  
District**

Post Office Box 1753  
Lake Charles, LA 70602  
Phone 337-437-1441  
Facsimile 337-473-5385

The comprehensive annual financial report of the Lake Charles Harbor and Terminal District (the District), Lake Charles, Louisiana, a component unit of the State of Louisiana, for the year ended December 31, 1986 is submitted herewith. This report was prepared under the direction of the Executive Director by staffs of the administration and finance, and sales and marketing divisions. The Executive Director is responsible for the completeness, fairness, and accuracy of the presentation, including all disclosures.

We believe the data are presented accurately in all material respects and that the presentation is designed to fairly set forth the financial position and results of operations of the District as measured by its financial activity. We believe that all disclosures necessary to enable the reader to gain understanding of the District's financial affairs have been included.

This report was prepared in accordance with generally accepted accounting principles and standards of financial reporting as established by the Governmental Accounting Standards Board using guidelines as recommended by the Government Finance Officers Association of the United States and Canada.

The report consists of three sections:

1. Introductory Section, including this letter of transmittal, the Executive Director's message, the Certificate of Achievement for Excellence in Financial Reporting, the District's organizational chart, and a list of principal officers.

The Lake Charles Harbor & Terminal District continues to be the leading ranked port in the United States by the U.S. Army Corps of Engineers. One of the District's primary marketing goals is to maintain a diversified cargo base in order to protect its enormous economic benefit to the community. Cash flow and financial resources remain strong and will support the Capital Projects program to accommodate growing cargo demands.

In 1993, the Board and Staff will continue to dedicate the Port's resources to building a solid foundation through cargo diversification and capital improvements to enhance its economic contributions to the community.

Sincerely,



Cleveland H. Hixman

April 26, 1987

Board of Commissioners  
City of the District  
Lake Charles Harbor & Terminal District  
Lake Charles, Louisiana

In an effort to recapture the positive economic impact of labor-intensive cargo tonnage lost to out-of-state facilities, the Lake Charles Harbor & Terminal District and its board of commissioners envisioned the need for a state-of-the-art bagging and handling facility coupled with a railcar handling system. After detailed analysis, the Board of Commissioners has approved an expenditure of about \$85 million to accomplish this objective.

Leadership and guidance by our Board of Commissioners, plus District users, engineering companies, ILL members and a dedicated work force provides the foundation necessary to generate this economic impact.

The District's \$104 million Capital Projects program continues on the construction timetable to provide cargo facilities to place the District in the physical position to compete for cargo, ships and jobs into the 21<sup>st</sup> century by offering shippers state-of-the-art facilities. Major components of the Capital Projects program include: (i) a new semi-automatic bagging and handling facility; (ii) a new free-span transit warehouse and ship berth to provide over one-half mile of continuous ship berthing space and 425,000 square feet of floor space to receive 100,000 short tons of general cargo; (iii) the expansion of the public grade elevator to accommodate 25,000 tons; (iv) the installation of a new ship berth on constrained bays at City Docks; (v) the installation of a new ship loader and ship berth at Bulk Terminal No. 1 to improve efficiency of the terminal operations and reduce ship channel congestion; and (vi) additional infrastructural improvements to existing facilities.



**Lake Charles  
Harbor  
& Terminal  
District**

Post Office Box 3253  
Lake Charles, LA 70602  
Phone 337-439-3661  
Facsimile 337-492-0282

**Gregory M. Simpson**  
Executive Director

LAKE CHARLES HARBOUR AND TERMINAL DISTRICT

P. O. BOX 1783  
LAKE CHARLES, LOUISIANA 70602  
337-439-3663

BOARD OF COMMISSIONERS

Hillary J. Langley, Jr.	President
Betty B. DeBroun	Vice-President
Olga Edson	Treasurer
John C. Waco	Secretary
Donald K. Tolson	Assistant Secretary/Treasurer
George K. Williams	Commissioner
Russell T. Tolson, Jr.	Commissioner

EXECUTIVE DIRECTOR

Clement M. Minton

## INTRODUCTORY SECTION

## LAKE CHARLES HARBOR AND TERMINAL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT-  
A COMPANIED UNIT OF THE STATE OF LOUISIANA  
December 31, 1994

## TABLE OF CONTENTS

	<u>Page</u>
<b>INTRODUCTION SECTION</b>	
List of principal officials	4
Message from the Executive Director	5-8
Letter of transmittal	7-12
Area Certificates of Achievement	15
Regional location and mileage map	18
Functional organizational chart	19
<b>FINANCIAL SECTION</b>	
	<b>Exhibit</b>
Independent auditor's report	22
<b>General purpose financial statements:</b>	
Comparative balance sheets	1 22-23
Comparative statements of revenues, expenses, and changes in equity proprietary fund type	2 24-27
Comparative statements of revenues, expenses, and changes in retained earnings-budget and actual budgetary basis- proprietary fund categories	3 28-29
Comparative statements of cash flows-proprietary fund statements financial statements	4 30-31 32-34
<b>STATISTICAL SECTION</b>	<b>Table</b>
Summary of revenues and expenses	1 51-53
Shipping activities-bulk and general cargo	2 54-56
Shipping activities-tonnage	3 57-61
Property tax levies and collections	4 62-63
Assessed and estimated actual value of taxable property- last ten years	5 64-65
Ratio of net general bonded debt to assessed value and net bonded debt per capita-last ten years	6 66-67
Computation of legal debt margin	7 68
Computation of direct and overlapping debt	8 69
Coverage provided by net revenues for annual debt service requirements-last ten years	9 70-71
Property tax rates-direct and overlapping governments-last ten years	10 72
Demographic statistics-last ten years	11 73
Property value, construction and bank deposits- last ten years	12 74-76
Principal employers in district	13 77
Miscellaneous statistics	14 78

2477

Special  
File 1427  
DO NOT WRITE  
IN THESE SPACES  
DATE 10-10-50  
BY [illegible]

LAKE CHARLES SUGAR AND TERMINAL DISTRICT  
LAKE CHARLES, LOUISIANA

COMPREHENSIVE ANNUAL FINANCIAL REPORT-  
A COMPONENT UNIT OF THE STATE OF LOUISIANA

FOR THE YEAR ENDED DECEMBER 31, 1946

THIS REPORT OF THE DISTRICT  
IS A PART OF THE FINANCIAL  
STATEMENT OF THE STATE OF  
LOUISIANA FOR THE YEAR ENDED  
DECEMBER 31, 1946. IT IS  
SUBMITTED TO THE COMMISSIONERS  
OF THE GENERAL REVENUE AND  
THE GOVERNOR OF THE STATE  
OF LOUISIANA. THE DISTRICT  
OFFICE IS AT LAKE CHARLES,  
LOUISIANA.

Prepared by the  
Staff of the Administration and Finance,  
and Sales and Marketing Division  
Lake Charles Sugar and Terminal District

## **GENERAL CARGO DOCKS**

The District manages diverse marine terminal facilities accommodating a wide range of cargo needs. Facilities include 810,000 square feet of cargo sheds, 37 miles of railroad tracks, docks, wharves, warehouses and sophisticated bulk terminals spread over 3,600 acres.

Principal cargoes moving through general cargo facilities include flour, bagged rice, milled and processed grains, forest products, and paper products.

## **RAILROADS, HIGHWAYS AND AIRPORTS**

Multiple railroads serve the District providing direct access to markets throughout the United States.

The District has direct access to Interstate Highways 10 and 220 and to U.S. Highways 90, 171, and 180.

The District is served by three area airports, Lake Charles Regional Airport, Chenouet Industrial Airport, and Southland Field.

## **SECURITY**

Because of the nature of cargoes handled by the District, the District maintains a strong security force. Harbor Police continuously man the entrance of the City docks and patrol the area at all times. Harbor police also monitor all vehicular traffic coming onto the premises and provide surveillance throughout the District.

## **FOREIGN TRADE ZONE**

In 1954, the U.S. Congress passed the Foreign Trade Zone Act "to expedite and encourage foreign commerce". The District has nine sites within the Foreign Trade Zone No. 87. Two of these sites are undeveloped land with rail and state highway access located along the District owned Industrial Canal Railway. Five sites are within the general cargo area of the District and these locations provide access to city, state and federal road and highway systems. Rail access is also available and deep water is proximate to the above locations. Two other sites have been added to the zone since the Foreign Trade Zone was awarded the original grant on July 27, 1963.



## NOTES TO FINANCIAL STATEMENTS

### Note 2. Legal Compliance - Budget

The Executive Director prepares a proposed budget and submits same to the Board of Commissioners no later than fifteen days prior to the beginning of each fiscal year. The budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next year.

