

**West Calcasieu Port  
Sulphur, Louisiana**

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**Annual Financial Report  
June 30, 2023 and 2022**

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## INDEPENDENT AUDITORS' REPORT

West Calcasieu Port  
Sulphur, Louisiana

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the business-type activities of the West Calcasieu Port, component unit of Calcasieu Parish Police Jury, the West Calcasieu Port and Industrial Development Board of the City of Sulphur, as of and for the years ended June 30, 2023 and June 30, 2022, and the related notes to the financial statements, which collectively comprise the West Calcasieu Port's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of West Calcasieu Port as of June 30, 2023 and June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the West Calcasieu Port and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the West Calcasieu Port's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the accounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 West Calcasieu Port's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the West Calcasieu Port's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7, be presented to supplement the basic financial statements. Such information is the responsibility of management, and, 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. We 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 we obtained during our audit of the basic financial statements. We do not express an opinion or

provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Calcasieu Port's basic financial statements. 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023 on our consideration of the West Calcasieu Port's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the West Calcasieu Port's 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's internal control over financial reporting and compliance.

*Steven M. DeRouen & Associates*

Lake Charles, Louisiana  
December 14, 2023

WEST CALCASIEU PORT  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**AS OF JUNE 30, 2023**

The Management’s Discussion and Analysis of the West Calcasieu Port financial performance presents a narrative overview and analysis of the District’s financial activities for the year ended June 30, 2023. 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.

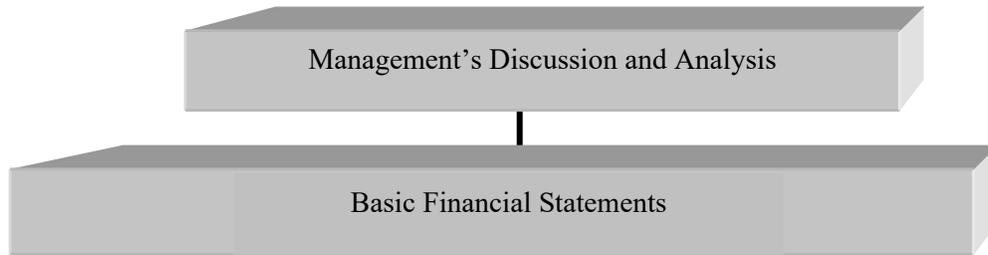
**FINANCIAL HIGHLIGHTS**

The Port’s assets exceeded its liabilities at the close of 2023 by \$22,583,228 which represents an 2.6% increase from last fiscal year. Of this amount, \$11,300,393 (unrestricted net assets) may be used to meet the Port’s ongoing obligations to its users.

The Port’s operating revenue increased \$164,354 (or 16.6%) and the net results from operations increased by \$261,682.

**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, 2023**

**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 8 - 9) 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 10) 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 11 - 12) 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**

	2023	2022	2021
Current assets and other assets	\$ 11,216,881	\$ 10,444,557	\$ 9,392,079
Capital assets	11,394,015	11,688,586	11,989,293
Total Assets	<u>22,610,896</u>	<u>22,133,143</u>	<u>21,381,372</u>
Current liabilities	27,668	8,898	130,934
Long-term debt outstanding	-0-	120,000	230,000
Total Liabilities	<u>27,668</u>	<u>128,898</u>	<u>360,934</u>
Net position:			
Capital Net of Debt	11,394,015	11,567,881	11,757,295
Unrestricted	<u>11,189,213</u>	<u>10,436,364</u>	<u>9,263,143</u>
Total Net Position	<u>\$ 22,583,228</u>	<u>\$ 22,004,245</u>	<u>\$21,020,438</u>

**WEST CALCASIEU PORT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2023**

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 \$983,807, or 4.7%, from June 30, 2022 to June 30, 2023.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 1,153,674	\$ 989,320	\$ 992,286
Operating expenses	<u>859,377</u>	<u>956,705</u>	<u>956,361</u>
Operating income (loss)	294,297	32,615	35,925
Non-operating revenues	178,761	787,297	1,449,873
Non-operating expenses	<u>(2,112)</u>	<u>(4,113)</u>	<u>(418,334)</u>
Net Non-Operating Income/(Loss)	<u>176,649</u>	<u>783,184</u>	<u>1,868,207</u>
Income(Loss) Before Contributions	470,946	815,799	1,067,464
Capital Contributions	<u>108,037</u>	<u>168,008</u>	<u>321,385</u>
Change in Net Position	<u>\$ 578,983</u>	<u>\$ 983,807</u>	<u>\$ 1,388,849</u>

