

**West Calcasieu Port
Sulphur, Louisiana**

**Annual Financial Report
June 30, 2020 and 2019**

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| Independent Auditors' Report | 1 - 2 |
| Management's Discussion and Analysis | 3 - 6 |
| Statements of Net Position | 7 - 8 |
| Statements of Revenues, Expenses, and Changes in Fund Net Position | 9 |
| Statements of Cash Flows | 10 - 11 |
| Notes to Financial Statements | 12 - 19 |
| Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based On an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i> | 20 - 21 |
| Schedule of Findings and Responses | 22 |
| Schedule of Compensation, Benefits and Other Payments | 23 |

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INDEPENDENT AUDITORS' REPORT

West Calcasieu Port
Sulphur, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of West Calcasieu Port, component unit of Calcasieu Parish Police Jury, as of June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

West Calcasieu Port

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Calcasieu Port as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated March 8, 2021 on my consideration of West Calcasieu Port, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Calcasieu Port internal control over financial reporting and compliance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements of West Calcasieu Port. The Schedule of Compensation, Benefits and Other Payments is presented for purposes of additional analysis and is not a required part of the financial statements.

The Schedule of Compensation, Benefits and Other Payments is the responsibility of management and is derived from the underlying accounting and other records to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
March 8, 2021

WEST CALCASIEU PORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2020

The Management's Discussion and Analysis of the West Calcasieu Port (the Airport) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended June 30, 2020. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements.

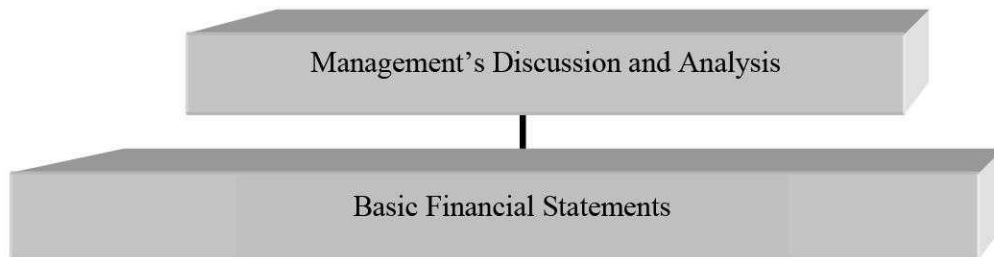
FINANCIAL HIGHLIGHTS

The Port's assets exceeded its liabilities at the close of 2020 by \$19,631,589 which represents an 7.3% increase from last fiscal year. Of this amount, \$8,225,819 (unrestricted net assets) may be used to meet the Port's ongoing obligations to its users.

The Port's operating revenue increased \$231,057 (or 25%) and the net results from operations increased by \$130,356.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



These financial statements consist of two sections - Management's Discussion and Analysis (this section) and the basic financial statements (including the notes to the financial statements).

WEST CALCASIEU PORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2020

Basic Financial Statements

The basic financial statements present information for the Port as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position (pages 7 - 8) presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The Port's assets plus deferred outflows of resources minus their liabilities and deferred inflows of resources equals the net position. The net position of the Port may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Net Position (page 9) presents information showing how the Port's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statements (pages 10 - 11) presents information showing how the Port's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

| | 2020 | 2019 | 2018 |
|---------------------------------|---------------|--------------|--------------|
| Current assets and other assets | \$ 8,303,690 | \$ 7,318,437 | \$ 6,557,033 |
| Capital assets | 11,747,768 | 11,341,140 | 10,184,737 |
| Total Assets | 20,051,458 | 18,659,577 | 16,741,770 |
| Current liabilities | 79,869 | 24,233 | 41,258 |
| Long-term debt outstanding | 340,000 | 445,000 | 550,000 |
| Total Liabilities | 419,869 | 469,233 | 591,258 |
| Net position: | | | |
| Capital Net of Debt | 11,405,770 | 10,898,526 | 10,184,737 |
| Unrestricted | 8,225,819 | 7,296,818 | 5,965,775 |
| Total Net Position | \$ 19,631,589 | \$18,190,344 | \$16,150,512 |

**WEST CALCASIEU PORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2020**

Restricted net position amounts represent those assets that are not available for spending as a result of bond agreements. Conversely, unrestricted net position amounts are those that do not have any limitations for which they may be used.