A summary of the proposed budget is published, a public hearing is held, and the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is adopted.

All changes in the budget must be approved by an affirmative vote of a majority of the Board of Commissioners.

Expenditures may not legally exceed budget appropriations at the division level. During 1986 and 1987, several supplementary appropriations were necessary.

### Note 3. Cash, Cash Equivalents and Investments

In accordance with a fiscal agency agreement which is approved by the Board of Commissioners, the District maintains demand and time deposits through an administrator bank at participating local depository banks which are members of the Federal Reserve System.

For reporting purposes, cash and cash equivalents include cash, demand deposits, U.S. Government Agency securities, and repurchase agreements. Investments of the District include certificates of deposit, U.S. Treasury securities and U.S. Government Agency securities, each having an original maturity in excess of three months from the date acquired.

The District's deposits as of the balance sheet dates are entirely covered by FDIC insurance or by pledged collateral held by the District's agent banks in the District's name. Under state law these deposits 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.

## NOTES TO FINANCIAL STATEMENTS

The FBO was computed as part of an actuarial valuation performed as of June 30, 1996; however, the System does not take separate measurements of assets and pension benefit obligation of individual employees. The pension benefit obligation for the System as a whole was \$6.5 billion at June 30, 1994 and \$8.7 billion at June 30, 1995. The System's net assets available for benefits on those dates (valued at market) were \$4.2 billion and \$5.4 billion, respectively, leaving an unfunded pension benefit obligation of \$2.3 billion at June 30, 1994 and \$3.3 billion at June 30, 1995. The District's 1994 and 1995 contributions represented 0.2 percent and 0.2 percent, respectively, of total contributions required of all participating entities.

Five year historical trend information is presented in a separately issued FBO report which provides information about progress made in accumulating sufficient assets to pay benefits when due.

### Post-retirement benefits:

By action of the Board of Commissioners, in addition to the pension benefits described in Note 13, the District provides postretirement health care insurance benefits for retired employees. Effective with the October, 1998 premium, the District began paying the retirees' and retirees' dependents' premiums in full.

During 1998, 14 retired employees were receiving benefits under this plan. During 1995, 13 retired employees participated. These postretirement benefits are financed on a "pay-as-you-go" basis and the District recognizes the cost by expensing the annual insurance premiums. Total net cost to the District amounted to \$48,824 for 1998 and \$24,890 for 1995. The participants' share of the costs totaled \$7,822 for 1998 and \$10,454 for 1995.

## NOTES TO FINANCIAL STATEMENTS

The District's payroll for employees covered by the System for the year ended December 31, 1998 and 1999, respectively, was \$3,892,418 and \$4,544,917; the District's total payroll was \$5,824,834 for 1998 and \$6,928,900 for 1999.

### Contribution requirements:

Covered employees were required by Louisiana state statute to contribute 7.4 percent of their salary to the plan. The District was required by the same statute to contribute 13 percent of eligible salaries. The contribution requirement for the year ended December 31, 1998 was \$448,128 (18.94 of current year covered payroll January 1 through June 30 and 19.89 from July 1 through December 31, 1998), which consisted of \$214,059 (13% of current year covered payroll January 1 through June 30 and 12.44 from July 1 through December 31, 1998) from the District and \$234,069 (19.54 of current year covered payroll) from employees. The contribution requirement for the year ended December 31, 1999 was \$528,892 (18.49 of current year covered payroll January 1 through June 30 and 19.81 from July 1 through December 31, 1999), which consisted of \$264,446 (11.94 of current year covered payroll from January 1 through June 30 and 124 from July 1 through December 31, 1999) from the District and \$264,446 (7.54 of current year covered payroll) from employees.

### Funding status and progress:

The "Pension Benefit Obligation" (PBO) is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, expected to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the plan on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employees. The measure is called the "actuarial present value of credited projected benefits" and is independent of the funding method used to determine contributions to the plan.

## NOTES TO FINANCIAL STATEMENTS

Following is a summary of pure facilities revenue bonds outstanding at December 31, 1990:

Bonds issued for:		
Reynolds Metal Company Project, Series 1980	1	\$ 2,200,000
Danone, Inc. Project, Series 1984		20,800,000
Cings Petroleum Corp. Project, Series 1984		11,800,000
Comoco, Inc. Project, Series 1987		3,400,000
Reynolds Metals Company Project, Series 1990		14,800,000
Occidental Petroleum Corporation Project, Series 1990		7,800,000
Truaxline L&M Company Project, Series 1990		120,800,000

### NOTE 10. Retirement Benefits

Defined benefit pension plan:

#### Plan Description:

The District contributes to the Louisiana State Employees' Retirement System. The system was established on July 1, 1947, and is the administrator of a cost-sharing multiple-employer public employee retirement system. The system was established and provided for within Title 11, Subtitle 11, Chapter 3 of the Louisiana Revised Statutes (RS). Benefit provisions are authorized within RS 11:441-503.

All District full-time employees, as defined, are eligible for membership to RASERS. Benefits vest after ten years of participation.

A member is eligible to retire after 10 years of service at age 50, 20 years at age 55, or after 30 years at any age. The system does provide for deferred benefits for vested members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable at a rate of 2.25 of the highest 3 consecutive years of creditable service. Once an employee has accumulated 10 years of service, disability benefits apply based on the regular benefit formula without age restrictions.

Act 14 of the 1990 Louisiana Legislature provided for a new retirement option designated as the Deferred Retirement Option Plan (DROP). This option permits RASERS members to continue working at their state jobs for up to three years while in a retired status. DROP allows these retirees to accumulate retirement benefits in a special account for later distribution.

## NOTES TO FINANCIAL STATEMENTS

"**Depreciation Reserve Fund**" - The District has deposited \$2,500,000 Depreciation Reserve Fund requirement into this account. Money in this account shall be transferred to the Project Fund to the extent of any insufficiency in the money on deposit in the Project Fund for the purpose of completing the acquisition, construction, installation and equipping of the Project. After the completion date, money on deposit in the Depreciation Reserve Fund shall be used for the purpose of paying the costs of major repairs and replacements in the system, the costs of which are such that they should be spread over a number of years rather than charged as part of operating and maintenance expense in any single year. Money from the Depreciation Reserve Fund shall also be used to fund insufficiencies in the Principal Account and/or the Interest Account on any date on which principal or and/or interest on the Bonds is due and payable.

"**Relief Fund**" - This Fund shall be for the sole benefit of the United States of America and shall not be subject to the claim of any other person, including without limitation the bondholders and the bank. The Relief Fund is established for the purpose of complying with Section 148 of the Code and the Treasury Regulations promulgated pursuant thereto.

"**Special Sinking Fund Deposit**" - By action of the Board of Commissioners of the District, the District deposited \$1,350,000 into this account to be used for accelerating principal payment in the year 2000.

### Note 13. Port Facilities Revenue Bonds

The District issues port facilities revenue bonds to finance construction of industrial facilities within the District which it leases or sells to installment contracts to the industrial users. Such facilities and the related receipts from lease rentals and contract payments are pledged for payment of the bonds. These bonds are not included in the financial statements nor in the preceding schedules in Note 11 pertaining to long-term debt. The bonds and the interest coupons appertaining thereto do not constitute an indebtedness of the issuer within the meaning of any state constitutional or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the issuer or a charge against its general credit or taxing power.

NOTES TO FINANCIAL STATEMENTS

The District, on February 14, 1964, issued \$18,000,000 Debt Improvement Revenue Bonds, Series 1964. Proceeds from such bonds are dedicated to certain additions, extensions and improvements to the District facilities by construction of an extension to a transit shed, and construction of improvements to the bulk loading terminal of the District located on the Columbia ship channel of the Columbia River. The payment of principal and interest on the bonds is secured by a dedication and pledge of the fees, rates and other charges and other moneys derived from the operation of the public port. The bonds are subject to scheduled mandatory sinking fund redemptions on January 1, 1965 and on each January 1 thereafter to and including January 1, 1973 each to the amount of \$1,250,000 plus interest. The interest rate made for the bonds is a weekly "variable rate" and the rate for the initial weekly period was set at 3.5% per annum. Interest is payable on each March 1, June 1, September 1, and December 1 of each year.

The Lake Charles Harbor and Terminal District has committed itself to certain covenants as described in the Trust Indenture and Letter of Credit. The following trust funds were established pursuant to the issuance of the bonds.