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2023, the Port had \$11,342,806, net of accumulated depreciation, invested in capital assets, including land, building and other improvements. (see table below). This amount represents a net decrease (including additions and deductions) of \$294,571, or 2.5%, from last year.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Land	\$ 1,974,262	\$1,974,262	\$ 1,974,262
Building and Terminal Improvements	13,561,592	13,561,592	13,408,585
Construction in progress	617,803	379,329	274,450
Less Accumulated Depreciation	<u>(4,759,642)</u>	<u>(4,226,597)</u>	<u>(3,668,004)</u>
Totals	<u>\$ 11,394,015</u>	<u>\$11,688,586</u>	<u>\$ 11,989,293</u>

**Debt Administration**

The 2013A series bond payable balance decreased by \$120,000 as principal paid on the bonds, decreasing balance from \$120,000 to \$0. 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, 2023**

**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, 2023**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 267,019	255,881
Investments	5,463,895	4,621,192
Restricted assets:		
Cash and cash equivalents - revenue bonds	-	60,977
Accounts receivable	66,952	39,633
Other receivables	-	-
Prepaid expenses	19,366	12,122
Total Current Assets	5,817,232	4,989,805
<b>PROPERTY, PLANT, AND EQUIPMENT</b>		
Building and terminal improvements	13,561,592	13,561,592
Less: accumulated depreciation	(4,759,642)	(4,226,597)
	8,801,950	9,334,995
Construction in progress	617,803	379,329
Land	1,974,262	1,974,262
Net Property, Plant, and Equipment	11,394,015	11,688,586
<b>OTHER ASSETS</b>		
Investment in joint venture	5,398,489	5,452,169
Utility Deposits	1,160	1,160
Intangible asset	51,209	51,209
Less accumulated amortization	(51,209)	(49,786)
Total Other Assets	5,399,649	5,454,752
<b>TOTAL ASSETS</b>	<b>\$ 22,610,896</b>	<b>\$ 22,133,143</b>

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, 2023**

	<b>2023</b>	<b>2022</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 25,668	\$ 6,193
Prepaid revenue and deposits	2,000	2,000
Bond Interest Payable	-	705
Total Current Liabilities	27,668	8,898
<b>CURRENT LIABILITIES (Payable from Restricted Assets)</b>		
Due within one year - revenue bonds	-	120,000
Total Current Liabilities (Payable From Restricted Assets)	-	120,000
<b>LONG-TERM LIABILITIES</b>		
Revenue bonds payable	-	-
Total Long-Term Liabilities	-	-
<b>TOTAL LIABILITIES</b>	<b>27,668</b>	<b>128,898</b>
<b>NET POSITION</b>		
Net investment in capital assets	11,394,015	11,567,881
Unrestricted amounts	11,189,213	10,436,364
<b>TOTAL NET POSITION</b>	<b>\$ 22,583,228</b>	<b>\$ 22,004,245</b>

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, 2023  
with Comparative Totals for June 30, 2022**

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Lease Revenue	\$ 1,138,654	\$ 966,455
Utility Revenue	15,020	22,865
Total Operating Revenues	<u>1,153,674</u>	<u>989,320</u>
<b>OPERATING EXPENSES</b>		
Advertising	2,475	3,200
Board per diem	10,000	12,700
Bank and bond service fees	195	318
Depreciation expense	533,045	558,593
Amortization Expense	1,423	3,414
Insurance	23,954	14,419
Professional fees	52,198	49,853
Recording fees	4,525	3,800
Port Director fees	91,030	89,077
Dues and subscriptions	8,915	9,405
Office expense	571	777
Other expense	59,283	93,986
Repairs and maintenance	53,350	101,791
Utilities	17,513	14,796
Storage expense	900	576
Total Operating Expenses	<u>859,377</u>	<u>956,705</u>
<b>INCOME FROM OPERATIONS</b>	<u>294,297</u>	<u>32,615</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income	194,259	9,915
Net income (loss) from Joint Venture	(53,680)	381,150
Miscellaneous income	38,182	120,605
Insurance reimbursements hurricane	-	275,627
Interest expense	(2,112)	(4,113)
Total Non-Operating Revenues	<u>176,649</u>	<u>783,184</u>
<b>CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS</b>	470,946	815,799
Capital Contributions	<u>108,037</u>	<u>168,008</u>
<b>CHANGE IN NET POSITION</b>	578,983	983,807
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>22,004,245</u>	<u>21,020,438</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 22,583,228</u>	<u>\$ 22,004,245</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, 2023**

