

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

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**FINANCIAL STATEMENTS**  
June 30, 2004 and 2003

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

Release Date 1-26-05

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**WEST CALCASIEU PORT  
OF CALCASIEU PARISH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2003**

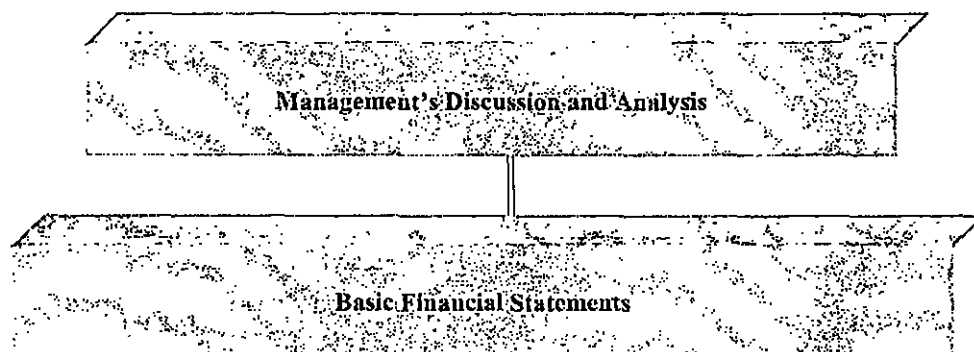
The Management's Discussion and Analysis of the West Calcasieu Port of Calcasieu Parish, Louisiana's financial performance presents a narrative overview and analysis of the Port's financial activities for the year ended June 30, 2003. This document focuses on the current year's activities, resulting 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 the fiscal year 2003 by \$2,814,775, which represents a .3% increase from the last fiscal year. Of this amount, \$1,311,499 (unrestricted net assets) may be used to meet the Port's ongoing obligations to its users.
- The Port's operating revenue increased \$6,863 or (6.0%) and the changes in net assets decreased by \$58,640. Of this decrease, \$27,625 was due to an increase in depreciation.
- The Port completed the barge basin on the East end of the Port, which included deepening and enlarging the basin in addition to installing a steel sheet piling retaining wall around the area.

**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  
OF CALCASIEU PARISH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2003**

**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 Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets (page 10) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Port is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets (page 11) 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 assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flow (pages 12-13) 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**

	<u>06/03</u>	<u>06/02</u>	<u>06/01</u>
Current and other assets	\$ 902,475	\$ 903,389	\$ 838,334
Capital assets	2,070,490	2,083,027	1,524,276
Total Assets	<u>2,972,965</u>	<u>2,986,416</u>	<u>2,362,610</u>
Other Liabilities	23,218	22,098	24,128
Long-term debts outstanding	134,972	158,189	180,288
Total Liabilities	<u>158,190</u>	<u>180,287</u>	<u>204,416</u>
Net Assets:			
Contributed Capital	1,503,276	1,451,248	818,571
Restricted	0	0	0
Unrestricted	1,311,499	1,354,881	1,339,623
Total Net Assets	<u>\$2,814,775</u>	<u>\$2,806,129</u>	<u>\$2,158,194</u>

**WEST CALCASIEU PORT  
OF CALCASIEU PARISH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2003**

	<u>06/03</u>	<u>06/02</u>	<u>06/01</u>
Operating Revenues	\$ 120,526	\$ 113,663	\$ 106,959
Operating Expenses	<152,105>	<114,527>	<110,181>
Net Operating Income/(Loss)	<31,579>	<864>	<3,222>
Non-operating Revenues	9,173	25,620	39,966
Non-operating (Expenses)	<20,976>	<9,498>	<10,983>
Net Non-operating Income/(Loss)	<11,803>	16,122	28,983
Net Increase/(Decrease) In Net Assets	<u>\$ &lt;43,382&gt;</u>	<u>\$ 15,258</u>	<u>\$ 25,761</u>

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2003, the Port had \$1,983,120, net of accumulated depreciation, invested in a broad range of capital assets, including land, right of ways, buildings, roads, bulkhead and docks, terminal improvements, and furniture, fixtures, and equipment. (See Table Below). This amount represents a net increase (including additions and deductions) of \$523,289, or 35.9%, over last year.