"Project Fund" - The balance of the proceeds of the issuance and sale of the bonds were deposited into this account and a "Trust of Insurance Account". The latter shall designate the part to be deposited into the Trust of Insurance Account. Amounts deposited in the Project Fund shall be applied to the construction, acquisition, installation and equipping of the Project.

"Bond Fund" consisting of an Interest Account, a Principal Account and a Letter of Credit Account - Moneys on deposit in the Interest Account shall be applied to pay interest on the bonds when due. Moneys on deposit in the Principal Account shall be applied to pay principal of the bonds when due. The Trustee shall deposit all moneys drawn under the Letter of Credit to pay principal of and interest on the bonds directly in the Letter of Credit Account. Such moneys shall be applied jointly to the payment of the principal of and interest on the bonds in respect of which they were so drawn.

"Debt Service Reserve Fund" - The District has deposited \$1,000,000 Debt Service Reserve Fund requirement into this account to be used in accordance with the Trust Indenture for the payment of principal of and interest on the bonds.

NOTES TO FINANCIAL STATEMENTS

Bonds payable at December 31, 1996 and 1995 are comprised of the following individual issues:

	<u>1996</u>	<u>1995</u>
<b>Revenue Bonds:</b>		
\$25,000,000 1994 Port Improvement Revenue Bonds, interest due in quarterly installments beginning March 1, 1994 through January 1, 2010; interest initially set at 3.25 percent variable rate adjusted weekly	<u>\$ 25,000,000</u>	<u>\$ 25,000,000</u>

The annual requirements to amortize all debt outstanding as of December 31, 1996 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
1997	\$ -	"
1998	-	"
1999	-	"
2000	1,300,000	"
2001	1,300,000	"
Aggregate thereafter	22,400,000	"

- \* Amount not calculated. Variable interest rate set by Bankers Trust of New York based on market rates of AA tax-exempt bond rates, adjusted weekly. At December 31, 1996, the rate was 3.25. For the week ending February 26, 1997, the rate was 3.30%.

There are a number of limitations and restrictions contained in the bond indentures. The District is in compliance with all significant limitations and restrictions.

In addition to the pledge of specific revenues, all excess revenues of the District are pledged as additional security for certification of indebtedness outstanding. A special reserve of \$1,000,000 is also pledged and set aside as additional security for certification of indebtedness outstanding.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. Unamortized Expense

The District incurs certain expenses in connection with the issuance of certificates of indebtedness and revenue bonds. These expenses are being amortized over fifteen and twenty-five years, which are the terms of the bonds. Details of the balances are as follows:

	<u>1998</u>	<u>1999</u>
Total expense	\$ 404,487	\$ 404,488
Less amount amortized	<u>50,542</u>	<u>185,208</u>
Unamortized at December 31	<u>\$ 353,945</u>	<u>\$ 219,280</u>
Amount shown as current assets (prepaid expenses) to be amortized in one year	\$ 17,535	\$ 17,536
Amount shown as other assets	<u>336,410</u>	<u>201,744</u>
Total	<u>\$ 353,945</u>	<u>\$ 219,280</u>

NOTE 10. Compensated Absences

Compensated absences are included in personnel services expenses for 1998 and 1999. The District's liabilities for accumulated compensated absences as of December 31, 1998 and 1999 are as follows:

	<u>1998</u>	<u>1999</u>
Current liabilities-estimated to be paid within one year	\$ 34,889	\$ 31,580
Long-term liabilities	<u>118,889</u>	<u>202,115</u>
Total	<u>\$ 153,778</u>	<u>\$ 233,695</u>

NOTE 11. Long-Term Debt

A summary of changes in long-term debt for the years ended December 31, 1998 and 1999 is as follows:

	Beginning Balance	Issuance	Maturities	Ending Balance
1998				
Revenue bonds	<u>\$ 25,890,000</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 25,890,000</u>
1999				
Revenue bonds	<u>\$ 25,890,000</u>	<u>\$ _____</u>	<u>\$ 405,000</u>	<u>\$ 25,485,000</u>



NOTES TO FINANCIAL STATEMENTS

The District had sold certificates of indebtedness in the amount of \$5,775,000 to provide funds which were used to construct the facilities leased to Crowley Maritime. In accordance with the agreement, the District sold the facilities to Crowley Maritime and financed the acquisition of the construction with the issuance of the certificates of indebtedness which were paid in full during 1985.

During 1984, Crowley Maritime entered into a new lease agreement with monthly rent payments of \$9,387 through September 30, 1990. Two five year renewal options are a part of this lease agreement. The facilities will revert to the District when Crowley Maritime vacates the property.

Note 4. Operating Leases

Other leases which the District has entered into as lessee are classified as operating leases. These leases are substantially all for land owned by the District. Minimum future rentals on operating leases having initial or remaining noncancelable lease terms in excess of one year are as follows:

1987	\$ 831,870
1988	838,311
1989	799,389
1990	799,897
1991	778,495
After 1991	<u>2,788,421</u>
	<u>\$ 6,026,373</u>

Of the above, the amount of \$2,189,493 was paid in full at the inception of the lease by the lessee, and is included in deferred revenues at December 31, 1986. The amount of \$1,288,685 is included in deferred revenues at December 31, 1986.

NOTES TO FINANCIAL STATEMENTS

1988	Beginning		End of	
	of Year		Year	
	1987	1988	1987	1988
Land	\$ 7,282,480	\$ -	\$ -	\$ 7,282,480
Buildings and operating equipment	40,484,480	41,414,500	-	41,414,500
Equipment, furniture and fixtures	18,588,888	74,574	18,880	18,588,888
Construction in progress	41,282,440	4,084,800	110,214,000	4,284,800
	111,637,988	17,667,984	110,217,900	110,217,900
Less accumulated depreciation	(41,428,484)	(2,281,800)	(1,281)	(41,428,484)
Total	\$ 70,209,504	\$ 15,386,184	\$ 110,216,619	\$ 68,789,416

Depreciation expense was \$3,840,376 for the year ended December 31, 1988 and \$3,847,805 for 1987.

Since to 1988 detailed fixed asset records were not maintained, rather, amounts expended for fixed assets were charged to expenditures in the year incurred. In 1989 the District changed its method of accounting for fixed assets to that required by generally accepted accounting principles. It was not possible to establish original costs for many assets owned. Where original costs could not be determined, it was necessary to estimate the original costs of such assets. The total of such estimated costs aggregated approximately \$2,800,000.

Note 7. Investment in Direct Financing Lease

The Lake Charles Harbor and Terminal District has entered into a direct financing lease with Crowley Maritime Corporation for a minimum term of 10 years. The amounts shown as investment in direct financing lease as of December 31, 1988 and 1987 were composed of the following:

	1988	1987
Total minimum lease payments receivable	\$ -	\$ -
Estimated unamortized residual value of leased properties	2,800,000	1,950,000
Total	2,800,000	1,950,000
Less unearned income	-	-
Net investment in direct financing lease	\$ 2,800,000	\$ 1,950,000

NOTES TO FINANCIAL STATEMENTS

As December 31, 1990 and 1989, such equities and investments were restricted as shown below:

	<u>1990</u>	<u>1989</u>
Additional security for certificates of indebtedness outstanding	\$ 1,000,000	\$ 1,000,000
Trust funds pursuant to the issuance of the 1989 Port Improvement Revenue Bonds:		
Project Fund	4,214,197	8,960,834
Barge Service Reserve Fund	3,874,812	3,721,816
Depreciation Reserve Fund	<u>2,876,328</u>	<u>2,361,828</u>
Total	<u>\$ 12,035,337</u>	<u>\$ 16,045,478</u>

The trust funds are more fully explained in Note 11.

During 1989, the District established a \$100,000 scholarship endowment fund, the Lake Charles Maritime Enhancement Scholarship Fund. The earnings from the fund are designated to provide sufficient income to fund one scholarship awarded each year for the next three years.

The District requires that securities underlying repurchase agreements, consisting of U.S. government securities, must have a market value of no less than 100 percent of the repurchase agreement.

Note 4. Property Taxes

The Lake Charles Harbor and Terminal District is authorized by Louisiana Revised Statute Number 14:108 to levy annually, when necessary, a property tax not to exceed 2.50 mills on the property subject to taxation situated within the District. All funds derived from this tax may be used for any lawful expenses or purposes by the Board. The 1986 assessed millage is 2.50 mills and the 1985 assessed millage is 2.50 mills. These funds have been dedicated and obligated first to retirement of certificates of indebtedness issued by the District. Any excess funds may be used for any lawful purpose.