	<b>2023</b>	<b>2022</b>
<b>Cash Flows From Operating Activities:</b>		
Receipts from customers and users	\$ 1,126,355	\$ 992,517
Payments to suppliers and others	(219,648)	(429,659)
Payments to Directors	(91,030)	(89,077)
Net Cash Provided (Used) by Operating Activities	815,677	473,781
<b>Cash Flows From Investing Activities:</b>		
Investment income	194,259	9,915
Purchase of investments	(842,703)	(709,852)
Net Cash Provided (Used) by Investing Activities	(648,444)	(699,937)
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Payments for property, plant and equipment	(238,474)	(257,886)
Principal payments on bonds	(120,000)	(110,000)
Receipts of capital grant	108,037	168,008
Other	-	316,590
Interest expense	(2,817)	(2,820)
Net Cash Provided (Used) by Capital and Related Financing Activities	(253,254)	113,892
<b>Cash Flows From Non-Capital and Related Financing Activities:</b>		
Receipts of miscellaneous income	38,182	120,605
<b>Net Increase (Decrease) in Cash</b>	(47,839)	8,341
<b>Cash and Cash Equivalents - Beginning of Year</b>	316,858	308,517
<b>Cash and Cash Equivalents - End of Year</b>	\$ 269,019	\$ 316,858
<b>Cash and Cash Equivalents:</b>		
Cash - unrestricted	\$ 267,019	\$ 255,881
Cash - restricted	-	60,977
	\$ 267,019	\$ 316,858

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, 2023**

	<b>2023</b>	<b>2022</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>		
Operating income (loss)	\$ 294,297	\$ 32,615
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	533,045	558,593
Amortization	1,423	3,414
(Increase) decrease in receivables	(27,319)	4,197
(Increase) decrease in prepaid insurance	(7,244)	(3,002)
Increase (decrease) in accounts payable	21,475	(121,036)
Increase (decrease) in prepaid revenue	-	(1,000)
	521,380	441,166
<b>Total Adjustments</b>		
	\$ 815,677	\$ 473,781
<b>Net Cash Provided (Used) by Operating Activities</b>		

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

West Calcasieu Port  
**Sulphur, Louisiana**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

***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, 2023 and 2022**

*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, 2023 and 2022**

***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, 2023, management is not aware of any liability resulting from environmental matters.

West Calcasieu Port  
Sulphur, Louisiana  
**Notes to Financial Statements (Continued)**  
**June 30, 2023 and 2022**

**Note 2 -Cash and Investments**

*At June 30, 2023, the Port has deposits with financial institutions (book balances) as follows:*

		<b><u>2023</u></b>
<b>Cash</b>		
	Demand Deposits	\$ 267,019
<b>Investments</b>		
	Louisiana Asset Management Pool	\$ <u>5,463,895</u>
	<b>Total Cash and Investments</b>	<b><u>\$ 5,730,914</u></b>

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, 2023, the Port had \$230,399 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance of \$267,220 and \$541,791 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, 2023 consist of \$5,463,895 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, 2023 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, 2023 and 2022**

***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)(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.

West Calcasieu Port  
Sulphur, Louisiana  
**Notes to Financial Statements (Continued)**  
**June 30, 2023 and 2022**

***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***

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. Donated fixed assets include land valued at \$649,700 and leasehold improvements of \$519,008. 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 Port has a capitalization policy of \$1,000. Depreciation has been calculated using the straight-line method. Estimated useful lives are buildings and improvements 10-40 years and furniture, fixtures and equipment 5-10 years. Depreciation expense for the year ended June 30, 2023 totaled \$558,593.

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Land	\$ 1,974,262	\$ -0-	\$ -0-	\$ 1,974,262
Construction in Progress	379,329	238,474	-0-	617,803
Capital Assets Being Depreciated:				
Building & Terminal Improvements	13,561,592	-0-	-0-	13,561,592
Total Capital Assets being Depreciated	13,561,592	-0-	-0-	13,561,592
Less Accumulated Depreciation	4,226,597	533,045	-0-	4,759,642
Total Capital Assets Being Depreciated, Net of Depreciation	9,334,995	(533,045)	-0-	8,801,950
Total Capital Assets, Net	\$ 11,688,586	\$ (295,571)	\$ 0-	\$ 11,393,015

West Calcasieu Port  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**June 30, 2023 and 2022**

**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, 2023 are as follows:

	<u>2023</u>	<u>2022</u>
Buddy Reams	\$2,000	\$2,000
Dick Kennison	2,400	2,600
Scott Foreman	\$0	2,200
Timothy J. Dougherty	2,400	2,700
Wilmer Dugas	1,800	2,600
Total	\$10,000	\$12,700

**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, 2023:

Description	Amount of Original Issue	Maturity	Interest Rate	Balance 6/30/2022	Retired 6/30/2023	Balance 6/30/2023
2013 A	\$1,000,000	2033	2.35%	\$120,000	\$120,000	\$0

**Note 7 - Major Customer**

Rentals/barge storage fees from one major customer were approximately 76% of total rentals/barge storage fee income for the year ended June 30, 2023. The amount due from this customer, included in trade receivables, was \$75,090 or 100%.