	<u>06/03</u>	<u>06/02</u>	<u>06/01</u>
Land and Right of Ways	\$ 323,059	\$ 323,059	\$ 323,059
Building and Terminal Improvements	2,465,489	1,852,529	1,852,529
Furniture, Fixtures, and Equipment	3,722	3,722	3,722
Less Accumulated Depreciation	<809,150>	<719,479>	<657,432>
Totals	<u>\$1,983,120</u>	<u>\$1,459,831</u>	<u>\$1,521,878</u>

This year's Major Capital additions included above were:

Terminal Improvements \$612,960-consisting mainly of the completion of the enlargement and bulkheading of the East Barge Basin.

**CONTACTING THE DISTRICT'S MANAGEMENT**

This financial report is designed to provide our citizens, 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  
OF CALCASIEU PARISH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2004**

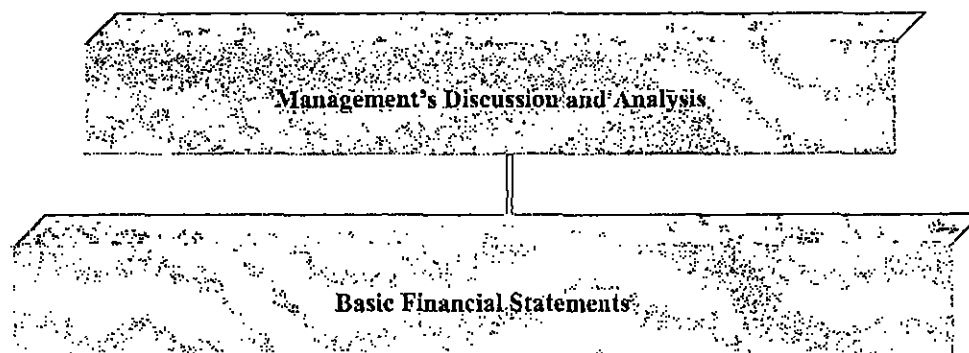
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**FINANCIAL HIGHLIGHTS**

- The Port's assets exceeded its liabilities at the close of the fiscal year 2004 by \$2,706,727. Of this amount, \$1,203,451 (unrestricted net assets) may be used to meet the Port's ongoing obligations to its users.
- The Port's operating revenue decreased \$11,466 or (9.5%) due to decreased barge days and the operating income decreased by \$19,394. The changes in net assets decreased by \$64,666 resulting from decreased barge rental days and mitigation costs of \$42,000.
- During the fiscal period 06/04, Tanner Fuel Services, LLC, a new tenant, leased the West barge basin for \$100 per day on a one-year contract.
- During this year, the Port completed the dredging of a second barge basin.

**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  
OF CALCASIEU PARISH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2004**

**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 Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

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The Statement of Revenues, Expenses, and Changes in Net Assets (page 11) 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 assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

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**FINANCIAL ANALYSIS OF THE ENTITY**

	<u>06/04</u>	<u>06/03</u>	<u>06/02</u>
Current and other assets	\$ 854,140	\$ 902,475	\$ 903,389
Capital assets	1,987,559	2,070,490	2,083,027
Total Assets	<u>2,841,699</u>	<u>2,972,965</u>	<u>2,986,416</u>
Other Liabilities	24,394	23,218	22,098
Long-term debts outstanding	110,578	134,972	158,189
Total Liabilities	<u>134,972</u>	<u>158,190</u>	<u>180,287</u>
Net Assets:			
Contributed Capital	1,503,276	1,503,276	1,451,248
Restricted	0	0	0
Unrestricted	1,203,451	1,311,499	1,354,881
Total Net Assets	<u>\$ 2,706,727</u>	<u>\$ 2,814,775</u>	<u>\$ 2,806,129</u>

**WEST CALCASIEU PORT  
OF CALCASIEU PARISH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2004**

	<u>06/04</u>	<u>06/03</u>	<u>06/02</u>
Operating Revenues	\$ 109,060	\$ 120,526	\$ 113,663
Operating Expenses	<160,033>	<152,105>	<114,527>
Net Operating Income/(Loss)	<50,973>	<31,579>	<864>
Non-operating Revenues	4,799	9,173	25,620
Non-operating (Expenses)	<61,874>	<20,976>	<9,498>
Net Non-operating Income/(Loss)	<57,075>	<11,803>	16,122
Net Increase/(Decrease) In Net Assets	<u>\$ &lt;108,048 &gt;</u>	<u>\$ &lt;43,382 &gt;</u>	<u>\$ 15,258</u>

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2004, the Port had \$1,987,559, net of accumulated depreciation, invested in a broad range of capital assets, including land, right of ways, buildings, roads, bulkhead and docks, terminal improvements, and furniture, fixtures, and equipment. (See Table Below). This amount represents a net increase (including additions and deductions) of \$4,439, or .2%, over last year.