Property taxes are levied on behalf of the District each November 15, the date the delinquent list attaches, by the Tax Assessor for the Parish of Calcasieu. The levy is based on the assessed value listed as of June 1. Assessed values are established by the Tax Assessor and are approved and certified by the State Tax Commission. The tax levy is approved and certified by the Louisiana Legislative Auditor.

LIABILITIES AND EQUITY	Subsidiary Fund	
	2006	2005
<b>CURRENT LIABILITIES (payable from current assets)</b>		
Accounts payable	\$ 408,303	\$ 368,721
Contracts payable	18,431	368,963
Accrued expenses (Notes 3 and 11)	268,869	430,909
Accrued interest payable	88,458	87,814
Deferred revenues (Note 11)	65,882	211,548
<b>Total current liabilities (payable from current assets)</b>	<b>848,943</b>	<b>1,468,955</b>
<b>CURRENT LIABILITIES (payable from restricted assets)</b>		
Contracts payable	381,917	460,315
<b>LONG-TERM LIABILITIES</b>		
Long-term debt, less current maturities (Note 11)	18,880,000	20,800,000
Compensated absences, less current portion (Notes 3 and 11)	312,888	280,333
Deferred revenues, less current portion (Note 11)	1,127,728	1,190,488
Contingent liabilities (Note 14)		
<b>Total long-term liabilities</b>	<b>20,320,616</b>	<b>22,270,821</b>
<b>Total liabilities</b>	<b>21,651,476</b>	<b>24,220,091</b>
<b>EQUITY</b>		
Contributed capital (Note 14)	12,818,321	12,231,812
Retained earnings (Note 11):		
Accrued	18,778,859	24,889,819
Unreserved	122,428,827	127,820,768
<b>Total retained earnings</b>	<b>141,207,686</b>	<b>152,710,587</b>
<b>Total equity</b>	<b>154,025,947</b>	<b>167,251,219</b>
<b>Total liabilities and equity</b>	<b>\$ 178,320,820</b>	<b>\$ 178,321,311</b>

NOTES TO FINANCIAL STATEMENTS

The following chart presents bank balances as of December 31, 1994 and 1993. The deposits are listed in terms of risk involved. Category 1 represents those deposits insured (inclusive of FDIC) or collateralized with securities held by the District or its agent in the District's name. Category 2 represents deposits collateralized with securities held by the pledging financial institution's trust department or agent in the District's name. Category 3 represents deposits uncollateralized including any securities held for the entity but not in the District's name.

	Bank Balances			Total Bank Balances	Carrying Amount
	1	2	3		
December 31, 1994					
Cash and demand deposits	\$ 107,053	\$ -	\$ -	\$ 107,053	\$ 1,179,265
Money market deposits	-	5,085,882	-	5,085,882	5,085,882
	<u>\$ 107,053</u>	<u>5,085,882</u>	<u>\$ -</u>	<u>\$ 5,192,935</u>	<u>\$ 6,265,147</u>
December 31, 1993					
Cash and demand deposits	\$ 1,048,644	\$ -	\$ -	\$ 1,048,644	\$ 1,854,800
Money market deposits	-	3,498,400	-	3,498,400	3,498,875
	<u>\$ 1,048,644</u>	<u>3,498,400</u>	<u>\$ -</u>	<u>\$ 4,547,044</u>	<u>\$ 5,353,675</u>

Following are investments and repurchase agreements of the District at year end categorized to give an indication of the level of risk assumed by the District. Category 1 includes investments that are insured or registered, or for which the securities are held by the District or its agent in the name of the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the name of the District. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution, or by its trust department or agent but not in the name of the District.

	Carrying			Carrying Amount	Market Value
	1	2	3		
December 31, 1994					
U.S. Treasury Securities	\$ 40,133,997	\$ -	\$ -	\$ 40,133,997	\$ 40,000,000
U.S. Government Agency Securities	51,538,151	-	-	51,538,151	51,511,833
Total	<u>\$ 91,672,148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,672,148</u>	<u>\$ 91,511,833</u>

## Exhibit 2

## LAKE CHARLES BARBOUR AND TERMINAL DISTRICT

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN EQUITY  
PROPRIETARY FUND TYPE  
YEARS ENDED DECEMBER 31, 1989 and 1990

	Enterprise Fund	
	1989	1990
<b>Operating revenues:</b>		
Vessel and cargo services	\$ 22,289,100	\$ 22,897,440
Rental of equipment and facilities (Note 4)	1,893,940	3,048,740
Other	271,893	132,120
<b>Total operating revenues</b>	<u>24,454,933</u>	<u>26,078,300</u>
<b>Operating expenses:</b>		
Personnel services	4,622,872	4,657,268
Contractual services	2,870,800	3,289,773
Supplies, maintenance and operation of facilities	4,448,800	3,408,734
Heat, light and power	442,300	483,304
Depreciation and amortization	3,249,320	3,287,835
<b>Total operating expenses</b>	<u>16,643,892</u>	<u>19,126,874</u>
<b>Operating income</b>	<u>7,811,041</u>	<u>6,951,426</u>
<b>Nonoperating revenues (expenses):</b>		
Property taxes (net of tax abatement's reduction and portion paid)	1,269,549	1,269,640
Intergovernmental revenue	88,800	420,633
Direct financing income	-	24,800
Interest income	8,399,488	3,483,297
Interest expense and fiscal charges	(269,424)	(384,597)
Other	119,352	124
<b>Net nonoperating revenue</b>	<u>8,598,365</u>	<u>4,410,897</u>
<b>Net income</b>	<u>16,409,406</u>	<u>11,362,323</u>
<b>Add depreciation on fixed assets acquired with federal and state grants</b>	<u>202,400</u>	<u>204,100</u>
<b>Increase in retained earnings</b>	<u>16,611,806</u>	<u>11,566,423</u>

Continued on next page

## NOTES TO FINANCIAL STATEMENTS

Depreciation is computed using the straight-line method over the following useful lives:

Buildings and marine construction	15 to 40 years
Machinery and equipment	3 to 15 years
Furniture and fixtures	3 to 10 years

### K. Compensated Absence

Employees of the District earn annual leave and sick leave for each hour of regular duty, including time the employee is on paid leave or observing a paid holiday, based on the equivalent of years of full-time state service at varying rates. Employees may carry any unused accumulated annual and sick leave forward to succeeding years. As a result, there is no limit on the amount of such leave an individual may accumulate through the years of his employment. Upon his retirement or resignation, he must be paid at his current rate of pay, for all unused annual leave in an amount not to exceed 180 hours. An employee cannot be paid for any unused sick leave upon separation.

Effective July 11, 1989, employees who are required to perform overtime duty may, at the option of the District, be credited with compensatory leave for the hours they have been required to work. Upon separation from the District such employees will be paid for accumulated compensatory leave.

### L. Fund Equity

Contributed capital is recorded for capital grants. Reserves of retained earnings represent those portions of retained earnings legally segregated for a specific future use.

### M. Bond Issuance Costs

Bond issuance costs are recorded as deferred charges and are amortized over the term of the bonds using a method which approximates the effective interest method.

### N. Cash Flow Statement

All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the date of purchase, they have a maturity date no longer than three months.

## NOTES TO FINANCIAL STATEMENTS

Investments are stated at cost or amortized cost, which approximates market. Discounts and premiums on the purchase of investments are amortized over the life of the investment remaining from the date of purchase to the date of maturity.

### F. Property Taxes

Property taxes levied in any one year are recognized as revenues of that year.

### G. Inventories

Inventories consist of parts and supplies and are valued at the lower of cost (first-in, first-out) or market.

### H. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the current period are recorded as prepaid expenses.

### I. Restricted Assets

Certain resources are set aside for repayment of revenue bonds and general obligation bonds and for additions, extensions and improvements to District facilities. These resources are classified as restricted assets on the balance sheet because their use is limited by applicable covenants.

### J. Fixed Assets

Property constructed or acquired by purchase is stated at cost or estimated historical cost if actual historical cost is not available. Net interest costs are capitalized on major construction projects during the construction period. During the year ended December 31, 1990, total interest cost incurred was \$878,613 of which \$371,521 was capitalized. During the year ended December 31, 1989, \$423,618 was capitalized. Infrastructure assets are capitalized.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.



## NOTES TO FINANCIAL STATEMENTS

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.

Certain reclassifications have been made to the 1995 financial statements to be in conformity with the 1994 method of presentation.

### D. Budgets

Budgetary practices differ from generally accepted accounting principles (GAAP). Perspective differences result from the structure of financial information for budgetary purposes. Certain expenses for major repairs and maintenance and for contractual services are budgeted to be paid from retained earnings rather than current year's operations and certain uncollectible revenue expense/recovery is classified as nonoperating rather than operating income expense.