Net position of the Port increased by \$1,441,245, or 7.9%, from June 30, 2019 to June 30, 2020.

| | 2020 | 2019 | 2018 |
|-----------------------------------|--------------|--------------|------------|
| Operating revenues | \$ 1,169,590 | \$ 938,533 | \$ 906,888 |
| Operating expenses | 757,978 | 657,277 | 625,209 |
| Operating income (loss) | 411,612 | 281,256 | 281,679 |
| Non-operating revenues | 176,459 | 519,582 | 407,271 |
| Non-operating expenses | 9,841 | 12,308 | 14,599 |
| Net Non-Operating Income/(Loss) | 166,618 | 507,274 | 392,672 |
| | | | |
| Income(Loss) Before Contributions | 578,230 | 788,530 | 674,351 |
| Capital Contributions | 863,015 | 1,251,302 | 26,767 |
| Change in Net Position | \$ 1,441,245 | \$ 2,039,832 | \$ 701,118 |

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2020, the Port had \$11,747,768, net of accumulated depreciation, invested in capital assets, including land, building and other improvements. (see table below). This amount represents a net increase (including additions and deductions) of \$406,628, or 3.6%, from last year.

| | 2019 | 2019 | 2018 |
|------------------------------------|---------------|--------------|--------------|
| Land | \$ 1,755,725 | \$1,755,725 | \$ 1,755,725 |
| Building and Terminal Improvements | 11,993,581 | 13,381,555 | 11,572,898 |
| | | | |
| Construction in progress | 1,240,369 | 195,420 | 449,042 |
| Less Accumulated Depreciation | (3,241,907) | (3,991,560) | (3,592,938) |
| | | | |
| Totals | \$ 11,747,768 | \$11,341,140 | \$ 9,965,667 |

Debt Administration

The 2013A series bond payable balance decreased by \$105,000 as principal paid on the bonds, decreasing balance from \$445,000 to \$340,000. The Port issued \$1,000,000 in Revenue Bonds, Series 2013A in April 2013, for capital infrastructure improvements.

**WEST CALCASIEU PORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2020**

ECONOMIC FACTORS AND FUTURE OUTLOOK

The following factors were considered in preparing the Port's budget for the coming fiscal year: Projected sales and rentals were budgeted at a slight increase over current period excluding additional bonus rentals. Expenses were budgeted at approximately the same as current period. The change in net position should remain positive.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Port's finances and to show the Port's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Darla B. Perry, CPA, West Calcasieu Port.

**West Calcasieu Port
Sulphur, Louisiana
Statements of Net Position
As of June 30,**

| | 2020 | 2019 |
|---|----------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 464,656 | 273,273 |
| Investments | 3,820,613 | 3,357,311 |
| Restricted assets: | | |
| Cash and cash equivalents - revenue bonds | 40,569 | 39,936 |
| Accounts receivable | 54,841 | 46,138 |
| Other receivables | 56,409 | 28,212 |
| Prepaid expenses | 12,553 | 12,139 |
| Total Current Assets | 4,449,641 | 3,757,009 |
| PROPERTY, PLANT, AND EQUIPMENT | | |
| Building and terminal improvements | 11,993,581 | 13,381,555 |
| Less: accumulated depreciation and amortization | (3,241,907) | (3,991,560) |
| | 8,751,674 | 9,389,995 |
| Construction in progress | 1,240,369 | 195,420 |
| Land | 1,755,725 | 1,755,725 |
| Net Property, Plant, and Equipment | 11,747,768 | 11,341,140 |
| OTHER ASSETS | | |
| Investment in joint venture | 3,845,222 | 3,549,188 |
| Utility Deposits | 576 | 576 |
| Intangible asset | 51,209 | 51,209 |
| Less accumulated amortization | (42,958) | (39,545) |
| Total Other Assets | 3,854,049 | 3,561,428 |
| TOTAL ASSETS | \$ 20,051,458 | \$ 18,659,577 |