	<u>06/04</u>	<u>06/03</u>	<u>06/02</u>
Land and Right of Ways	\$ 323,059	\$ 323,059	\$ 323,059
Building and Terminal Improvements	2,564,523	2,465,489	1,852,529
Furniture, Fixtures, and Equipment	3,722	3,722	3,722
Less Accumulated Depreciation	<903,745>	<809,150>	<719,479>
Totals	<u>\$ 1,987,559</u>	<u>\$ 1,983,120</u>	<u>\$ 1,459,831</u>

This year's Major Capital additions included above were:

Terminal Improvements \$99,034

**CONTACTING THE DISTRICT'S MANAGEMENT**

This financial report is designed to provide our citizens, 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.



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**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of West Calcasieu Port, Harbor and Terminal District, a component unit of the State of Louisiana as of and for the years ended June 30, 2004 and June 30, 2003, as listed in the table of contents. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 audit provides 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, 2004 and 2003, and the results of its operations and its cash flows for the years ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*. This results in a change in the format and content of the financial statements as of June 30, 2004 and 2003.

The Management's Discussion and Analysis on pages 2 through 7 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated October 21, 2004 on our consideration of West Calcasieu Port, Harbor and Terminal District's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

McMullen and Mancuso, CPAs

*McMullen and Mancuso, CPAs*

October 21, 2004

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

**Statement of Net Assets**  
June 30, 2004 and 2003

ASSETS

	2004	2003
<b>CURRENT ASSETS</b>		
Cash (Note 2)	\$ 42,955	\$ 79,651
Investments (Note 2)	472,657	468,274
Accounts receivable	19,383	16,837
Prepaid insurance	4,682	3,639
Note receivable - West Calcasieu Airport (Note 6)	26,476	26,476
Grants receivable (Note 7)	-	7,052
Total Current Assets	566,153	601,929
<b>PROPERTY, PLANT, AND EQUIPMENT</b>		
Building and terminal improvements	2,564,523	2,465,489
Equipment	3,722	3,722
Less allowance for depreciation	(903,745)	(809,150)
	1,664,500	1,660,061
Land	323,059	323,059
Net Property, Plant and Equipment	1,987,559	1,983,120
Construction in progress	-	87,370
<b>OTHER ASSETS</b>		
Investment in West Calcasieu Airport	287,987	300,546
<b>TOTAL ASSETS</b>	<b>\$ 2,841,699</b>	<b>\$ 2,972,965</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Current liabilities		
Notes Payable - current maturities (Note 4)	\$ 24,394	\$ 23,218
Total Current Liabilities	24,394	23,218
Long term liabilities		
Notes Payable - long term maturities (Note 4)	110,578	134,972
Total Liabilities	134,972	158,190
<b>NET ASSETS</b>		
Contributed capital - captial grants (Note 8)	1,503,276	1,503,276
Unrestricted	1,203,451	1,311,499
Total Net Assets	2,706,727	2,814,775
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,841,699</b>	<b>\$ 2,972,965</b>

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

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

**Statement of Revenues, Expenses, and Changes in Net Assets**  
For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<b>OPERATING REVENUES</b>		
Rentals / barge storage fees	\$ <u>109,060</u>	\$ <u>120,526</u>
<b>OPERATING EXPENSES</b>		
Advertising	15	-
Bad debt	-	55
Bank fees	153	157
Certification / recording fees	130	-
Convention expense	975	300
Depreciation	94,595	89,672
Director's fee	9,700	10,600
Dues and Subscriptions	1,600	1,600
Insurance	6,667	5,354
Legal and professional fees	33,750	32,900
Office expenses	150	549
Repairs and maintenance	4,056	-
Storage	828	684
Travel	7,072	9,641
Utilities	342	593
Total Operating Expenses	<u>160,033</u>	<u>152,105</u>
<b>OPERATING INCOME (LOSS)</b>	(50,973)	(31,579)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Miscellaneous income	200	32
Mitigation	(42,000)	(383)
Interest income	4,599	9,141
Interest expense	(7,315)	(8,432)
Equity interest in joint venture earnings (losses)	(12,559)	(12,161)
Total Non-Operating Revenues (Expenses)	<u>(57,075)</u>	<u>(11,803)</u>
<b>CHANGE IN NET ASSETS</b>	(108,048)	(43,382)
<b>NET ASSETS, JULY 1</b>	<u>1,311,499</u>	<u>1,354,881</u>
<b>NET ASSETS, JUNE 30</b>	<u>\$ 1,203,451</u>	<u>\$ 1,311,499</u>