Budget amounts are as originally adopted or as amended by the Board of Commissioners. All budgetary appropriations lapse at the end of each year. Encumbrance accounting is not used.

### E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits, U.S. Government Agency securities and repurchase agreements.

Louisiana State Statutes, as stipulated in R.S. 39:1279, authorize the District to invest in United States bonds, Treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. The state statutes also authorize the District to invest in any other federally insured investment, or in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies. Investing is performed in accordance with investment policies complying with State Statutes and those adopted by the Board of Commissioners.

## NOTES TO FINANCIAL STATEMENTS

### B. Fund Accounting

The Lake Charles Harbor and Terminal District uses a proprietary fund to report on its financial position and results of operations. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities provided to outside parties are accounted for by an enterprise fund type of the proprietary fund. The District is accounted for as an enterprise fund.

### C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The District's financial statements are prepared on the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

The Governmental Accounting Standards Board (GASB) Statement Number 20 (Initiative for Financial Statements for periods beginning after December 15, 1989) provides guidance on accounting and financial reporting for proprietary fund types and allows proprietary fund types to choose one of two options in applying pronouncements issued by the Financial Accounting Standards Board (FASB) after November 30, 1989. The Lake Charles Harbor and Terminal District has elected to use the first option for reporting its activities. This approach applies all GASB pronouncements and FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Changes to FASB statements and interpretations, APB opinions and ARBs issued after November 30, 1989, would not apply unless adopted by GASB.

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
December 31, 1994 and 1993

NOTE 1. Nature of Business and Summary of Significant Accounting Policies

The Lake Charles Harbor and Terminal District operates a deep water port on the Calcasieu River, Pass to the Gulf of Mexico and extensive air yards served by rail lines, highways, and waterways that converge on Lake Charles, Louisiana.

The financial statements of the Lake Charles Harbor and Terminal District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

A. Reporting Entity

The Lake Charles Harbor and Terminal District is a political subdivision of the State of Louisiana and was created by Act of the Louisiana Legislature. It is governed by a Board of seven commissioners. Calcasieu Parish Police Jury and Cameron Parish Police Jury each appoint one member to the Board of Commissioners, with the advice and consent of the Senate. The Governor, with the advice and consent of the Senate, appoints five members to the Board of Commissioners from candidates selected by the state senators and representatives in the Legislature representing the parish of Calcasieu and by the City Council of the City of Lake Charles, Louisiana.

The Lake Charles Harbor and Terminal District is a component unit of the State of Louisiana, the primary government which is financially accountable for the District. Financial accountability is defined as appointment of a voting majority of the component unit's Board, and either of the ability to impose will by the primary government, or to the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

## LAKE CHARLES MARSH AND TERMINAL DISTRICT

COMPARATIVE STATEMENTS OF CASH FLOW  
REGULATORY FUND  
Years Ended December 31, 1994 and 1995  
(Continued)

Increase (Decrease) in Cash and Cash Equivalents:	Regulatory Fund	
	1994	1995
Net increase in cash and cash equivalents	3,288,588	8,780,857
Cash and cash equivalents:		
Beginning of year	<u>18,828,328</u>	<u>28,616,823</u>
End of year	<u>22,116,916</u>	<u>37,397,680</u>
Schedule of noncash investing, capital, and financing activities:		
Increase in grants receivable	\$ 545,018	\$ -
Adjustments of grants receivable	-	(78,950)
Book value of property demolished and equipment retired	(138,102)	(244)

The notes to the financial statements are an integral part of this statement.

## Exhibit 4

## LAKELAND COUNTY, FLORIDA AND TOWN OF PALM BEACH

COMPARATIVE STATEMENTS OF CASH FLOWS  
PROPERTY TAX FUND  
Years Ended December 31, 1995 and 1994

	<u>Retiree Fund</u>	
	<u>1995</u>	<u>1994</u>
Increase (Decrease) in Cash and Cash Equivalents:		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating (Loss)	\$ (1,088,887)	\$ (700,374)
Adjustments to reconcile operating (Loss) to net cash provided by operating activities:		
Depreciation and amortization	3,948,378	3,267,401
Changes in assets and liabilities:		
(Increase) decrease in customer receivables	(984,877)	34,758
(Increase) in inventory	(89,164)	(17,295)
(Increase) decrease in prepaid expenses and other assets	375,894	(15,384)
(Increase) (Decrease) in accounts payable and accrued expenses	138,388	207,840
Decrease) in deferred revenue	(311,514)	(48,263)
Other	<u>61,288</u>	<u>-</u>
Total adjustments	<u>2,532,245</u>	<u>1,429,857</u>
Net cash provided by operating activities	<u>1,443,358</u>	<u>729,481</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Property taxes collected	481,138	712,354
Operating subsidies received from other governments	88,318	88,200
Tax receipts collected by other governments	<u>-</u>	<u>724,742</u>
Net cash provided by noncapital financing activities	<u>569,456</u>	<u>1,525,296</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Property taxes collected	742,890	532,890
Payments received on direct financing lease	140,818	831,288
Capital grants collected	58,848	184,570
Payments for capital acquisitions	(7,847,124)	(1,887,288)
Principal repayments	<u>-</u>	<u>(485,808)</u>
Interest and fiscal charges paid	<u>(203,222)</u>	<u>(224,844)</u>
Net cash used in capital and related financing activities	<u>\$ (1,258,798)</u>	<u>\$ (1,887,872)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale and maturities of investments	194,830,728	45,123,620
Receipts of interest	5,287,623	5,328,274
Payments for investments	<u>(181,284,428)</u>	<u>(43,888,882)</u>
Net cash provided by investing activities	<u>18,833,923</u>	<u>6,562,012</u>
<b>Net increase in cash and cash equivalents</b>	<b>2,218,545</b>	<b>8,146,857</b>

(Continued on next page)

2000		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 13,344,000	\$ 13,497,447	\$ 153,447
1,380,147	1,568,747	188,600
<u>78,000</u>	<u>150,100</u>	<u>72,100</u>
<u>12,883,853</u>	<u>12,277,599</u>	<u>606,254</u>
4,887,000	4,897,000	10,000
1,800,730	2,278,430	477,700
2,844,000	2,860,100	(16,100)
488,000	603,000	115,000
<u>1,070,000</u>	<u>1,267,000</u>	<u>197,000</u>
<u>12,607,000</u>	<u>12,618,200</u>	<u>11,200</u>
<u>(180,000)</u>	<u>(180,700)</u>	<u>700</u>
1,100,000	1,240,000	140,000
810,000	820,000	10,000
28,000	24,000	(4,000)
4,000,000	3,483,000	517,000
1300,000	1350,000	(50,000)
-	80,000	80,000
<u>0</u>	<u>14,000</u>	<u>14,000</u>
<u>2,800,000</u>	<u>2,313,000</u>	<u>487,000</u>
<u>\$ 4,607,000</u>	<u>4,951,000</u>	<u>\$ 3,443,000</u>
	<u>(120,000)</u>	
	<u>4,437,000</u>	
	<u>284,700</u>	
	<u>3,384,300</u>	
	<u>128,486,000</u>	
	<u>\$ 128,888,300</u>	

## Exhibit 3

## LARK CHARLES HANCOX AND TOWNSHIP DISTRICT

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
(BUDGET AND ACTUAL (MEMORANDUM BASIS) - PROPRIETARY FUND (ENTERPRISE))  
Years Ended December 31, 1994 and 1993

	1994		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Operating revenues:</b>			
Special and charge services	\$ 12,479,468	\$ 12,389,106	\$ (109,362)
Rental of equipment and facilities	1,317,487	1,881,843	564,356
Other	284,588	274,453	(10,135)
Total operating revenues	<u>14,081,543</u>	<u>14,545,402</u>	<u>463,859</u>
<b>Operating expenses:</b>			
Personnel services	8,828,107	8,898,873	70,766
Mechanical services	2,313,404	2,795,738	482,334
Supplies, maintenance and operation	3,314,831	3,883,704	568,873
Rent, light and power	404,388	448,323	43,935
Depreciation and amortizations	3,873,387	3,816,378	(56,009)
Total operating expenses	<u>19,734,107</u>	<u>20,849,026</u>	<u>1,114,919</u>
Operating Effect	<u>4,347,436</u>	<u>3,696,376</u>	<u>(651,060)</u>
<b>Nonoperating revenues (expenses):</b>			
Property Taxes	1,198,908	1,203,343	4,435
Intergovernmental revenue	99,908	98,323	(1,585)
Direct financing loans	-	-	-
Interest income	8,876,408	8,864,488	(11,920)
Interest expense and financial charges	(117,364)	(283,426)	(166,062)
Unrealizable revenue (expense) recovery	-	(118,494)	(118,494)
Other	-	(139,382)	(139,382)
Net nonoperating revenue	<u>9,967,452</u>	<u>8,764,872</u>	<u>(1,202,580)</u>
Net income (Budget basis)	<u>\$ 4,347,436</u>	<u>\$ 3,031,794</u>	<u>\$ (1,315,642)</u>
<b>Adjustments: (Deduction)</b>			
Adjust operating expenses for amounts budgeted to be paid from retained earnings		<u>(1,204,682)</u>	
Net income (BAM basis)		<u>1,827,112</u>	
Add depreciation on fixed assets acquired with federal and state grants		<u>218,486</u>	
Increase in retained earnings		<u>2,045,598</u>	
Retained earnings-beginning of year		<u>191,890,315</u>	
Retained earnings at end of year		<u>\$ 193,935,913</u>	

The notes to the financial statements are an integral part of this statement.

