

Southland Field - West Calcasieu Airport Managing Board  
Minutes of the Meeting convened Tuesday, December 4, 2012,  
at the Conference Room of Southland Field, 7000 Southland Field Road at 5:00 p.m.

The regular monthly meeting of the West Calcasieu Airport Managing Board was called to order by Chairman, Tim Dougherty, at 5:03 p.m. Present: Bill Hankins, Tim Dougherty, Dalton Langford, R.K. Levens, Joseph R. Palermo, Jr., Johnny Hardy, board members comprising more than enough for a quorum. A quorum was present. Also present, Oliver Schrupf, acting Secretary and Attorney, Darla B. Perry, CPA, Mayor Chris Duncan of the City of Sulphur, and Chuck Stutes, Engineer.

On motion of Joseph R. Palermo, Jr., duly seconded and passed the reading of the minutes of the November 6, 2012, meeting was waived and the minutes were approved as written.

The manager's report was not available pre-meeting, but was obtained during the course of the meeting by Mayor Duncan who provided written copies to the board. The manager's report is attached to and made a part of these minutes.

A special Committee report was presented regarding the special committee to determine whether a fixed base operator or manager should be contracted for the airport. Darla Perry and Joseph R. Palermo, Jr., reported that the FBO option is no longer viable. The potential fixed base operator determined that it would not be economical for them to undertake operation of fixed base operation at West Calcasieu Airport. After reviewing the income for the previous years, the FBO candidate decided that there was insufficient income to merit the expense of trying to operate as a fixed base operator at Southland.

Dalton Langford said that the committee intended to hastily interview other manager applicants. Darla Perry advised that she and the committee members (Darla Perry, Dalton Langford, and Joseph R. Palermo, Jr.) would conduct a Skype interview with two prospective candidates after the meeting concluded today.

Bill Hankins asked whether the FBO had considered possibly placing employees at West Cal Airport for six (6) months to test whether it could be feasible. Darla Perry said that they had considered that and several other options, but the FBO decided they were not interested.

Darla Perry reported she had four (4) manager applications that had been culled from a longer list, but that two of those had already taken jobs elsewhere. The remaining two would be interviewed that evening.

Regarding the manager's report, typed at the top of it October 2012, but it should say November. Secretary has stricken out October and written November at the top of it and attached a copy to these minutes.

R.K. Levens inquired whether there had been a bid for persons to perform grass cutting. Dalton Langford reported yes, but two people wanted to give bids, but had to have an opportunity to see what needs to be cut. Tim Dougherty advised that we need to get someone here to meet with the engineers etc. Dalton Langford says that he has been making himself available to meet with representatives of

DOTD, FAA, etc. and would continue to do so. He also mentioned that current employee, Thomas, is doing a lot. Discussion followed.

Darla Perry then made the financial report, a copy of which is attached and made a part of these minutes. Darla Perry then presented the audit report, which audit report was prepared by McMullen and Mancuso, CPAs, for the financial ending June 30, 2012. A copy of the audit report is attached and made a part of these minutes. The summary is that the financial statements in all material respects fairly reflect the financial position of the West Calcasieu Airport Managing Board. Darla advised that she considers this a good financial audit.

Darla also mentioned that the manager's report and fuel sales for the period ending October 2012 indicate that the cost of goods (fuel and supplies) is too high in comparison to the gross sales for said fuel and supplies. She said in the past when this sort of discrepancy has arisen it was because of an improper reading of the fuel remaining in the tank. A discussion was held that the reading is done by putting a calibrated stick in the tank to measure. Darla advised that two employees will be making the measurements the next day after this meeting and she is now requiring that they sign a report confirming their reading of the balance in the tank. Darla also mentioned that the October 2012 financial report indicates that equipment repairs exceeded that budgeted and that the cost of goods sold is excessive. Darla suspects an error in measuring the amount in the tank. She said the cost of goods sold should be 76% rather than 92%. In the past the "bad stick" count was the reason for this type of discrepancy. She said this will be checked November 30<sup>th</sup> when a new report is signed by two employees doing the fuel check.

Also in the audit report is mention of the indebtedness of the West Calcasieu Airport Managing Board. These are mentioned at pages 16 and 18 of the audit report. Mayor Duncan mentioned that the interest rates being paid on this indebtedness which was incurred in 1995 and 1997 are relatively high interest rates and that he recommended the board request a meeting with the City of Sulphur and the West Calcasieu Port Harbor and Terminal District to determine whether funds could be borrowed from those agencies at a lower interest rate to pay off the high interest rate loans.

On motion of Bill Hankins duly seconded and unanimously approved Darla Perry was authorized to request a meeting with the City and Dock Board to consider a refinancing strategy.

Engineers report: Chuck Stutes reported that the bids for the fuel farm improvements have been reset for December 21, 2012, at 2:00 p.m. and that he, Dalton Langford, and Oliver Schrupf will be present to receive the bids. He said it appears that many inquiries have been made and it is likely that several bids should be received for this work.