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

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

**Statement of Cash Flows**  
For the Years Ended June 30,

	2004	2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 106,714	\$ 119,874
Payments to suppliers and others	(56,781)	(52,763)
Payments to directors	(9,700)	(10,600)
Payment for mitigation	(42,000)	-
Net Cash Provided (Used) by Operating Activities	(1,767)	56,511
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for purchase of investments	(4,383)	(7,259)
Receipts of interest	4,599	7,880
Net Cash Provided (Used) by Investing Activities	216	621
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Receipt of capital grant	7,052	47,374
Payments for building and terminal improvements	(11,664)	(29,764)
Payments for construction in progress	-	(47,370)
Payments of interest	(7,315)	(8,432)
Note payable reduction	(23,218)	(22,097)
Net Cash (Used) by Capital and Related Financing Activities	(35,145)	(60,289)
Net Increase (Decrease) in Cash and Cash Equivalents	(36,696)	(3,157)
Cash and Cash Equivalents - Beginning of Year	79,651	82,808
Cash and Cash Equivalents - End of Year	\$ 42,955	\$ 79,651

**Supplemental Disclosure**

In the year ended June 30, 2003 a non-cash transaction resulted from interest earned of \$1,261 on the note receivable from the Airport Authority.

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

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

**Statement of Cash Flows**  
For the Years Ended June 30,

	<u>2004</u>	<u>2003</u>
RECONCILIATION OF OPERATING INCOME TO		
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (50,973)	\$ (31,579)
Adjustments to reconcile operating income (loss)		
to net cash provided by operating activities:		
Depreciation	94,595	89,671
Miscellaneous income	200	32
Mitigation	(42,000)	(383)
(Increase) decrease in accounts receivable	(2,546)	(629)
(Increase) decrease in prepaid insurance	(1,043)	(601)
Total Adjustments	<u>49,206</u>	<u>88,090</u>
Net Cash Provided (Used) by Operating Activities	<u>(1,767)</u>	<u>56,511</u>

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

WEST CALCASIEU PORT, HARBOR AND TERMINAL DISTRICT  
Sulphur, Louisiana

Notes to Financial Statements  
June 30, 2004 and 2003

***Note 1 – Organization and Summary of Significant Accounting Policies***

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

The accounting policies of West Calcasieu Port, Harbor and Terminal District conform to accounting principals generally accepted in the United States of America as applicable to governmental units. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units. The following is a summary of the more significant policies:

**A. Financial Reporting Entity**

This report includes all funds that 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, 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 and 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.

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

**Notes to Financial Statements**  
June 30, 2004 and 2003

**Note 1 – Organization and Summary of Significant Accounting Policies (continued)**

**C. Basis of Accounting**

The District has implemented GASB Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

The District’s statements of net assets and revenues, expenses, and changes in fund net assets are presented using the economic resources measurement focus and the accrual basis of accounting. The revenues are recognized when they are earned, and expenses are recognized when incurred.

GASB No. 20 requires that governments’ proprietary activities apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, 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, 1989.

**D. Fixed Assets**

All fixed assets of the proprietary fund are recorded at historical costs or, if contributed property, at their estimated fair value at the time of contribution. Depreciation of all exhaustible fixed assets is charged as an expense against their operations. The costs of normal repairs and maintenance that do not add to the value of the assets or materially extend assets lives 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.



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

**Notes to Financial Statements**  
June 30, 2004 and 2003

*Note 1 – Organization and Summary of Significant Accounting Policies (continued)*

**D. Fixed Assets (Continued)**

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, 2004 and 2003 totaled \$94,595 and \$89,671, respectively.