## NOTES TO FINANCIAL STATEMENTS

### Deferred compensation plan:

Certain employees of the District have elected to participate in the Louisiana Public Employees Deferred Compensation Plan. The plan, available to all full time District employees, permits them to defer a portion of their salary until termination of employment, retirement, total disability, death, or unforeseeable emergency. All deferred compensation, property and rights purchased with such deferred compensation, and income on earnings thereon shall constitute assets of the State of Louisiana and remain until made available to a participant or beneficiary the property of the State of Louisiana, subject to the claims of the general creditors of the State of Louisiana. No assets or liabilities related to this plan are included in the financial statements of the District and all amounts held by the plan do not constitute an indebtedness of the District.

### Note 14. Outstanding Liabilities and Commitments

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for the risks of losses to which it is exposed, including general liability, property and casualty, workers' compensation, employee health and accident, and environmental. Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. During 1994, engineering studies assessed the District estimated maximum exposure to risks of loss resulting from natural disasters. Based on this assessment, the District property and casualty blanket coverage was reduced approximately 37%.

At December 31, 1994, the District had committed approximately \$3 million for the purchase of equipment, the expansion of facilities, and repairs and maintenance of existing facilities. Such commitments at December 31, 1994 totaled approximately \$75 thousand.



NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1975	Balance			Carrying Amount	Market Value
	1	2	3		
Repurchase agreements	\$ 7,000,000	\$ -	\$ -	\$ 7,000,000	\$ 7,010,000
U.S. Treasury securities	60,400,000	-	-	60,400,000	60,410,000
U.S. Government Agency securities	22,100,000	-	-	22,100,000	22,080,000
<b>Total</b>	<b>\$ 89,500,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 89,500,000</b>	<b>\$ 89,500,000</b>

In order to accurately compare the cash and investments shown on the comparative balance sheets (Schedule B) with the carrying values of deposits and investments disclosed in the schedule above, the following is provided:

	December 31,	
	1976	1975
Carrying value of bank deposits per Note B	\$ 8,910,377	\$ 12,100,000
Carrying value of investments per Note B	80,589,000	66,005,384
<b>Total</b>	<b>\$ 89,502,377</b>	<b>\$ 78,105,384</b>

	December 31,	
	1976	1975
Per comparative balance sheets:		
Cash and cash equivalents	\$ 10,404,120	\$ 8,904,000
Investments	70,000,440	71,713,000
Cash equivalents-restricted	4,000,000	8,370,000
Investments-restricted	6,800,000	6,811,000
Investments-scholarship endowment	200,000	100,000
<b>Total</b>	<b>\$ 89,404,560</b>	<b>\$ 89,898,000</b>

# MCELDROY, QUIRE & BURCH

LA PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

414 BAYVIEW  
LAFAYETTE, LOUISIANA  
70501

NEW ORLEANS  
TELEPHONE 584-1100  
FACSIMILE 584-1100

Mr. Glenwood W. Wiseman, Executive Director  
Lake Charles Harbor and Terminal District  
Lake Charles, LA 70602

We have audited the general purpose financial statements of the Lake Charles Harbor and Terminal District, Lake Charles, Louisiana, a component unit of the State of Louisiana, as of and for the year ended December 31, 1990, and have issued our report thereon dated February 28, 1991. In connection with that audit, we present the following comments and suggestions for your consideration.

## INTERNAL CONTROL - REVIEW AND DOCUMENTATION

### REVENUE RECORDING

DURING 1990 DISTRICT STAFF identified certain errors in contract rates that were being used to invoice certain customers. These errors dated as far back as 1989. The errors were corrected and the customers have been invoiced for the additional amounts. Apparently, there was inadequate documentation and communication of the changes in rates. We noted during our audit that contract rate changes and RATEE rate changes may or may not be in writing from the individual authorizing the change. We recommend these change authorizations be in writing and the documentation be furnished to and retained by the Traffic and Accounting Departments. Management indicated that procedures are being implemented to document rate changes and to require periodic review of rates being used.

### PORT PROMOTION AND DEVELOPMENT

Employees and Commissioners request reimbursements for port promotion and development expenses on travel advances and reimbursements expense reports. These expenses were recorded to expense accounts labeled "travel". We recommend that all port promotion and development type expenses be recorded to expense accounts labeled "port promotion". This issue of recording such expenses to the correct expense account becomes even more important as the District should monitor the aggregate expenditures for promotion and development for compliance with state law. Management indicated that procedures are being implemented to address this matter and to ensure that expenditures are recorded to the appropriate account.

We noted, during our review of expenses, there appeared to be inadequate documentation to support the business purpose of certain expenditures (i.e., the nature of business benefit derived or expected). We recommend the District's policies and procedures be reviewed and modified as appropriate. For example, the policies may require the following documentation for part promotion and development expenditures:

The amount and date of each expenditure

The name (if any), address or location, and the type of expenditure (such as dinner, etc)

The reason for the expenditure, or the nature of the business benefit derived or expected to be derived, and the nature of any business discussion or activity that took place

The occupation or other information about the person or persons entertained, including name, title or other designation, sufficient to establish his business relationship to the District.

#### TRAVEL ADVANCE AND REIMBURSEMENTS

Travel advances outstanding as of December 31, 1936 totaled approximately \$4,800, as of November 16<sup>th</sup> and October 31, 1936 the total outstanding was approximately 143,000. In many cases, certain items during the last quarter of 1936 had been outstanding more than three months.

The methods used to account for and decrease travel advances and reimbursement requests appears to be inefficient, involves duplication of effort and paperwork, and the time lag from the time an "expense" occurs and the final paperwork is received and recorded in the books of account is, in some cases, too long. We recommend these procedures and the required documentation be studied and changes implemented to streamline the process. We have discussed these matters with District staff and have made suggestions regarding redesign of the forms used and methods of tracking and recording the transactions. Management indicated that travel advance and reimbursement forms are being redesigned and methods of tracking and recording the transactions are being modified to address these matters.

Table B

## LAKE CHARLES HARBOR AND TERMINAL DISTRICT

COVERAGE PROVIDED BY NET REVENUES FOR  
ANNUAL BEST SERVICE REQUIREMENTS  
LAST TEN YEARS  
(Dollars)

Year	Gross Revenues	Operating Expenses	Net Revenues Available for Debt Service
1987	\$ 18,252,422	\$ 9,296,894	\$ 8,955,527
1988	19,815,699	10,221,525	9,594,174
1989	20,748,988	10,271,248	10,477,740
1990	21,828,731	10,832,508	10,996,223
1991	20,405,388	10,856,665	9,548,723
1992	20,828,488	10,565,314	10,263,174
1993	20,678,422	10,816,523	9,861,899
1994	20,387,442	11,724,198	8,663,244
1995	20,342,987	14,170,822	6,172,165
1996	20,778,428	14,188,487	6,589,941

## Notes:

- (1) Gross revenues included operating and nonoperating revenues of the District.
- (2) Operating expenses included costs directly associated with the District's primary activities.