**Note 8 - Construction Commitments**

The Port has active construction commitments as of June 30, 2023. The costs incurred as of June 30, 2023 of \$617,803 and expected remaining cost of \$9,300,000 .

West Calcasieu Port  
**Sulphur, Louisiana**  
**Notes to Financial Statements (Continued)**  
**June 30, 2023 and 2022**

*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, 2023 is \$1,423.

*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 Port as to the development and operations of the West Calcasieu Airport. The Port owns 50.84% of the Airport. Total assets of the Airport were \$12,085,847 and \$11,148,674, and total liabilities were \$306,226 and \$424,784 as of June 30, 2023 and 2022 respectively. The Net Position of the Board increased \$1,055,731 for year ending June 30, 2023 and increased \$749,705 for the year ending June 30, 2022. 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 December 14, 2023, which is the date the financial statements were available to be issued.

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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

We 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, 2023, and the related notes to the financial statements, which collectively comprise West Calcasieu Port Louisiana's basic financial statements, and have issued our report thereon dated December 14, 2023.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we 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, we 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.

Our 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 our audit we 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, we 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 our audit, and accordingly, we do not express such an opinion. The results of our 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  
December 14, 2023

West Calcasieu Port  
**Sulphur, Louisiana**  
**Schedule of Findings and Responses**  
**June 30, 2023**

**A. Summary of Independent Auditor's Results:**

1. Unmodified 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, 2023**

**Agency Head: Lynn Hohensee, Executive Director**

<b>Purpose</b>	<b>Amount</b>
Salary (contract fee)	\$79,167
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	\$11,863
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.**

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of West Calcasieu Port and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. West Calcasieu Port's management is responsible for those C/C areas identified in the SAUPs.

West Calcasieu Port has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### 1) *Written Policies and Procedures*

---

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - ii. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

- iii. **Disbursements**, including processing, reviewing, and approving.
- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

*No exceptions were found through the performance of these procedures.*

## **2) Board or Finance Committee**

---

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
  - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

*No exceptions were found through the performance of these procedures.*

## **3) Bank Reconciliations**

---

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - ii. Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*No exceptions were found through the performance of these procedures.*

#### ***4) Collections (excluding electronic funds transfers)***

---

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - i. Employees responsible for cash collections do not share cash drawers/registers;
  - ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
  - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
  - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - i. Observe that receipts are sequentially pre-numbered.

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

*No exceptions were found through the performance of these procedures.*

**5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)**

---

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
  - ii. At least two employees are involved in processing and approving payments to vendors;
  - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
  - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
  - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5

disbursements for each location, obtain supporting documentation for each transaction, and:

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity; and
  - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements

*No exceptions were found through the performance of these procedures.*

#### **6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)**

---

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and
  - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
  - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g.,

each card should have 10 transactions subject to inspection)<sup>1</sup>. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

*No exceptions were found through the performance of these procedures.*

## **7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursement and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));
  - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
  - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
  - iv. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions were found through the performance of these procedures.*

## **8) Contracts**

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the document approval); and
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

*No exceptions were found through the performance of these procedures.*

### **9) Payroll and Personnel**

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- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and
  - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
  - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

*No exceptions were found through the performance of these procedures.*

## **10) Ethics**

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
  - i. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
  - ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

*No exceptions were found through the performance of these procedures.*

## **11) Debt Service**

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- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

*No exceptions were found through the performance of these procedures.*

## **12) Fraud Notice**

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- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

- B. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*No exceptions were found through the performance of these procedures.*

### ***13) Information Technology Disaster Recovery/Business Continuity***

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- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
  - i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.
  - ii. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - iii. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

*We performed the Information Technology Disaster Recovery/Business Continuity procedures and discussed the results with management.*

### ***14) Prevention of Sexual Harassment***

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

- C. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
  - ii. Number of sexual harassment complaints received by the agency;
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
  - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - v. Amount of time it took to resolve each complaint.

*No exceptions were found through the performance of these procedures.*

We were engaged by West Calcasieu Port to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of West Calcasieu Port and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Steven M. DeRouen & Associates, LLC*

Lake Charles, Louisiana  
December 14, 2023