Additions and deletions to property, plant, and equipment for the years ended June 30, 2004 and 2003 were as follows:

	July 1, 2002	Additions		June 30, 2004
	2002	2003	2004	2004
Improvements	\$ 1,192,121	\$ 612,960	\$ 99,034	\$ 1,904,115
Buildings & Terminal	660,408	-	-	660,408
Equipment	3,722	-	-	3,722
<b>Total</b>	<b>\$ 1,856,251</b>	<b>\$ 612,960</b>	<b>\$ 99,034</b>	<b>\$ 2,568,245</b>

**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.

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

**Notes to Financial Statements**  
June 30, 2004 and 2003

***Note 1 – Organization and Summary of Significant Accounting Policies (continued)***

**F. Cash**

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

**G. Use of Estimates**

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

***Note 2 – Cash and Investments***

At June 30, 2004 and 2003, the District has deposits with financial institutions (book balances) as follows:

<b>Cash</b>	<u>2004</u>	<u>2003</u>
Demand deposits	\$ 42,955	\$ 79,651
<b>Investments</b>		
Time deposits	200,148	198,374
Louisiana Asset Management Pool	<u>272,509</u>	<u>269,900</u>
Total Investments	472,657	468,274
<b>Total Cash and Investments</b>	<u>\$ 515,612</u>	<u>\$ 547,925</u>

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

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**Notes to Financial Statements**  
June 30, 2004 and 2003

***Note 2 – Cash and Investments (continued)***

These deposits are state 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 bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2004, the District had \$242,923 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$463,913 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

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

Under state law, the District 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.

Investments held at June 30, 2004 consist of \$272,509 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, 2004 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 entry form.

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.

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

**Notes to Financial Statements**  
June 30, 2004 and 2003

***Note 2 – Cash and Investments (continued)***

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)(1)(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.

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 – Joint Venture***

On July 1, 1981 (amended 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 service agreement as to the development and operations of the West Calcasieu Airport.

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

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

**Notes to Financial Statements**  
June 30, 2004 and 2003

***Note 3 – Joint Venture (continued)***

Following is a summary of compiled financial information of the West Calcasieu Airport as of and for the period ended June 30, 2004 and 2003:

	<u>Unaudited</u> 2004	<u>Audited</u> 2003
Cash / Investments	\$ 79,891	\$ 85,454
Other Assets	<u>5,195,098</u>	<u>5,098,272</u>
Total Assets	<u>\$ 5,274,989</u>	<u>\$ 5,183,726</u>
Total Liabilities	\$ 259,270	\$ 255,706
Total Equity	<u>5,015,719</u>	<u>4,928,020</u>
Total Liabilities and Equity	<u>\$ 5,274,989</u>	<u>\$ 5,183,726</u>
Total Net Revenues	\$ 344,615	\$ 369,002
Total Expenses	<u>369,734</u>	<u>393,324</u>
Net Increase (Decrease) in Equity	<u>\$ (25,119)</u>	<u>\$ (24,322)</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, 2003.

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

**Notes to Financial Statements**  
June 30, 2004 and 2003

***Note 4 – Notes Payable***

The Port entered into a \$240,000 note payable June 8, 1999 with Cameron State Bank for the purchase of real estate. Note payments are \$2,544.18 per month, including interest at 4.88% maturing June 20, 2009. This note is secured by real property located in Calcasieu Parish, State of Louisiana. Long Term Maturities are as follows:

Year Ending June 30,	Amount
2005	\$ 24,394
2006	25,630
2007	26,929
2008	28,293
2009	29,726
Total	\$ <u>134,972</u>

***Note 5 – Major Customer Information***

Rentals / Barge Storage fees from one major customer totaled approximately \$95,110 and \$88,515, respectively, for the years ended June 30, 2004 and 2003. The amount due from this customer, included in trade receivables, was \$19,183 and \$16,837, respectively, for the years ended June 30, 2004 and 2003.

***Note 6 – Note Receivable***

Demand notes receivable at June 30, 2004 and June 30, 2003 consist of two loans due from the West Calcasieu Airport totaling \$26,476 for both years. Interest is charged at a rate of 5%. However, the Board of Commissioners decided not to accrue interest on the receivable for the year ended June 30, 2004.

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

**Notes to Financial Statements**  
June 30, 2004 and 2003

**Note 7 - Grant Receivable**

The District had grants receivable as of June 30, 2004 and 2003 as follows:

Calcasieu Parish Police Jury	\$	-	\$	7,052
LA DOTD		-		-
Totals	\$	-	\$	<u>7,052</u>

**Note 8 - Capital Grants**

Grants, entitlements, or shared revenues received that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired from such contributions.