Table 8

Net Total Taxes Collected	Percent of Net Levy Collected	Percent of Unimpaired Taxes to Net Levy
1,870,508	99.73	1.27
2,848,427	99.94	1.06
2,818,823	99.90	.10
1,898,814	99.99	.01
1,842,598	99.99	.01
1,947,478	99.91	.09
1,950,133	99.94	.06
1,993,429	99.93	.07
1,771,988	99.84	.16
1,947,588	99.89	.11

The District has complied with SECTION 8.08-02 ~~INSURANCE~~ of the Amended and Restated Trust Indenture between Lake Charles Harbor and Terminal District and Siberian National Bank of Lake Charles, as Trustee, DATED as of January 1, 1984, \$25,000,000 Lake Charles Harbor and Terminal District Port Improvement Revenue Bonds, Series 1984. As required by paragraph 1 of this Section 8.08-02, a listing of all policies carried by the District as of December 31, 1984 is included in the supplementary information section of these reports. All insurance premiums upon the insurance policies to which reference is herein before made have been paid.

*W. Gray Davis, Jr.*

Lake Charles, Louisiana  
February 18, 1987

# MCLELLON, QUINN & BURCH

IS PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER  
NATIONAL ASSOCIATION  
OF CERTIFIED PUBLIC ACCOUNTANTS

PO BOX 6070  
LAKE CHARLES, LOUISIANA  
70601

AN EQUAL OPPORTUNITY  
FIRM  
TELEPHONE 836-4144  
FAX 836-4144

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE RELATED  
TO \$28,000,000 LAKE CHARLES HARBOR AND TERMINAL  
DISTRICT PORT IMPROVEMENT BOND ISSUE, SERIES 1994  
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS

Board of Commissioners  
Lake Charles Harbor and Terminal District  
Lake Charles, Louisiana

We have audited the general purpose financial statements of the Lake Charles Harbor and Terminal District, Lake Charles, Louisiana, a component unit of the State of Louisiana, as of and for the year ended December 31, 1994, and have issued our report thereon dated February 28, 1995.

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.

Our audit included a review of the terms of the Letter of Credit and Reimbursement Agreement dated as of January 1, 1994 between Lake Charles Harbor and Terminal District and National Westminster Bank PLC acting through its New York branch relating to \$28,000,000 Lake Charles Harbor and Terminal District Port Improvement Revenue Bonds, Series 1994 and the related documents as they relate to accounting matters. During the course of our audit, and as of the date of this report, we obtained knowledge of no instances of default or event of default as defined by this agreement.

## LARK CHARLES HANCOCK AND TERRITORIAL DISTRICT

SCHEDULE OF SUPPLEMENTARY INFORMATION  
Year Ended December 31, 1994  
(Continued)

Payments to member of the Board of Commissioners for per diem payments or compensation for services on the Board:

None

Insurance policies in force as of December 31, 1994:

<u>Policy Provider</u>	<u>Policy Number</u>	<u>Policy Type</u>	<u>Policy Period</u>
AM Manufacturers Mutual	848404701-00	Commercial auto	10/1/94-9/30/95
Protection Mutual Insurance Company	81-1-1911	General liability	10/1/94-12/31/95
Copyle Insurance Co.	124-8487608	Public official liability	10/01/94-12/31/95
Great American Insurance Company	00817743	Marine insurance	11/01/94-11/30/95
Lloyd's of London	982178	Property casualty	10/1/94-12/1/95
Edgwick James of Washington, Inc. - various PIT master subscription	630896-28	Indemnity	12/01/94-12/31/95
Water Quality Insurance Syndicate	20-8312-08	Pollution liability	12/18/94-12/17/95
Illinois Union Insurance Co.	890217627988	WELA	1/1/94-12/31/94
Louisiana Workers Compensation Corp.	13273	Workers compensation insurance	4/18/94-3/31/95
Wardlaw Life & Accident Insurance Co.	88-89818142a	Group term life insurance	10/1/94-12/31/95
The Fidelity and Deposit Co. of Maryland	CCF0021847	Employee dishonesty bond	10/31/94-12/31/94



## LAKE CHARLES BARRON AND TERMINAL DISTRICT

SCHEDULE OF SUPPLEMENTARY INFORMATION  
Year Ended December 31, 1966

Professional service payments made to contractors for surveys, feasibility studies, and special studies:

Vendor & Description	Amount
<b>Meyer &amp; Associates, Inc.</b>	
Property risk exposure study	2 8,000
Aerial photographs and geographic information system of District property	18,000
Potential hazard at Industrial Canal	8,500
Hydrology study of property at Delta Flats Road and Highway 187	8,000
Resident observation services Industrial Park East roadway - inspection services	4,000
Surveys and maps, boundary survey, Institute location and Polypore structures	2,200
Resident observation services Industrial Park East street collection made inspection services	2,891
<b>Delta Testing &amp; Inspection</b>	
Material testing and compliance inspection at Post Industrial Park East access road	8,000
<b>Soil Testing Engineering</b>	
Geotechnical investigation (professional services, subsurface, lab tests)	10,000
<b>Edwin Parvovics, Inc.</b>	
Survey services for mitigation	100
<b>The Industrial Tonnage Co.</b>	
Gas concentration testing verification	5,000
<b>Cove Laboratories</b>	
Water sampling HQ	2,400
<b>Warren Meyer</b>	
SR 81 maintenance dredging survey	2,400
<b>Douglas M. McNeil, Ph. D.</b>	
Analysis of economic impact of the part of Lake Charles	21,000

Continued on next page

# McELROY, QUINN & BURCH

LA PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

FOUR OFFICES  
LAKE CHARLES, LOUISIANA  
NEW ORLEANS

MEMBER SERVICE  
TELEPHONE 426-2100  
FAX 426-2100

## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Board of Commissioners  
Lake Charles Harbor and Terminal District  
Lake Charles, Louisiana

We have audited the general purpose financial statements of the Lake Charles Harbor and Terminal District, Lake Charles, Louisiana, a component unit of the State of Louisiana, for the year ended December 31, 1997, and have issued our report thereon dated February 28, 1997. These general purpose financial statements are the responsibility of the Lake Charles Harbor and Terminal District, Lake Charles, Louisiana, 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 generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the Lake Charles Harbor and Terminal District, Lake Charles, Louisiana, taken as a whole. The accompanying schedule of supplementary information is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

*McElroy, Quinn & Burch*  
Lake Charles, Louisiana  
February 28, 1997

In planning and performing our audit of the general purpose financial statements of Lake Charles Harbor and Terminal District, Lake Charles, Louisiana, for the year ended December 31, 1977, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities on accounts that would be material in relation to the general purpose 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 structure and its operations that we considered to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the District in a separate letter dated February 28, 1977.

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

*William Dennis F. Smith*

Lake Charles, Louisiana  
February 28, 1977

# McELROY, QUIRK & BURCH

LA PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER OF  
NATIONAL ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS

PO BOX 808  
LAFAYETTE, LOUISIANA  
70501

504 483-7822  
TELEPHONE 504 483-7822  
FAX 504-483-7822

## INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

### BOARD OF COMMISSIONERS

Lake Charles Harbor and Terminal District  
Lake Charles, Louisiana

We have audited the general purpose financial statements of Lake Charles Harbor and Terminal District, Lake Charles, Louisiana, a component unit of the State of Louisiana, as of and for the year ended December 31, 1999, and have issued our report thereon dated February 18, 1997.

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 general purpose financial statements are free of material misstatement.

The management of Lake Charles Harbor and Terminal District, Lake Charles, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, experience and judgment by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Table 11

LAKE CHARLES MARINE AND TERMINAL DISTRICT  
 PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS  
 LAST TEN YEARS  
 (Revised)

Year	Commercial Construction		Residential Construction	
	Number of Units	Value	Number of Units	Value <sup>1</sup>
1987	331	\$ 18,898,832	1,377	\$ 7,883,478
1988	333	28,827,824	1,321	10,808,932
1989	338	33,343,473	983	3,713,448
1990	339	28,423,543	981	3,294,748
1991	383	33,338,388	831	3,835,339
1992	378	37,888,981	881	4,448,837
1993	388	33,334,538	713	4,138,435
1994	394	33,848,878	823	4,887,188
1995	393	47,438,471	853	4,638,337
1996	313	57,433,338	984	6,888,344

## NOTES:

- (1) Includes all five banks in City of Lake Charles. Due to several mergers, value shown is estimated to be same as previous year.
- (2) Assessed value - estimated value available
- (3) Source: Local Banks, City of Lake Charles and Calcasieu Parish Assessment Office

Debt Service Requirements				
Assessed	Interest	Total	Coverage	
\$ 2,275,000	\$ 945,265	\$ 3,220,265	182.14	
2,345,000	771,075	3,116,075	276.89	
2,895,000	448,838	3,343,838	429.49	
3,425,000	285,085	3,710,085	527.24	
3,855,000	208,180	4,063,180	667.21	
425,000	165,513	590,513	627.21	
485,000	147,256	632,256	721.21	
485,000	225,813	710,813	782.59	
"	"	"	"	
"	"	"	"	

Dr. Sigmond W. Sieman  
February 28, 1957  
Page 3

If you have any questions about any of these matters, or would like to discuss them, please do not hesitate to contact us. We appreciate the cooperation extended to us by District staff during the audit and look forward to working with you in the future.

*John Charles, Assistant*

John Charles, Assistant  
February 28, 1957

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

*McHenry, Smith & Cooney*

Lake Charles, Louisiana  
February 18, 2007



## LAKE CHARLES HARBOR AND TERMINAL DISTRICT

## DEMOGRAPHIC STATISTICS

Last Ten Years  
(Estimated)

Year	(1) Population	(2) Per Capita Income	(3) Median Rent	Education Level		Unemployment Rate Percent
				In Years of Formal Schooling	In School	
1987	138,840	\$ 21,824	28.3	*	32,978	17.8
1988	131,813	22,788	28.3	*	32,708	18.8
1989	130,548	22,381	28.8	*	32,808	7.5
1990	130,548	28,455	28.0	*	32,582	7.8
1991	128,214	25,488	28.3	*	32,442	8.8
1992	128,814	28,000	22.5	*	32,822	8.8
1993	131,880	28,800	22.0	*	32,588	7.8
1994	132,280	27,828	22.2	*	32,828	7.8
1995	138,880	28,280	22.8	*	32,800	6.2
1996	138,280	28,488	22.0	*	32,400	6.2

## NOTES:

(1) Census information was obtained from the local Chamber of Commerce

(2) Calcasieu Parish Schools Membership Report

\* Provided by Calcasieu Parish School Board and Bureau of Census. Based on 1996 census the education level was 18.8 for persons 25 years old and above.

Table 10

11)	Property Value	
	Taxable*	Non-taxable
\$ 3,331,333,000	\$ 317,333,000	0
3,335,466,570	313,043,300	38,894,000
3,339,599,000	311,539,420	38,477,000
3,343,732,000	312,889,400	38,063,300
3,448,826,000	315,038,700	38,277,170
3,453,920,000	314,084,000	38,328,000
3,559,014,000	313,083,000	42,882,000
3,564,108,000	317,388,700	42,388,300
3,569,202,000	319,882,820	42,074,200
3,574,296,000	318,244,000	42,654,570

Table 22

## LAKE CHARLES HARBOR AND TERMINAL DISTRICT

## PRINCIPAL TAXPAYERS IN DISTRICT

December 31, 1966

(Continued)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>1966 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Conoco, Inc.	Refinery	\$ 43,434,200	4.31
PPG Industries, Inc.	Chemical plant	37,531,500	3.8
Conoco Vista Chemical Company	Chemical plant	23,988,700	2.4
CITGO Petroleum	Refinery	22,828,200	2.3
Southern Bell Telephone	Telephone company	14,021,800	1.4
OCIA Chemical Corporation	Chemical plant	13,478,800	1.3
Hookell U.S.A., Inc.	Chemical plant	12,897,900	1.3
Gold State Utilities	Electric company	9,037,000	.9
Playars Lake Charles, Inc.	Gaming	8,804,700	.9
Westlake Polymers, Inc.	Chemical plant	4,723,200	.5
St. Charles Gaming Co., Inc.	Gaming	4,603,800	.5
		<u>\$ 1,291,403,200</u>	<u>100.0</u>

## LAKE CHARLES HARBOUR AND TERMINAL DISTRICT

MISCELLANEOUS STATISTICS  
December 21, 1958  
(Classified)

<b>DATE OF INCORPORATION:</b> 1878	<b>NUMBER OF EMPLOYEES:</b> 128	
<b>FORM OF GOVERNMENT:</b> political subdivision of state of Louisiana	<b>ARRIVAL CLEARANCE:</b> Highlines I-210 Bridge	175 feet 145 feet
<b>GEOGRAPHICAL LOCATION:</b> Latitude 32 13' North Longitude 92 19' West 28 miles inland from Gulf of Mexico	<b>ELEVATION:</b> Sea level to 28 feet.	
<b>TEMPERATURE:</b> 77.6 maximum average 47.7 minimum average 71.8 mean average yearly rainfall 52.02 inches	<b>TOTAL INFORMATION:</b> Bulk tide level Docks range Pierp tides Spring tides	1.8 feet 3.8 feet SLASH 0.3 feet SLASH 2.8 feet SLASH 0.8 feet SLASH 3.8 feet
<b>GENERAL GARE FACILITIES:</b> 200,000 sq. feet of transit sheds 500,000 sq. feet of warehouse (available for lease)	<b>PRINCIPAL CROPS:</b> Flour Rice Soybeans Other grains Wood chips Burlap	Petroleum coke Petroleum products Sulfur Fertilizers Lumberboards/pawprint Logs
<b>PUBLIC DOCKS:</b> Dry cargo Bulk materials Bulk materials Open berth Grain elevators Liquid bulk	11 - City docks 1 - Bulk Terminal No. 4 - Rosebluff 1 - Bulk Terminal No. 4 - Marillac 1 - City docks 1 - City docks 2 - City docks	

17

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

LAKE CHARLES, LOUISIANA

REPORTS ON

COMPLIANCE WITH LAWS AND REGULATIONS,

INTERNAL CONTROL STRUCTURE AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 1996

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

December 31, 1964

TABLE OF CONTENTS

	Page
Independent Auditor's Report on Compliance Based on an Audit of General Purpose Financial Statements Performed in accordance with Government Auditing Standards	i-2
Independent Auditor's Report on the Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards	2-4
Independent Auditor's Report on Supplementary Information	5
Schedule of Supplementary Information	6-7
Independent Auditor's Report on Compliance Related to \$23,000,000 Lake Charles Harbor and Terminal District Port Improvement Revenue Bonds, Series 1964, Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards	8-8

# **McELROY, QUINN & BURCH**

**LA PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS**

**MEMBER  
AMERICAN SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS**

**MEMBER  
SOCIETY OF COST ACCOUNTANTS  
CERTIFIED PUBLIC ACCOUNTANTS**

**P. O. BOX 500  
LAKE CHARLES, LOUISIANA  
70601**

**PHONE 536-5777  
TELEFAX 536-1212  
FAX 536-5744**

**1999-2000 FIRM RANKING**

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Board of Commissioners  
Lake Charles Harbor and Terminal District  
Lake Charles, Louisiana**

We have audited the general purpose financial statements of the Lake Charles Harbor and Terminal District, Lake Charles, Louisiana, a component unit of the State of Louisiana, as of and for the year ended December 31, 1998, and have issued our report thereon dated February 18, 1999.

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.

Compliance with laws, regulations, contracts, and grants applicable to the Lake Charles Harbor and Terminal District, Lake Charles, Louisiana, is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. 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.

Table 10

## LAKE CHARLES HARBOUR AND TERMINAL DISTRICT

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
(PER \$100 OF ASSESSED VALUE)

Last Two Years

(Unaudited)

YEAR	District (1)	Parish (2)	School Districts	Cities (3)	Other (4)	TOTAL
1987	8.48	82.29	80.80	68.88	264.89	485.34
1988	8.20	87.34	80.80	68.87	281.48	506.69
1989	8.90	87.83	87.70	68.46	278.83	531.72
1990	8.58	89.87	84.30	62.53	289.24	544.52
1991	8.88	89.83	88.40	61.83	283.17	541.91
1992	8.82	84.89	87.80	63.40	288.80	533.81
1993	8.82	88.80	88.80	63.32	282.88	532.82
1994	8.82	84.24	88.70	62.88	277.88	522.52
1995	8.82	84.87	88.71	62.88	281.47	526.76
1996	8.76	84.57	87.83	57.86	280.61	519.63

## Notes:

- (1) Includes assessment of all wards whose boundaries fell partially or totally within the District.
- (2) Includes assessment of all cities whose boundaries fell partially or totally within the District (Lake Charles, Sulphur and Westlake).
- (3) Includes all other assessments whose boundaries fell partially or totally within the District (Water, Sewer, Fire, Fire Protection, etc.).
- (4) Lake Charles Harbor and Terminal District.
- (5) The Lake Charles Harbor and Terminal District's boundaries overlap into several different school, water, gravity, fire protection, etc. Districts. Thus the above table does not reflect the average millage assessed within the District. The average millage within the Lake Charles Harbor and Terminal District boundaries is approximately 172 mills, while the average millage within the Parish is 108 mills.