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

**West Calcasieu Port
Sulphur, Louisiana
Statements of Net Position (Continued)
As of June 30,**

| | 2020 | 2019 |
|---|---------------|---------------|
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 71,871 | \$ 16,619 |
| Prepaid revenue and deposits | 6,000 | 5,000 |
| Bond Interest Payable | 1,998 | 2,614 |
| Total Current Liabilities | 79,869 | 24,233 |
| CURRENT LIABILITIES (Payable from Restricted Assets) | | |
| Due within one year - revenue bonds | 110,000 | 105,000 |
| Total Current Liabilities (Payable From Restricted Assets) | 110,000 | 105,000 |
| LONG-TERM LIABILITIES | | |
| Revenue bonds payable | 230,000 | 340,000 |
| Total Long-Term Liabilities | 230,000 | 340,000 |
| TOTAL LIABILITIES | 419,869 | 469,233 |
| NET POSITION | | |
| Net investment in capital assets | 11,405,770 | 10,893,526 |
| Unrestricted amounts | 8,225,819 | 7,296,818 |
| TOTAL NET POSITION | \$ 19,631,589 | \$ 18,190,344 |

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

**West Calcasieu Port
Sulphur, Louisiana
Statements of Revenues, Expenses, and Changes in Net Position
For The Years Ended June 30, 2020
with Comparative Totals for June 30, 2019**

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|
| OPERATING REVENUES | | |
| Lease Revenue | \$ 1,153,068 | \$ 920,301 |
| Utility Revenue | 16,522 | 18,232 |
| Total Operating Revenues | <u>1,169,590</u> | <u>938,533</u> |
| OPERATING EXPENSES | | |
| Advertising | 4,313 | 2,933 |
| Board per diem | 10,200 | 10,500 |
| Bank and bond service fees | 204 | 177 |
| Depreciation expense | 487,694 | 438,434 |
| Amortization Expense | 3,414 | 3,414 |
| Insurance | 17,483 | 17,432 |
| Professional fees | 86,864 | 49,654 |
| Recording fees | 3,600 | 3,500 |
| Port Director fees | 83,625 | 86,143 |
| Dues and subscriptions | 6,825 | 8,220 |
| Office expense | 805 | 111 |
| Other expense | 8,377 | - |
| Repairs and maintenance | 27,748 | 23,975 |
| Utilities | 16,250 | 12,208 |
| Storage expense | 576 | 576 |
| Total Operating Expenses | <u>757,978</u> | <u>657,277</u> |
| INCOME FROM OPERATIONS | <u>411,612</u> | <u>281,256</u> |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Interest Income | 58,392 | 74,644 |
| Loss on Disposition | (177,967) | (767) |
| Net income from Joint Venture | 296,034 | 416,320 |
| Other Income | - | 29,385 |
| Interest expense | (9,841) | (12,308) |
| Total Non-Operating Revenues | <u>166,618</u> | <u>507,274</u> |
| CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS | 578,230 | 788,530 |
| Capital Contributions | <u>863,015</u> | <u>1,251,302</u> |
| CHANGE IN NET POSITION | 1,441,245 | 2,039,832 |
| NET POSITION - BEGINNING OF YEAR | <u>18,190,344</u> | <u>16,150,512</u> |
| NET POSITION - END OF YEAR | <u>\$ 19,631,589</u> | <u>\$ 18,190,344</u> |

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

**West Calcasieu Port
Sulphur, Louisiana
Statements of Cash Flows
For The Years Ended June 30,**

| | 2020 | 2019 |
|---|--------------|-------------|
| Cash Flows From Operating Activities: | | |
| Receipts from customers and users | \$ 1,161,887 | \$ 936,600 |
| Payments to suppliers and others | (191,083) | (146,230) |
| Payments to Directors | (83,625) | (86,143) |
| Net Cash Provided (Used) by Operating Activities | 887,179 | 704,227 |
| Cash Flows From Investing Activities: | | |
| Investment income | 58,392 | 76,644 |
| Purchase of investments | (463,302) | (299,584) |
| Net Cash Provided (Used) by Investing Activities | (404,910) | (222,940) |
| Cash Flows From Capital and Related Financing Activities: | | |
| Payments for Building, Terminal Improvements and Construction in progress | (1,009,613) | (1,589,081) |
| Principal payments on bonds | (105,000) | (105,000) |
| Receipts of capital grant | 806,606 | 1,223,090 |
| Other | 28,211 | 21,480 |
| Interest expense | (10,457) | (12,925) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (290,253) | (462,436) |
| Cash Flows From Non-Capital and Related Financing Activities: | | |
| Receipts of miscellaneous income | - | 29,385 |
| Net Increase (Decrease) in Cash | 192,016 | 18,851 |
| Cash and Cash Equivalents - Beginning of Year | 313,209 | 294,358 |
| Cash and Cash Equivalents - End of Year | \$ 505,225 | \$ 313,209 |
| Cash and Cash Equivalents: | | |
| Cash - unrestricted | \$ 464,656 | \$ 273,273 |
| Cash - restricted | 40,569 | 39,936 |
| | \$ 505,225 | \$ 313,209 |

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

**West Calcasieu Port
Sulphur, Louisiana
Statements of Cash Flows
For The Years Ended June 30,**

| | 2020 | 2019 |
|--|-----------------------|-----------------------|
| Reconciliation of Operating Income to Net Cash | | |
| Provided (Used) by Operating Activities: | | |
| Operating income (loss) | \$ 411,612 | \$ 281,256 |
| Adjustments to reconcile net operating income to net cash provided by operating activities: | | |
| Depreciation | 487,694 | 438,434 |
| Amortization | 3,414 | 3,414 |
| (Increase) decrease in receivables | (8,703) | (1,933) |
| (Increase) decrease in prepaid insurance | (414) | 81 |
| Increase (decrease) in accounts payable and accrued interest | (7,424) | (6,295) |
| Increase (decrease) in prepaid revenue | 1,000 | (10,730) |
| Total Adjustments | 475,567 | 422,971 |
| Net Cash Provided (Used) by Operating Activities | \$ 887,179 | \$ 704,227 |

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

West Calcasieu Port
Sulphur, Louisiana
Notes to Financial Statements
June 30, 2020 and 2019

Note 1 - Organization and Summary of Significant Accounting Policies

The West Calcasieu Port was created through Act No. 68 of the Louisiana Legislature of 1964. A board of five commissioners governs the District.

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

Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Commissioners. Control by or dependence on the Port 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 is a component unit of the State of Louisiana.

Fund Accounting

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

Basis of Accounting

Basis of accounting refers to when revenues or expense are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement focus applied. Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on statements of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

West Calcasieu Port
Sulphur, Louisiana
Notes to Financial Statements (Continued)
June 30, 2020 and 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

The Port distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the entity's principal ongoing operations. The principal operating revenues of the Port's enterprise fund are charges for rentals and barge storage fees. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Port's policy to use restricted resources first, then unrestricted resources as they are needed.

Accounts Receivable

Receivables include amounts due from tenants for the use of Port facilities under rental agreements as well as from the sales of fuel and oil. All receivables are current and therefore due within one year. The Board does not record an allowance for uncollectible amounts due for receivables, as it uses the direct write-off method for any debts that are not collected.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

Budgets and Budgetary Accounting

The Port adopts a budget annually for operating expenses. The budget is adopted under a basis consistent with GAAP, except that depreciation, certain capital expenses, revenues, non-operating income and certain non-operating expense items are not considered. The budget for the Port is not presented in these statements.

West Calcasieu Port
Sulphur, Louisiana
Notes to Financial Statements (Continued)
June 30, 2020 and 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

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

Restricted Net Position

In the statement of net position, equity is classified as net position and displayed in three components:

1. Investment in capital assets, net of related debt consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvements of those assets.
2. Restricted net position -net position with constraints placed on the use either by a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or b) law through constitutional provisions or enabling legislation.
3. Unrestricted – all other net position is reported in this category.

The Port typically uses restricted funds first, followed by any unassigned funds when expenditure is incurred for purposes for which amounts in either of these classifications could be used.

Risk Management

The Port is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice claims and judgments. Commercial insurance coverage is purchased for claims arising from such matters. The Port has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three years.

Environmental Matters

The Port is subject to laws and regulations relating to the protection of the environment. The Port's policy is to accrue environmental and clean up related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify with any degree of certainty the potential financial impact of the Port's continuing compliance efforts, management believes any future remediation or other compliance related costs will not have a material adverse effect on the financial condition or reported results of operations of the Board. At June 30, 2019, management is not aware of any liability resulting from environmental matters.

West Calcasieu Port
Sulphur, Louisiana
Notes to Financial Statements (Continued)
June 30, 2020 and 2019

Note 2 -Cash and Investments

At June 30, 2020, the Port has deposits with financial institutions (book balances) as follows:

| | | |
|--------------------|-----------------------------------|----------------------------|
| | | <u>2020</u> |
| Cash | | |
| | Demand Deposits | \$ 505,225 |
| Investments | | |
| | Louisiana Asset Management Pool | <u>3,820,613</u> |
| | Total Cash and Investments | <u>\$ 4,325,838</u> |

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 federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging agent banks in holding or custodial banks that are mutually acceptable to both parties. At June 30, 2020, the Port had \$511,760 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance of \$290,569 and \$563,309 of pledged securities held by the custodial banks in the name of the fiscal agent banks (GASB category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39: 1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Por that the fiscal agent bank has failed to pay deposited funds upon demand.

Under state law, the Port may invest in United States bonds, treasury notes, or certificates. These are classified as investments. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer. The financial statements of the Louisiana Asset Management Pool, Inc. (LAMP) can be obtained by accessing their website.

Investments held at June 30, 2020 consist of \$3,820,613 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126 the investment in LAMP at June 30, 2020 is not categorized in the three risk categories provided by GASB Codification Section 150.126 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book ently form.

West Calcasieu Port
Sulphur, Louisiana
Notes to Financial Statements (Continued)
June 30, 2020 and 2019

Note 2 -Cash and Investments (continued)

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA -R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U. S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

GASB Statement No.40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest, and foreign currency risk for all public held entity investments.

Lamp is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

Credit risk: LAMP is rated AAA by Standard & Poor's.

Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: 2a7-like investment pools are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.
- Foreign currency risk: Not applicable to 2a7-like pools.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA -R.S. 33:2955 (A)(l)(h) which allows all municipalities, parishes, school boards, and any other political subdivision of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1 + commercial paper.

West Calcasieu Port
Sulphur, Louisiana
Notes to Financial Statements (Continued)
June 30, 2020 and 2019

Note 2 - Deposits and Investments (continued)

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Note 3 - Fixed Assets

Capital asset activity for the year ended June 30, 2020, was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|-----------------------|------------|------------|--------------------|
| Land | \$ 1,755,725 | \$ -0- | \$ -0- | \$ 1,755,725 |
| Construction in Progress | 195,420 | 1,044,949 | -0- | 1,240,369 |
| Capital Assets Being Depreciated: | | | | |
| Building & Terminal Improvements | 13,381,555 | 27,340 | 1,415,314 | 11,993,581 |
| Total Capital Assets being Depreciated | 13,381,555 | 27,340 | 1,415,314 | 11,993,581 |
| Less Accumulated Depreciation | 3,991,560 | 487,694 | 1,237,347 | 3,241,907 |
| Total Capital Assets Being Depreciated, Net of Depreciation | 9,389,995 | (460,354) | 177,967 | 8,751,674 |
| Total Capital Assets, Net | \$ 11,341,140 | \$ 584,595 | \$ 177,967 | \$ 11,747,768 |

Note 4 - Board of Commissioners' Per Diem

Members of the Board of Commissioners are paid a per diem allowance for attending board meetings. The total expenses for meetings attended during the year ended June 30, 2020 are as follows:

| | 2020 | 2019 |
|----------------------|-----------|-----------|
| Buddy Reams | \$ 600 | \$ -0- |
| Dave Aguillard | 900 | 1,500 |
| Dick Kennison | 2,100 | 2,500 |
| Scott Foreman | 2,000 | 1,700 |
| Timothy J. Dougherty | 2,200 | 2,500 |
| Wilmer Dugas | 2,400 | 2,300 |
| Total | \$ 10,200 | \$ 10,500 |

West Calcasieu Port
Sulphur, Louisiana
Notes to Financial Statements (Continued)
June 30, 2020 and 2019

Note 5 - Bonds Payable

In 2013, the West Calcasieu Port issued \$1,000,000 Revenue Bonds, Series 2013 A; dated April 20, 2013; due in annual installments, including interest at 2.35%, of \$85,000 to \$120,000 through the year 2023.

The following is a summary of changes in long-term debt for the year ended June 30, 2020:

| Description | Amount of Original Issue | Maturity | Interest Rate | Balance 6/30/2019 | Retired 6/30/2020 | Balance 6/30/2020 |
|-------------|--------------------------|----------|---------------|-------------------|-------------------|-------------------|
| 2013 A | \$1,000,000 | 2033 | 2.35% | \$445,000 | \$105,000 | \$340,000 |

The annual debt service requirements to maturity for the 2013 A bond series as of June 30, 2019:

| <u>Year ending June 30,</u> | <u>Bond Principal</u> | <u>Bond Interest</u> | <u>Total</u> |
|-----------------------------|-----------------------|----------------------|--------------|
| 2021 | \$ 110,000 | \$ 7,990 | \$ 117,990 |
| 2022 | 110,000 | 4113 | 114,113 |
| 2023 | 120,000 | 2820 | 122,820 |
| | \$ 340,000 | \$ 14,923 | \$ 354,923 |

Note 6 - Restricted Assets

Restricted assets consist of cash from the issuance of the Port's revenue bonds. The balance at June 30, 2020 was \$40,569.

Note 7 - Major Customer

Rentals/barge storage fees from one major customer were approximately 58% of total rentals/barge storage fee income for the year ended June 30, 2020. The amount due from this customer, included in trade receivables, was \$54,841 or 100%.

Note 8 - Construction Commitments

The Port has two active construction commitments as of June 30, 2020. Port entrance road with cost incurred as of June 30, 2020 of \$1,119,021 and expected costs to complete of \$275,406. New bulkhead with costs incurred as of June 30, 2020 of \$115,119 and expected cost of \$3,335,000.

Note 9 - Intangible Asset

The Port incurred costs of \$51,209 for a strategic plan project that was conducted for the entity during the year ended June 30, 2009. The cost is amortized over a 15 year period. Amortization expense for the year ended June 30, 2020 is \$3,414.

West Calcasieu Port
Sulphur, Louisiana
Notes to Financial Statements (Continued)
June 30, 2020 and 2019

Note 10 - Investment in Joint Venture

On February 1, 2000, the Calcasieu Parish Police Jury, the West Calcasieu Port, Harbor, and Terminal District and the Industrial Development Board of the City of Sulphur entered into an amended joint service agreement with the West Calcasieu Airport Managing Board as to the development and operations of the West Calcasieu Airport Managing Board (Airport). The Port owns 50.84% of the Airport. Total assets of the Airport were \$7,957,201 and \$7,203,190, and total liabilities were \$394,035 and \$221,401 as of June 30, 2020 and 2019, respectively. The Net Position of the Board increased \$581,377 for year ending June 30, 2020 and increased \$819,752 for the year ending June 30, 2019. The investment is accounted for using the equity method. Financial statements can be obtained by contacting the Board's accountant.

Note 11 - Subsequent Events

Subsequent events were evaluated through March 8, 2021, which is the date the financial statements were available to be issued. The Port experienced significant damage to property due to hurricanes that impacted the area during August and October of 2020. Management believes that no significant financial impact will effect the Port after insurance and FEMA reimbursements are received for the repairs to the damaged Port property.

STEVEN M. DEROUEN & ASSOCIATES, LLC

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
West Calcasieu Port
Sulphur, Louisiana

I have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of West Calcasieu Port as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise West Calcasieu Port Louisiana's basic financial statements, and have issued my report thereon dated March 8, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered West Calcasieu Port internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Calcasieu Port's internal control. Accordingly, I do not express an opinion on the effectiveness of West Calcasieu Port internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Commissioners
West Calcasieu Port

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Calcasieu Port Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
March 8, 2021

West Calcasieu Port
Sulphur, Louisiana
Schedule of Findings and Responses
June 30, 2020

A. Summary of Independent Auditor's Results:

1. Unqualified opinion on financial statements.
2. No material weaknesses or significant deficiencies in internal control noted.
3. No instances of non-compliance noted.

B. GAGAS Findings:

None.

C. Prior Year Findings:

None

West Calcasieu Port
Sulphur, Louisiana

**Schedule of Compensation, Benefits and Other
Payments to the Executive Director**

Year Ended June 30, 2020

Agency Head: Lynn Hohensee, Executive Director

| Purpose | Amount |
|--|---------------|
| Salary (contract fee) | \$73,250 |
| Benefits-insurance | 0.00 |
| Benefits-retirement | 0.00 |
| Benefits-Other | 0.00 |
| Car allowance | 0.00 |
| Vehicle provided by government | 0.00 |
| Per diem | 0.00 |
| Reimbursements | 10,374 |
| Travel | 0.00 |
| Registration fees | 0.00 |
| Conference travel | 0.00 |
| Continuing professional education fees | 0.00 |
| Housing | 0.00 |
| Unvouchered expenses | 0.00 |
| Special meals | 0.00 |

Note: This schedule is included as supplementary information.