The District has received various capital grants for terminal improvements scheduled as follows:

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Grant for Basin	\$ 583,249	\$ 583,249
Calcasieu Parish Police Jury - Ramp/Road Improvements	372,872	372,872
Barge Slip Removal/Dredging	52,028	52,028
Louisiana DOTD East Bulk Head	<u>495,127</u>	<u>495,127</u>
Totals	\$ <u>1,503,276</u>	\$ <u>1,503,276</u>

**Note 9 - Risk Management**

The District purchases general liability and property insurance from a commercial insurance carrier in order to manage its risk. There were no significant reductions in insurance coverage from the prior year.

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

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**Schedule of Compensation Paid to Board Members**  
For the Years Ended June 30, 2004 and 2003

	<u>June 30, 2004</u>		<u>June 30, 2003</u>	
	Number	Amount	Number	Amount
Larry Mashburn	11	1,100	12	1,200
Percy Rogers	12	1,200	13	1,300
John Dixon	12	1,200	13	1,300
Tim Dougherty	12	1,200	13	1,300
George Tuttle	12	1,200	13	1,300



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**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 the two years ended June 30, 2004 and 2003, and have issued our report thereon dated October 21, 2004. We conducted our audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits 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 general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that 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 general purpose 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 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 over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management; others within the District, the District's Board of Directors and the Legislative Auditor and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

McMullen and Mancuso, CPAs

*McMullen and Mancuso, CPAs*  
October 21, 2004

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Members

American Institute of Certified Public Accountants  
Louisiana Society of Certified Public Accountants

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

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***Schedule of Findings and Questioned Costs***  
For the Years Ended June 30, 2004 and 2003

- A. Summary of Independent Auditors' 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.
  4. Management Letter was issued.

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**MANAGEMENT LETTER**

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

We have audited the financial statements of the West Calcasieu Port, Harbor and Terminal District, a component unit of the State of Louisiana as of and for the years ended June 30, 2004 and June 30, 2003, and have issued our report thereon dated October 21, 2004. We conducted our 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.

As part of our examination, we have issued our report on the financial statements, dated October 21, 2004, and our report on internal control and compliance with laws, regulations, and contracts, dated October 21, 2004.

During the course of our examination, we became aware of the following matters which represent immaterial deviations of compliance or suggestions for improved internal controls.

Suggestion 2004-1. The District does not have a travel policy adequate to meet the needs of the entity, including containing specific guidance as to what is allowable related to travel for District business, conference, and seminar travel. The Board has only followed IRS guidelines for mileage reimbursement and has not adopted a formal travel policy. With the current policy, the Board is unable to determine if travel costs are reasonable and done only when necessary. We recommend that the Board of Commissioners adopt a travel policy adequate to meet the needs of the District.

Suggestion 2004-2. A possible violation of State ethics policy may be occurring as the Port Director, who is compensated \$350 per month, also serves on the Board of Commissioners as a voting member and receives compensation for each meeting attended. The Board of Commissioners has passed motions allowing the Port Director to serve in both roles for the District. We recommend that the District request a ruling from the State Ethics Board to determine if it is in compliance having the compensated Port Director also serve as a compensated voting member on the Board of Commissioners.

We recommend management address the foregoing issues as an improvement to operations and the administration of public programs. We are available to further explain the suggestions or help implement the recommendations.

McMullen and Mancuso, CPAs

*McMullen and Mancuso, CPAs*

October 21, 2004

Members

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

**SCHEDULE OF PRIOR YEARS FINDINGS**

**Years Ended June 30, 2004 and 2003**

<b>SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>	
N/A	
<b>SECTION II - MANAGEMENT LETTER</b>	
N/A	

**THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT**

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

**MANAGEMENT'S CORRECTIVE ACTION PLAN**

**Years Ended June 30, 2004 and 2003**

<b>SECTION II - MANAGEMENT LETTER</b>	
<b>2004-1</b> The District does not have a travel policy adequate to meet the needs of the entity, including containing specific guidance as to what is allowable related to travel for District business, conference and seminar travel.	The Board of Commissioners will adopt a travel policy adequate to meet the needs of the District.
<b>2004-2</b> A possible violation of State ethics policy may be occurring as the Port Director, compensated \$350 per month, also serves as a voting member on the Board of Commissioners.	The Board of Commissioners will request a ruling from the State Ethics Board to determine compliance and will request ethics training for the District.

**THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT**