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WEST CALCASIEU POINT, HARBOR
AND TERMINAL DISTRICT
Sulphur, Louisiana

Financial Statements
June 30, 1998

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

Financial Statements
June 30, 1998

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Founded in 1978

BROUSSARD & COMPANY, APC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS REPORT

To the Board of Commissioners
West Calcasieu Port, Harbor and
Terminal District
Sulphur, Louisiana

We have audited the accompanying balance sheet of West Calcasieu Port, Harbor and Terminal District as of June 30, 1998, and the related statements of revenues, expenses, and changes in retained earnings and cash flows for the years ended June 30, 1998 and June 30, 1997. These financial statements are the responsibility of the district's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Calcasieu Port, Harbor and Terminal District as of June 30, 1998, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated November 30, 1998 on our consideration of West Calcasieu Port, Harbor and Terminal District's internal control structure and a report dated November 30, 1998 on its compliance with laws and regulations.

Broussard & Company

Lake Charles, Louisiana
November 30, 1998
sllb

MOBILE OFFICE:

781 First Avenue, Sulphur, LA 70663
Ph: (337) 527-8838 Facsimile: (337) 527-8844

LAKE CHARLES OFFICE:

11 Lakeside Drive, Ste. 125, Lake Charles, LA 70601
Ph: (504) 439-6000 Facsimile: (504) 439-6427

WEST-CALCASIEU PORT, HARBOR
AND TERMINAL DISTRICT
SULFUR, LOUISIANA

Summary of Findings and Questioned Costs
For the Period Ended: June 30, 1998

A. Summary of Independent Auditor's Results:

1. Unqualified opinion on financial statements.
2. No instances of noncompliance required to be reported.
3. No matters involving internal control considered to be material weaknesses.

WEST CALCASIEU FORT, HARBOUR AND TERMINAL DISTRICT
 Sulphur, Louisiana

Balance Sheet
 June 30, 1998

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 300,816
Investments - certificates of deposit	292,149
Accounts receivable (net of allowance for doubtful accounts of \$1-0-)	10,598
Prepaid insurance	509
Notes receivable - West Calcasieu Airport	<u>86,474</u>
Total Current Assets	<u>679,546</u>
PROPERTY, PLANT, AND EQUIPMENT	
Building and terminal improvements	1,818,298
Equipment	3,733
Less allowance for depreciation	<u>904,919</u>
	1,117,112
Land	79,689
Net Property, Plant, and Equipment	<u>1,196,801</u>
OTHER ASSETS	
Investment in West Calcasieu Airport	<u>206,674</u>
TOTAL ASSETS	\$ <u>1,891,146</u>

LIABILITIES AND FUND EQUITY

LIABILITIES	
Accounts payable	\$ 28,776
Total Liabilities	<u>28,776</u>
FUND EQUITY	
Contributed capital - capital gains	583,249
Retained earnings - unreserved	<u>1,289,543</u>
Total Fund Equity	<u>1,872,792</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>1,891,146</u>

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

WISCONSIN PORT, HARBOR AND TERMINAL DISTRICT
Sulphur, Louisiana

Statements of Revenues, Expenses, and Changes in Retained Earnings
For the Years Ended June 30,

	1998	1997
OPERATING REVENUES		
Bunkering/stevedoring fees	\$ 98,297	\$ 68,388
OFFICE (P&G) EXPENSES		
Depreciation	45,723	43,723
Dues and subscriptions	3,158	829
Insurance	3,609	1,871
Legal and professional fees	13,058	11,568
Office expenses	737	1,429
Supplies	388	-
Travel	8,889	8,877
Miscellaneous expenses	-	363
Total Operating Expenses	71,544	71,495
OPERATING INCOME (LOSS)	26,753	(3,107)
NON-OPERATING REVENUES (EXPENSES)		
Interest income	19,615	18,419
Equity interest in joint venture earnings (losses)	(1,847)	(18,965)
Total Non-Operating Revenues (Expenses)	17,768	(556)
NET INCOME (LOSS)	44,521	(29,663)
RETAINED EARNINGS, July 1,	1,245,284	1,272,949
RETAINED EARNINGS, June 30,	\$ 1,309,745	\$ 1,243,286

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

WEST CALCASIEU PORT, HARBOR AND TERMINAL DISTRICT
Delcifer, Louisiana
Enterprise Fund

Statements of Cash Flows
For the Years Ended June 30,

	1996	1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ 26,650	\$ 13,996
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	45,710	45,710
(Increase) decrease in accounts receivable	1,364	14,635
(Increase) decrease in other assets	(3,465)	13,996
Increase (decrease) in accounts payable	17,831	(282)
Total Adjustments	58,040	52,064
Net Cash Provided (Used) by Operating Activities	84,690	66,060
Cash Flows from Capital and Related Financing Activities:		
Payments for capital acquisitions	(114,270)	(11,527)
Capital contributions	15,800	-
Net Cash (Used) by Capital and Related Financing Activities	(98,470)	(11,527)
Cash Flows from Investing Activities:		
Loans to West Calcasieu Airport	-	(7,790)
Proceeds from sale of investments	282,216	274,965
Payment for purchase of investments	(260,300)	(283,216)
Receipts of interest	19,632	46,632
Net Cash Provided (Used) by Investing Activities	41,548	30,592
Net Increase (Decrease) in Cash and Cash Equivalents	27,768	84,125
Cash and Cash Equivalents - beginning of year	34,096	11,903
Cash and Cash Equivalents - end of year	\$ 61,864	\$ 96,028

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

WEST CALCASIEU PORT, HARBOR AND TERMINAL DISTRICT
Schlger, Louisiana

Notes to Financial Statements
June 30, 1998

Note 1 - Organization and Summary of Significant Accounting Policies

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

GASB No. 30 requires that governments' proprietary activities apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1988, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins. Governments are given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The District has elected not to implement FASB Statements and Interpretations issued after November 30, 1988.

The West Calcasieu Port, Harbor and Terminal District was created through Act No. 85 of the Louisiana Legislature of 1964. The District is governed by a board of five commissioners.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. Financial Reporting Entity

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

The West Calcasieu Port, Harbor and Terminal District is a component unit of the State of Louisiana.

B. Fund Accounting

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

PROPRIETARY FUND

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

Continued

WEST CALCASIEU PORT, HARBOR AND TERMINAL DISTRICT
Lafayette, Louisiana

Notes to Financial Statements (Continued)
June 30, 1998

Note 7 - Organization and Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

All proprietary funds are accounted for on a flow of economic resources measurement basis. With this measurement basis, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Fund equity is aggregated into consolidated capital and retained earnings components. Proprietary fund-type operating statements present increases and decreases in net total assets.

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

D. Fixed Assets

Additions to proprietary funds are recorded at cost or, if contributed property, at their estimated fair value at the time of contribution. Repairs and maintenance are recorded as expenses, renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been calculated using the straight-line method. Estimated useful lives are as follows:

Buildings and terminal improvements	15 - 30 years
Equipment	7 - 10 years

Depreciation expense for the years ending June 30, 1998 and 1997, totaled \$40,723 and \$45,723, respectively.

E. Bad Debts

Uncollectible amounts due for receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available, which would indicate the uncollectibility of the receivable.

F. Cash Flow Information

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

G. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date required by the government.

Continued

WEST CALCASIEU PORT, HARBOR AND TERMINAL DISTRICT
Bogalusa, Louisiana

Notes to Financial Statements (Continued)
June 30, 1998

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

State statutes authorize the government to invest in obligations of the U.S. Treasury of 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, investment as stipulated in R.S. 38:1071, or any other federally insured investment.

III. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Cash and Investments

At June 30, 1998, the Port has cash and investments (bank balances) totaling \$395,241 as follows:

Overdraft deposits	\$ 100,000
Time deposits	295,241
Total	\$ 395,241

These deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1998, the Port has \$381,905 in deposits (collected bank balances). These deposits are secured from risk by \$199,218 of federal deposit insurance and \$176,690 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 5).

Even though the pledged securities are considered uncollateralized (Category 2) under the provisions of GASB Statement 5, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 30 days of being notified by the district that the fiscal agent bank has failed to pay deposited funds upon demand.

Note 3 - Board of Commissioners Per Diem

The members of the governing board of the District received no per diem for the years ended June 30, 1998 and 1997.

WEST CALCASIEU PORT, HARBOR, AND TERMINAL DISTRICT
Sulphur, Louisiana

Notes to Financial Statements (Continued)
June 30, 1998

Note 4 - Joint Venture

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

The managing authority of the West Calcasieu Airport shall be vested in a managing board appointed by the above owners. The managing board shall have authority to carry out such duties required to effectively manage airport operations.

Following is a summary of compiled financial information of the West Calcasieu Airport as of and for the period ended June 30, 1998:

	<u>Unaudited</u>
Capital Investments	\$ 128,386
Other Assets	4,721,239
Total Assets	<u>\$ 4,849,625</u>
Total Liabilities	\$ 208,836
Total Equity	<u>4,640,789</u>
Total Liabilities and Equity	<u>\$ 4,849,625</u>
Total Net Revenues	\$ 474,300
Total Expenses	<u>480,600</u>
Net (Decrease) in Equity	<u>\$ (6,300)</u>

The district is a fifty percent participant in the joint venture.

The West Calcasieu Airport engages a local accounting firm to compile monthly financial statements. Audited financial statements were last issued for the period ending June 30, 1997.

Note 5 - Contributed Capital

An agreement was entered into by the West Calcasieu Port, Harbor and Terminal District and the Calcasieu Parish Police Jury, for the paving of a road into the Port. In accordance with the agreement, the Police Jury's participation was limited to \$75,000 and the project costs. All funds were provided for on the parish level. The paving project was completed in July of 1998 at an estimated cost of \$94,977.

Note 6 - Major Customer Information

Kumata-Burge Storage Inc. was one major customer billed approximately \$94,547 and \$65,280, respectively, for the years ended June 30, 1998 and 1997. The amount due from this customer, included in trade receivables, was \$11,856 at June 30, 1998.

Continued



BROUSSARD & COMPANY, APC

CERTIFIED PUBLIC ACCOUNTANTS

Founded in 1934

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
West Calcasieu Port, Harbor
and Terminal District
Sulphur, Louisiana

We have audited the financial statements of West Calcasieu Port, Harbor and Terminal District as of and for two years ended June 30, 1998, and have issued our report thereon dated November 30, 1998. We conducted our audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether West Calcasieu Port, Harbor and Terminal District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which would have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Calcasieu Port, Harbor and Terminal District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

NEW ORLEANS OFFICE

304 Poydras Street, Sulphur, LA 70682
Ph: (504) 527-8800 Facsimile: (504) 527-0094

LAKE CHARLES OFFICE

14400th Street, 5th, ESR, Lake Charles, LA 70601
Ph: (337) 491-6600 Facsimile: (337) 491-6881

To the Board of Commissioners
West Calcasieu Port, Harbor
and Terminal District
Sulphur, Louisiana
Page 2

This report is intended for the information of management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Bransard & Company

Lake Charles, Louisiana
November 30, 1998
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WEST CALCASIEU PORT, HARBOR AND TERMINAL DISTRICT
Bossier, Louisiana

Notes to Financial Statements (Continued)
June 30, 1999

Note 7: Notes Receivable

Notes receivable at June 30, 1999 consists of two loans due from the West Calcasieu Airport. Interest is charged at a rate of 7%.

Note 8: Contingencies and Commitments

The Chief of Engineers issued a cease and desist order related to the dredging of the barge basin due to an expired dredging permit. The Port engineer has informed us that some mitigation may be involved. Based upon the facts developed at this stage, legal counsel has informed us that an estimated range of potential loss payments for mitigation is not possible.

Note 9: Leases

The West Calcasieu Port, Harbor and Terminal District has entered into two lease agreements. In June of 1997, the Port signed a contract with DeVall Enterprises, Inc., whereby DeVall Enterprises, Inc. will have the non-exclusive right to use the dredged basin and various other buildings on the premises for a period of twenty (20) years. The consideration for this lease shall be payment of two (\$2) dollars per day per barge being stored. On August 17, 1999, the consideration for this lease will be three (\$3) dollars per day per barge.

The West Calcasieu Port, Harbor and Terminal District also entered into a lease agreement with Triple A Construction on August 13, 1997, whereby Triple A Construction will have the use of the leased property for a general construction office and related operations for a period of five (5) years. The consideration for the lease during the primary term shall be the payment of three thousand (\$3000) dollars per month. The lease agreement contains options for the Lessee to renew for additional periods of five (5) years.



BROUSSARD & COMPANY, APC

CERTIFIED PUBLIC ACCOUNTANTS

November 30, 1998

Board of Commissioners
West Calcasieu Port, Harbor and Terminal District
Sulphur, Louisiana

In planning and performing our audit of the financial statements of West Calcasieu Port, Harbor and Terminal District for the periods ended June 30, 1998, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated November 30, 1998 on the financial statements of West Calcasieu Port, Harbor and Terminal District.

We will review the status of these comments during our next audit engagement. We have already discussed many of these suggestions with various personnel, and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Broussard & Company

SULPHUR OFFICE:

784 First Avenue, Sulphur, LA 70687
Ph: (504) 527-0040 Facsimile: (504) 527-0044

LAKE CHARLES OFFICE:

11 Altheim Drive, Box 128, Lake Charles, LA 70607
Ph: (504) 475-6600 Facsimile: (504) 475-6607

1. Cash

During our testing of cash as June 30, 1999, it was noted that a deposit in transit in the amount of \$4,294 was included on the reconciliation. In testing the deposit in transit, Brownwood & Company attempted to trace the deposit to the subsequent month's (July) bank statement. The only deposits reported on the July bank statement were the actual deposits from the month of July. Therefore, it was concluded that the \$4,294 was a plug figure used to balance the general ledger cash balance to the reconciled cash balance. It is our recommendation that the cash balance as reported by the general ledger be reconciled to the bank statement and any discrepancies be investigated.

2. Accounts Payable

During the testing of accounts payable, Brownwood & Company noted that not all of the invoices were being properly cancelled upon payment. To avoid duplicate payments, we recommended the practice of cancelling all invoices upon disbursement.

3. Holidays

Brownwood & Company recommended that the Board perform test counts of the large on various days during the year and agree those counts to the reimburse slips provided to the Firm by Dorell Insurance, Inc. This test is designed to ensure the accuracy of the calculation of large days and therefore, large revenue.

4. Board Minutes

Upon testing the minutes of the Board of Director's meeting, it was noted that the minutes to the meeting held in the month of December, 1999 were not present. After several attempts, it was concluded that Board personnel were not able to locate these minutes. To ensure a complete audit trail, it is recommended that a back-up disk or additional hard copies of the minutes be retained.

WEST CALCASIEU PORT, HARBOR
AND TERMINAL DISTRICT
P.O. BOX 55
SULPHUR, LOUISIANA 70664

November 30, 1998

Legislative Auditor
State of Louisiana
PO Box 94587
Baton Rouge, LA 70804-0587

Re: Financial Statement Audit for FYE 6-30-98

Dear Sir:

In response to the Management Letter comments issued by our auditors, Brownard & Company, CPAs, APC, we advise the following:

1. Cash

During the FYE 6-30-98, we engaged the services of a local CPA firm to maintain our accounting records. We find that the bank reconciliation problems have been corrected with this change.

2. Accounts Payable

We have implemented the practice of recording invoices when paid by marking them paid.

3. Revenue

The Board will perform test counts of barges on various days during the year and document the agreement of these counts to the information provided by the company.

4. Board Minutes

The Board will maintain back-up copies of minutes of Board of Director's meetings in the future.

In the event, further information is needed, please feel free to contact us.

Sincerely,



Larry Mathews, President