In public comments, it was brought up that the retiring manager, Sam, was receiving \$36,800 and that the advertisement for replacement manager said that the salary range would be \$35,000-\$40,000. Darla Perry advised that at this point we have two people remaining interested in the position and they will be interviewed after the meeting, by Skype. R.K. Levens asked if the Board would need to call a special meeting if a suitable manager is found. Oliver Schrupf advised that if the committee found a qualified applicant willing to work for the advertised price they could advise him he will be hired, but if he demands more than advertised, a special meeting would have to be called. Chairman's comments, Tim Dougherty, urged that we need to move forward on getting a manager. R.K. Levens asked whether we would be entering into a contract with the manager and whether the airports

attorney would draft the contract. Oliver Schrupf responded that it would be advisable to enter into a contract with a manager referring to the job duties which were advertised and specifying the compensation which is agreed to and Oliver Schrupf would be willing to draft the contract.

On the motion of Dalton Langford, duly seconded and unanimously approved, the meeting was adjourned. The Chairman announced that the next meeting will be January 8, 2012, instead of January 1, 2012 (a legal holiday).

Date: December 4, 2012

  
Oliver Schrupf, Ad hoc Secretary

# Southland Field – West Calcasieu Airport

November 29, 2012

## AGENDA

The regular meeting of the West Calcasieu Airport Managing Board will be held in the conference room at Southland Field on December 4, 2012. The meeting will begin at 5:00P.M. The agenda for the meeting follows:

**THE WEST CALCASIEU AIRPORT MANAGING BOARD REQUESTS THAT ALL CELL PHONES BE SET TO VIBRATE OR TURNED OFF FOR THE DURATION OF THE MEETING**

**CALL TO ORDER  
INVOCATION  
PLEDGE OF ALLEGIANCE**

**ROLL CALL**

**APPROVAL OF MINUTES FROM THE NOVEMBER MEETING**

**ADDITIONS / DELETIONS TO AGENDA**

**COMMITTEE REPORTS – FIXED BASE OPERATOR VS  
MANAGER - PERSONNEL COMMITTEE**

**FINANCE REPORT – MRS. DARLA PERRY  
AUDIT REPORT of MCMULLEN & MANCUSO**

**MANAGER'S REPORT –**

**ENGINEER'S REPORT – MR. CHUCK STUTES**

**PUBLIC COMMENTS**

**CHAIRMAN'S UPDATE – Mr. Tim Dougherty**

**ADJOURN**

*West Calcasieu Airport  
Managing Board*

*Tim Dougherty, Chairman*

*Members*

*R. K. Leven*

*Bill Hankins*

*Matt Vincent*

*Dalton Langford*

*Joe Palermo*

November  
2012

Sheet1

## SALES

### AVGAS

	2008	2009	2010	2011	2012 %	Last Year
January	2197	3013	2475	1803	1540	85.41%
February	2151	2131	2871	1512	1532	101.32%
March	1536	2222	3655	1984	1358	68.45%
April	3878	5591	5420	4085	3986	97.58%
May	6767	9176	7966	7111	6318	88.85%
June	6440	11915	7014	6314	5227	82.78%
July	8225	7969	6430	8302	5053	60.86%
August	6331	9459	8095	8964	5123	57.15%
September	5644	6994	6973	6103	6551	107.34%
October	5837	3847	8144	7170	6354	88.62%
November	2258	2039	1832	1894	1484	78.35%
December	2044	1932	2048	711		
TOTAL GAL						
SOLD YTD:	53308	66288	62923	55953	44526	79.58%

### JET-A FUEL

	2008	2009	2010	2011	2012 %	Last Year
January	2500	1792	3459	2095	5325	254.18%
February	1322	333	2005	637	2341	367.50%
March	1763	1919	2322	1235	2638	213.60%
April	2241	2252	2619	1271	3578	281.51%
May	5587	1823	1987	1815	6087	335.37%
June	2220	906	2869	1250	4453	356.24%
July	2233	3104	888	2522	3823	151.59%
August	3359	2322	2036	884	5327	602.60%
September	10463	1709	2482	4123	3873	93.94%
October	3217	2551	1468	3383	3783	111.82%
November	1663	3438	6105	3157	3469	109.88%
December	4121	958	66	3884		
TOTAL GAL						
SOLD YTD:	40689	23107	28306	26256	44697	170.24%

**SOUTHLAND AVIATION**  
**Budget vs. Actual**  
**October 2012**

	Oct 12	Budget	\$ Over Budget
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
30500 · Sale of Fuels & Supplies	52,812.45	54,153.74	-1,341.29
30600 · Leases - Hangers & Offices	9,182.29	5,131.12	4,051.17
30800 · Vendor's Comp	23.00	24.00	-1.00
31100 · Chennault Grant Revenue	16,666.64	16,666.67	-0.03
<b>Total Income</b>	78,684.38	75,975.53	2,708.85
<b>Cost of Goods Sold</b>			
40500 · Cost of Fuel & Supplies	49,073.36	39,146.28	9,927.08
<b>Total COGS</b>	49,073.36	39,146.28	9,927.08
<b>Gross Profit</b>	29,611.02	36,829.25	-7,218.23
<b>Expense</b>			
50500 · Salaries - Manager	2,833.88	2,918.00	-84.12
50600 · Salaries - Line Crew	4,917.09	5,000.00	-82.91
60500 · Advertising	745.00	1,310.15	-565.15
60750 · Credit Card Fees	384.40	507.88	-123.48
61000 · Dues & Subscriptions	0.00	129.90	-129.90
61100 · Depreciation Expense	26,146.92	28,550.33	-2,403.41
61700 · Fuel Expense	140.00		
61800 · Insurance	5,508.40	4,555.33	953.07
62200 · Miscellaneous	0.35		
62400 · Office Supplies	0.00	74.09	-74.09
62500 · Pest Control	42.00	1,030.00	-988.00
62800 · Postage	245.04	36.86	208.18
62900 · Legal & Professional Fees	200.00	135.00	65.00
63000 · Accounting	1,200.00	1,000.00	200.00
63200 · R & M - Terminal	1,440.21	795.06	645.15
63400 · R & M - Runway	878.99	557.39	321.60
63500 · R & M - NDB/Localizer	0.00	429.17	-429.17
63510 · R&M - AWOS System	700.00	616.85	83.15
63550 · R&M Weather Radar	0.00	149.00	-149.00
63600 · R & M - Grounds	0.00	869.19	-869.19
63700 · R & M - Equipment	5,787.22	1,095.05	4,692.17
63800 · Supplies	595.75	82.08	513.67
64000 · Telephone	638.93	712.69	-73.76
64200 · Travel	0.00	267.36	-267.36
64300 · Uniforms	584.15	372.64	211.51
64400 · Utilities	1,920.82	2,314.72	-393.90
65600 · Payroll Tax Expense	592.95	623.44	-30.49
<b>Total Expense</b>	55,502.10	54,132.18	1,369.92
<b>Net Ordinary Income</b>	-25,891.08	-17,302.93	-8,588.15
<b>Other Income/Expense</b>			
<b>Other Income</b>			
30900 · Interest Income	2.72	119.80	-117.08
<b>Total Other Income</b>	2.72	119.80	-117.08
<b>Other Expense</b>			
64500 · Interest Expense	378.63	496.06	-117.43
<b>Total Other Expense</b>	378.63	496.06	-117.43
<b>Net Other Income</b>	-375.91	-376.26	0.35
<b>Net Income</b>	-26,266.99	-17,679.19	-8,587.80

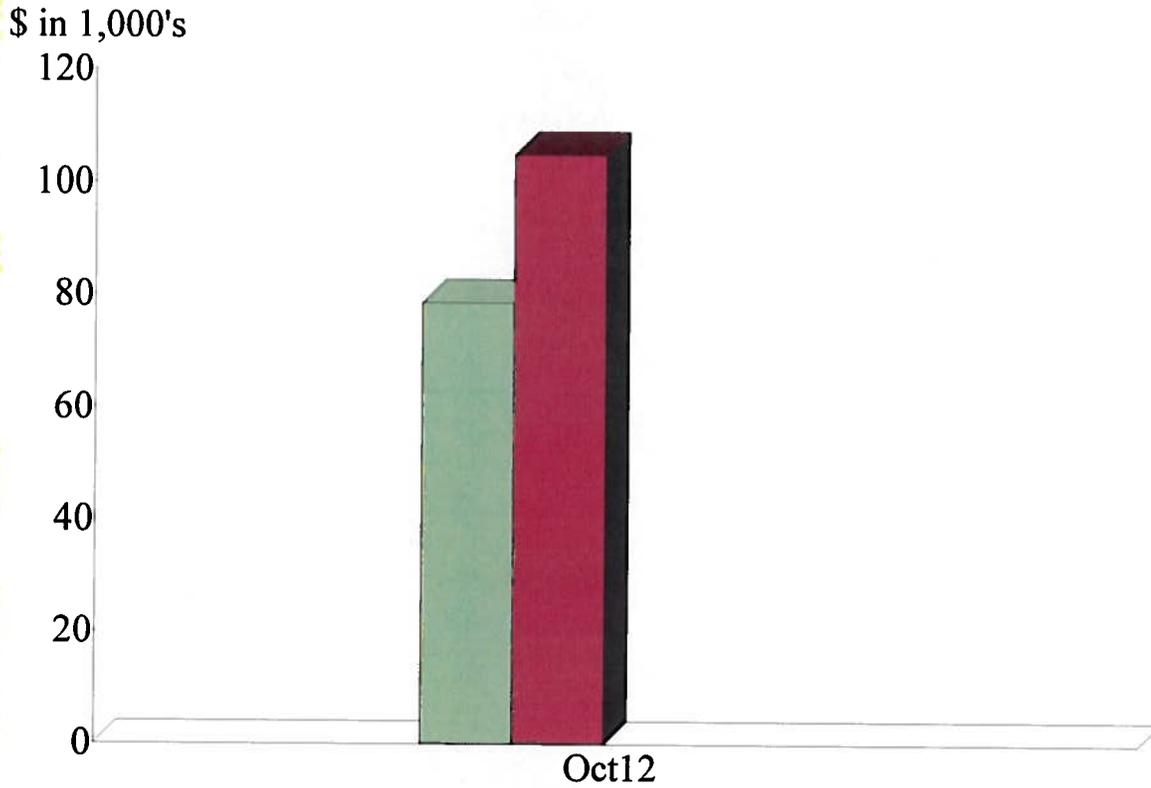
# SOUTHLAND AVIATION

## Budget vs. Actual YTD

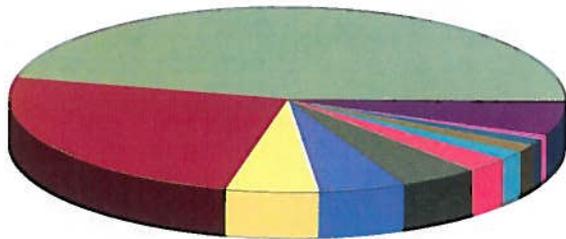
July through October 2012

	Jul - Oct 12	Budget	\$ Over Budget
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
30500 · Sale of Fuels & Supplies	207,443.45	208,071.48	-628.03
30600 · Leases - Hangers & Offices	25,719.66	19,634.48	6,085.18
30800 · Vendor's Comp	92.82	91.91	0.91
31100 · Chennault Grant Revenue	66,666.65	66,666.68	-0.03
<b>Total Income</b>	<b>299,922.58</b>	<b>294,464.55</b>	<b>5,458.03</b>
<b>Cost of Goods Sold</b>			
40500 · Cost of Fuel & Supplies	160,219.44	163,707.25	-3,487.81
<b>Total COGS</b>	<b>160,219.44</b>	<b>163,707.25</b>	<b>-3,487.81</b>
<b>Gross Profit</b>	<b>139,703.14</b>	<b>130,757.30</b>	<b>8,945.84</b>
<b>Expense</b>			
50500 · Salaries - Manager	12,752.46	13,132.00	-379.54
50600 · Salaries - Line Crew	22,434.53	22,500.00	-65.47
50850 · Contract Labor - Rec.Secreta...	150.00	150.00	0.00
60500 · Advertising	2,228.20	2,842.16	-613.96
60700 · Bank Charges	4.27		
60750 · Credit Card Fees	2,155.04	1,660.55	494.49
61000 · Dues & Subscriptions	76.30	804.75	-728.45
61100 · Depreciation Expense	104,587.68	114,201.32	-9,613.64
61400 · Business Relations	0.00	110.78	-110.78
61650 · Equipment Lease	140.00		
61700 · Fuel Expense	480.12		
61800 · Insurance	21,557.18	18,221.32	3,335.86
62200 · Miscellaneous	0.35		
62400 · Office Supplies	1,239.74	464.80	774.94
62500 · Pest Control	84.00	1,070.00	-986.00
62800 · Postage	486.39	343.45	142.94
62900 · Legal & Professional Fees	275.00	135.00	140.00
63000 · Accounting	4,600.00	4,495.00	105.00
63200 · R & M - Terminal	4,560.63	3,180.24	1,380.39
63400 · R & M - Runway	3,811.67	2,229.56	1,582.11
63500 · R & M - NDB/Localizer	0.00	1,716.68	-1,716.68
63510 · R&M - AWOS System	3,025.00	2,467.40	557.60
63550 · R&M Weather Radar	647.00	596.00	51.00
63600 · R & M - Grounds	997.62	3,476.76	-2,479.14
63700 · R & M - Equipment	9,414.81	4,380.20	5,034.61
63770 · Rent	125.64		
63800 · Supplies	856.04	1,338.22	-482.18
63900 · Taxes & Licenses	10.00		
64000 · Telephone	2,880.17	2,804.22	75.95
64200 · Travel	913.28	1,026.72	-113.44
64300 · Uniforms	1,659.56	1,345.15	314.41
64400 · Utilities	8,272.20	10,570.63	-2,298.43
65600 · Payroll Tax Expense	2,691.85	2,820.56	-128.71
<b>Total Expense</b>	<b>213,116.73</b>	<b>218,083.47</b>	<b>-4,966.74</b>
<b>Net Ordinary Income</b>	<b>-73,413.59</b>	<b>-87,326.17</b>	<b>13,912.58</b>
<b>Other Income/Expense</b>			
<b>Other Income</b>			
30900 · Interest Income	128.28	520.86	-392.58
65000 · Miscellaneous Income/Expense	0.00	180.00	-180.00
<b>Total Other Income</b>	<b>128.28</b>	<b>700.86</b>	<b>-572.58</b>
<b>Other Expense</b>			
64500 · Interest Expense	1,870.84	3,026.53	-1,155.69
<b>Total Other Expense</b>	<b>1,870.84</b>	<b>3,026.53</b>	<b>-1,155.69</b>
<b>Net Other Income</b>	<b>-1,742.56</b>	<b>-2,325.67</b>	<b>583.11</b>
<b>Net Income</b>	<b>-75,156.15</b>	<b>-89,651.84</b>	<b>14,495.69</b>

## Income and Expense by Month October 2012



### Expense Summary October 2012



40500 · Cost of Fuel & Supplies	%46.76
61100 · Depreciation Expense	24.91
63700 · R & M - Equipment	5.51
61800 · Insurance	5.25
50600 · Salaries - Line Crew	4.68
50500 · Salaries - Manager	2.70
64400 · Utilities	1.83
63200 · R & M - Terminal	1.37
63000 · Accounting	1.14
63400 · R & M - Runway	0.84
Other	5.00
<b>Total</b>	<b>\$104,954.09</b>

By Account

**WEST CALCASIEU AIRPORT  
MANAGING BOARD  
Sulphur, Louisiana**

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**Financial Report  
June 30, 2012**

*McMullen and Mancuso*  
*Certified Public Accountants*

**WEST CALCASIEU AIRPORT  
MANAGING BOARD  
Sulphur, Louisiana**

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**Financial Report  
June 30, 2012**

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**WEST CALCASIEU AIRPORT MANAGING BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2012**

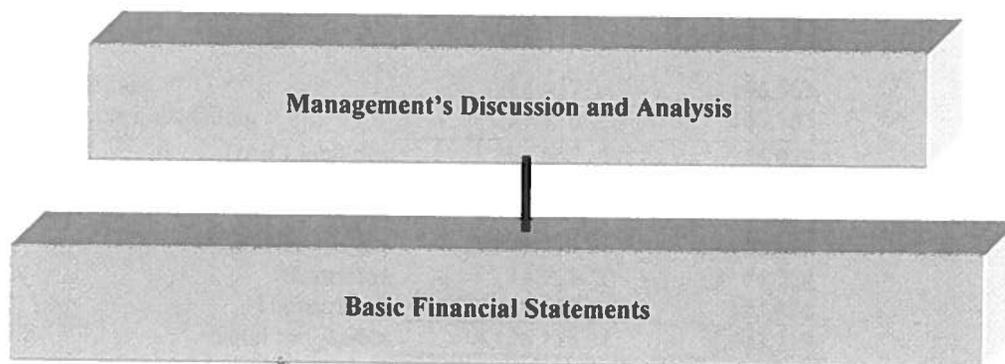
The Management's Discussion and Analysis of the West Calcasieu Airport Managing Board's financial performance presents a narrative overview and analysis of the Airport's financial activities for the year ended June 30, 2012. This document focuses on the current year's activities, resulting changes, and 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 Airport's assets exceeded its liabilities at the close of the fiscal year 2012 by \$4,126,186. Of this amount, \$269,182 may be used to meet the Airport's ongoing obligations to its users.
- The Airport's operating revenue increased \$48,127 and the net operating income increased by \$37,485 from prior year. The income increase was mainly due to increased operating revenues. The change in net assets decreased by \$23,305, primarily as a result of decreased capital contributions.

**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 AIRPORT MANAGING BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2012**

**Basic Financial Statements**

The basic financial statements present information for the Airport 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 7) 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 Airport is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets (page 8) presents information showing how the Airport'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 9-10) presents information showing how the Airport'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>06/12</u>	<u>06/11</u>
Current and other assets	\$ 553,149	\$ 545,797
Capital assets	3,969,894	4,013,452
Total Assets	<u>4,523,043</u>	<u>4,559,249</u>
Current Liabilities	268,937	196,565
Long-term debts outstanding	127,920	160,365
Total Liabilities	<u>396,857</u>	<u>356,930</u>
Net Assets:		
Capital Net of Debt	3,842,276	3,862,095
Restricted	14,728	14,728
Unrestricted	269,182	325,496
Total Net Assets	<u>4,126,186</u>	<u>4,202,319</u>

**WEST CALCASIEU AIRPORT MANAGING BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2012**

	<u>06/12</u>	<u>06/11</u>
Operating Revenues	\$ 187,884	\$ 139,757
Operating Expenses	<647,017>	<636,375>
Net Operating Income/(Loss)	<u>&lt;459,133&gt;</u>	<u>&lt;496,618&gt;</u>
Non-operating Revenues	201,094	202,384
Non-operating (Expenses)	<7,306>	<7,955>
Net Non-operating Income/(Loss)	<u>193,788</u>	<u>194,429</u>
Income(Loss) before Contributions	<265,345>	<302,189>
Capital Contributions	185,871	246,020
Change In Net Assets	<u>\$ &lt;79,474&gt;</u>	<u>\$ &lt;56,169&gt;</u>

The major sources of revenues include the sale of fuels and supplies and leases of hangars and offices. The major operating expenses include salaries, depreciation, insurance and utilities expenses.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2012, the Airport had \$3,969,894 net of accumulated depreciation, invested in a broad range of capital assets, including land, right of ways, buildings, roads, terminal improvements, furniture, fixtures, equipment, and construction-in-progress. (See Table Below). This amount represents an decrease (including additions and deductions) of \$43,558 over last year.

	<u>06/12</u>	<u>06/11</u>
Land and Right of Ways	\$ 745,469	\$ 745,469
Building and Terminal Improvements	7,515,321	7,052,699
Furniture, Fixtures, and Equipment	143,345	143,345
Construction-in-Progress	100,843	267,760
Less Accumulated Depreciation	<u>&lt;4,535,084&gt;</u>	<u>&lt;4,195,821&gt;</u>
Totals	<u>\$ 3,969,894</u>	<u>\$ 4,013,452</u>

### **Debt Administration**

The bonds payable balance decreased \$8,434 as principal was paid on the excess revenue bonds, decreasing the balance from \$70,023 to \$61,589 in the current year.

The note payable balance decreased \$15,305 as principal was paid on the note, decreasing the balance from \$81,334 to \$66,029 in the current year.

### **CONTACTING THE DISTRICT'S MANAGEMENT**

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Airport's finances and to show the Airport'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 Airport.

McMullen and Mancuso

Certified Public Accountants, LLC

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3600 Maplewood Drive

Sulphur, Louisiana 70663

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Lisa F. McMullen, CPA

Pamela C. Mancuso, CPA

**INDEPENDENT AUDITORS' REPORT**

Board of Commissioners  
West Calcasieu Airport Managing Board  
Sulphur, Louisiana

We have audited the accompanying financial statements of the West Calcasieu Airport Managing Board, a component unit of the Calcasieu Parish Police Jury, the West Calcasieu Port and the Industrial Development Board of the City of Sulphur, Inc. as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the West Calcasieu Airport Managing Board's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Board's June 30, 2011 financial statements and, in our report dated October 27, 2011 we expressed an unqualified opinion on those financial statements.

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. 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of West Calcasieu Airport Managing Board as of June 30, 2012, and the respective changes in financial position and cash flows for the year ended in conformity with accounting principals generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2012 on our consideration of West Calcasieu Airport Managing Board's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

McMullen and Mancuso, CPAs, LLC

*McMullen and Mancuso CPAs*

November 19, 2012

Members

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

**WEST CALCASIEU AIRPORT MANAGING BOARD**  
**Statement of Net Assets**  
**June 30, 2012**  
**with Comparative Totals for June 30, 2011**

**Assets**

	<u>2012</u>	<u>2011</u>
<b>Current Assets</b>		
Deposits and investments (Note-2)	\$ 427,100	\$ 433,562
Accounts receivable	68,053	39,155
Inventories (Note-1G)	43,218	58,169
Total Current Assets	<u>538,371</u>	<u>530,886</u>
<b>Restricted Asset</b>		
Cash with fiscal agent (Note-1H)	14,728	14,728
Total Restricted Asset	<u>14,728</u>	<u>14,728</u>
<b>Plant, Property, and Equipment (Note-1D)</b>		
Buildings and improvements	7,515,321	7,052,699
Furniture, fixtures, and equipment	143,345	143,345
Construction in progress	100,843	267,760
Accumulated depreciation	(4,535,084)	(4,195,821)
Land	745,469	745,469
Total Plant, Property, and Equipment	<u>3,969,894</u>	<u>4,013,452</u>
<b>Other Assets</b>		
Deposits	50	50
Due from employees	-	133
<b>Total Assets</b>	<u>\$ 4,523,043</u>	<u>\$ 4,559,249</u>

**Liabilities and Net Assets**

<b>Current Liabilities</b>		
Accounts payable	\$ 133,171	\$ 64,134
Current portion of notes payable (Note-7)	16,537	16,537
Current portion of bonds payable (Note-3)	13,640	8,434
Accrued liabilities	2,089	3,960
Prepaid revenue	100,000	100,000
Deferred rental revenue (Note-8)	3,500	3,500
Total Current Liabilities	<u>268,937</u>	<u>196,565</u>
<b>Long Term Liabilities</b>		
Notes payable, net of current portion (Note-7)	49,492	64,797
Bonds payable, net of current portion (Note-3)	47,949	61,589
Deferred rental revenue (Note-8)	30,479	33,979
Total Long Term Liabilities	<u>127,920</u>	<u>160,365</u>
<b>Total Liabilities</b>	396,857	356,930
<b>Net Assets</b>		
Capital assets, net of related debt	3,842,276	3,862,095
Restricted for revenue bonds	14,728	14,728
Unrestricted	269,182	325,496
Total Net Assets	<u>4,126,186</u>	<u>4,202,319</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 4,523,043</u>	<u>\$ 4,559,249</u>

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

**WEST CALCASIEU AIRPORT MANAGING BOARD**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**For The Year Ended June 30, 2012**  
**with Comparative Totals for June 30, 2011**

	<u>2012</u>	<u>2011</u>
<b>Operating Revenues</b>		
Sales, rentals, and service income	\$ 560,739	\$ 385,674
Cost of goods sold	<u>373,338</u>	<u>246,697</u>
Gross Profit	187,401	138,977
Miscellaneous	<u>483</u>	<u>780</u>
Total Operating Revenues	187,884	139,757
<b>Operating Expenses</b>		
Advertising and promotional	5,711	3,892
Bank charges and credit card fees	5,404	5,051
Contract labor	650	600
Depreciation	342,604	334,901
Dues and subscriptions	880	707
Insurance	53,562	53,927
Licenses	-	224
Office expense	2,542	2,949
Payroll taxes	8,324	8,284
Professional fees	21,430	19,000
Repairs and maintenance	57,602	58,575
Salaries	100,638	97,543
Supplies	4,484	5,604
Telephone	8,560	8,097
Travel and auto	3,436	4,064
Uniforms	3,928	4,306
Utilities	<u>27,262</u>	<u>28,651</u>
Total Operating Expenses	<u>647,017</u>	<u>636,375</u>
<b>Operating Income (Loss)</b>	(459,133)	(496,618)
<b>Non-operating Income (Expenses)</b>		
Intergovernmental revenue	200,000	200,000
Interest expense	(7,306)	(7,955)
Interest income	<u>1,094</u>	<u>2,384</u>
Total Non-operating Income (Expenses)	<u>193,788</u>	<u>194,429</u>
<b>Income (Loss) before Contributions</b>	(265,345)	(302,189)
<b>Capital Contributions</b>	<u>185,871</u>	<u>246,020</u>
<b>Change in Net Assets</b>	(79,474)	(56,169)
<b>Net Assets at Beginning of Year</b>		
As Originally Reported	4,202,319	4,264,818
Prior Period Adjustment	<u>3,341</u>	<u>(6,330)</u>
<b>Net Assets at Beginning of Year</b>		
As Restated	4,205,660	4,258,488
<b>Net Assets at End of Year</b>	<u>\$ 4,126,186</u>	<u>\$ 4,202,319</u>

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

**WEST CALCASIEU AIRPORT MANAGING BOARD**

**Statement of Cash Flows**

**For the Year Ended June 30, 2012**

**with Comparative Totals for June 30, 2011**

Increase (Decrease) In Cash and Cash Equivalents

	<u>2012</u>	<u>2011</u>
<b>Cash Flows From Operating Activities:</b>		
Receipts from customers and others	\$ 528,341	\$ 394,985
Payments to suppliers and other operating expenses	(484,801)	(471,869)
Payments to employees	(110,700)	(103,638)
Other operating cash receipts	483	780
Net Cash (Used) by Operating Activities	<u>(66,677)</u>	<u>(179,742)</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>		
Receipts under intergovernmental agreement	200,000	200,000
Net Cash Provided By Non-Capital Financing Activities	<u>200,000</u>	<u>200,000</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Capital contributions	185,871	246,020
Construction in progress expenditures	(100,843)	(249,941)
Capital expenditures	(194,862)	(5,736)
Loan proceeds from Calcasieu Parish Police Jury	-	35,000
Principal payments on notes payable	(15,305)	(13,066)
Principal payments on bonds	(8,434)	(8,240)
Interest payments on notes and bonds	<u>(7,306)</u>	<u>(7,955)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(140,879)</u>	<u>(3,918)</u>
<b>Cash Flows From Investing Activities:</b>		
Interest income	<u>1,094</u>	<u>2,384</u>
Net Increase in Cash and Cash Equivalents	(6,462)	18,724
Cash and Cash Equivalents at Beginning of Year	<u>433,562</u>	<u>414,838</u>
Cash and Cash Equivalents at End of Year	<u>\$ 427,100</u>	<u>\$ 433,562</u>

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

**WEST CALCASIEU AIRPORT MANAGING BOARD**

**Statement of Cash Flows (continued)**

**For the Year Ended June 30, 2012**

**with Comparative Totals for June 30, 2011**

Increase (Decrease) In Cash and Cash Equivalents

	<u>2012</u>	<u>2011</u>
<b>Reconciliation of Operating Income (Loss) to Net</b>		
<b>Cash Provided (Used) by Operating Activities:</b>		
Operating income (loss)	\$ (459,133)	\$ (496,618)
Adjustments To Reconcile Operating Income (Loss) to Net		
Cash Provided by Operating Activities:		
Depreciation	342,604	334,901
Loss on disposal of fixed asset	-	63
(Increase) decrease in receivable	(28,898)	7,718
Increase (decrease) in inventory	14,951	(25,289)
Increase (decrease) in other assets	133	(133)
(Increase) decrease in accounts payable	69,037	794
Increase (decrease) in accrued liabilities	(1,871)	2,322
Increase (decrease) in deferred revenue	(3,500)	(3,500)
Net Cash (Used) by Operating Activities	<u>\$ (66,677)</u>	<u>\$ (179,742)</u>

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

**WEST CALCASIEU AIRPORT MANAGING BOARD**  
Sulphur, Louisiana

**Notes to Financial Statements**  
June 30, 2012

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

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, Inc. entered into an amended joint service agreement with the West Calcasieu Airport Managing Board as to the development and operations of the West Calcasieu Airport.

The managing authority of the West Calcasieu Airport shall be vested in a managing board appointed by the above owners. Members would be appointed to the Board on a staggered basis, with each sponsor appointing two members to the Board. Members serve a three-year term and can be reappointed with no limit.

The accounting policies of West Calcasieu Airport Managing Board conform to accounting principles 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 Board 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 Airport Managing Board is a component unit of the West Calcasieu Port, Harbor, and Terminal District, the Industrial Development Board of the City of Sulphur, and the Calcasieu Parish Police Jury.

**B. Fund Accounting**

The accounts of the Board 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.

**C. Basis of Accounting**

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

The Board'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.

The Board distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the entity's ongoing operations. The principal operating revenues of the Board are charges for the sale of fuel and supplies and leases of hangars and

**WEST CALCASIEU AIRPORT MANAGING BOARD**  
Sulphur, Louisiana

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**Notes to Financial Statements**  
June 30, 2012

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

**C. Basis of Accounting**

offices. Operating expenses include the cost of salaries, depreciation, insurance and utilities expense. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Board distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the entity's ongoing operations. The principal operating revenues of the Board are charges for the sale of fuel and supplies and leases of hangars and offices. Operating expenses include the cost of salaries, depreciation, insurance and utilities expense. 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 Board's policy to use restricted resources first, then unrestricted resources as they are needed.

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 Board has elected not to implement FASB Statements and Interpretations issued after November 30, 1989.

**D. Plant, Property and Equipment**

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. 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. The Board has a capitalization policy of \$500.

**WEST CALCASIEU AIRPORT MANAGING BOARD**  
Sulphur, Louisiana

**Notes to Financial Statements**  
June 30, 2012

**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 improvements	10-40 years
Furniture, fixtures and equipment	5-10 years

Depreciation expense for the year ending June 30, 2012 totaled \$342,604.

Additions and deletions to property, plant, and equipment for the year ended June 30, 2012 were as follows:

	July 1, 2011	Additions	Deletions	June 30, 2012
Buildings & Improvements	\$ 7,052,699	\$ 462,622	\$ -	\$ 7,515,321
Furniture, Fixtures, and Equipment	143,345	-	-	143,345
Accumulated Depreciation	(4,195,821)	(339,263)	-	(4,535,084)
Land	745,469	-	-	745,469
Construction in Progress	267,760	100,843	267,760	100,843
<b>Total</b>	<b>\$ 4,013,452</b>	<b>\$ 224,202</b>	<b>\$ (267,760)</b>	<b>\$ 3,969,894</b>

**E. Cash**

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

**F. 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.

**G. Inventory**

Inventory is valued at the lower of cost (first-in, first-out) or market, and consists of fuel, oil and supplies.

**WEST CALCASIEU AIRPORT MANAGING BOARD**  
Sulphur, Louisiana

**Notes to Financial Statements**  
June 30, 2012

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

**H. Restricted Assets**

The Louisiana Bond Commission requires that a payment equal to 1/10 of the highest debt service coming due in the ensuing year be deposited into a reserve account until such time that the accumulated balance is equal to the highest combined principal and interest coming due in any given year. The State Bond Commission holds this amount in an escrow account.

**I. Net Assets**

Net assets present the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are reduced by outstanding balances of any borrowing used for the acquisition, construction, or improvement in those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by the Board, legislation, or external restrictions by creditors, grantors, laws or regulations of other governments. The Board's policy is to first apply restricted resources when an expense is incurred for which both restricted and unrestricted net assets are available.

**Note 2 – Deposits and Investments**

At June 30, 2012, the Board has deposits with financial institutions (book balances) as follows:

	<u>2012</u>
<b>Cash</b>	
Demand deposits	\$ 424,045
<b>Investments</b>	
Louisiana Asset Management Pool	2,955
<b>Other</b>	100
<b>Total Cash and Investments</b>	<u><u>\$ 427,100</u></u>

These deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging agent banks in holding or custodial banks that are mutually acceptable to both parties. At June 30, 2012, the Board had \$424,935 in deposits (collected bank balances). These deposits are secured from risk by the \$250,000 of federal deposit insurance at both financial institutions.

**WEST CALCASIEU AIRPORT MANAGING BOARD**  
Sulphur, Louisiana

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**Notes to Financial Statements**  
June 30, 2012

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

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 Board 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, 2012 consist of \$2,955 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, 2012 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.

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.

**WEST CALCASIEU AIRPORT MANAGING BOARD**  
Sulphur, Louisiana

**Notes to Financial Statements**  
June 30, 2012

**Note 3 – Bonds Payable**

In 1995 and 1997, the West Calcasieu Airport Managing Board entered into reimbursement contracts with the Louisiana Bond Commission. The Board received \$100,000 in bond proceeds with the 1995 A bond issue, fifty percent (50%) of which is required to be reimbursed to the Louisiana Bond Commission by the Board. The 1997 A bond issue provided the Board with \$125,000 in bond proceeds, one hundred percent (100%) of which is required to be reimbursed to the Louisiana Bond Commission by the Board. The following is a summary changes in long-term debt for the year ended June 30, 2012.

Description	Amount of		Interest Rates	Balance		Balance
	Original Issue	Maturity		6/30/2011	Retired 6/30/2012	
1995 A	\$ 50,000	2015	5.94%	\$ 15,023	\$ 3,434	\$ 11,589
1997 A	125,000	2017	6.02%	55,000	5,000	50,000
	<u>\$ 175,000</u>			<u>\$ 70,023</u>	<u>\$ 8,434</u>	<u>\$ 61,589</u>

The annual debt service requirements to maturity, for long-term debt as of June 30, 2012, are as follows:

Year Ended June 30,	Principal	Interest
2013	13,640	3,408
2014	13,859	2,639
2015	14,090	1,858
2016	10,000	1,063
2017	10,000	525
	<u>61,589</u>	<u>9,493</u>
Less current portion	<u>(13,640)</u>	<u>(3,408)</u>
Total	<u>47,949</u>	<u>6,085</u>

**WEST CALCASIEU AIRPORT MANAGING BOARD**  
Sulphur, Louisiana

Notes to Financial Statements  
June 30, 2012

**Note 4 – Intergovernmental Revenue**

In February of 2006, the West Calcasieu Airport Managing Board entered into an amendment of the Joint Services Agreement with the Board of Commissioners of the Chenault Industrial Airpark Authority, whereby the Chenault Industrial Airpark Authority agreed to transfer annually, for the tax collection period 2006 through 2015, the amount of two hundred thousand dollars (\$200,000) to the West Calcasieu Airport Managing Board. The joint services agreement also increased the payments beginning with tax year 2005, the last year of the original agreement from one hundred twenty thousand dollars (\$120,000) to two hundred thousand dollars (\$200,000). The funds will be used for the purpose and undertaking of the construction, acquisition, and improvement of public aviation projects or improvements to promote parish wide economic development.

**Note 5 – Board of Commissioners Per Diem**

The members of the governing board received no per diem for the periods ended June 30, 2012.

**Note 6 – Contributed Capital**

Contributed capital at June 30, 2012 consists of the following:

	Balance June 30, 2011	<u>Additions</u> June 30, 2012	Balance June 30, 2012
Federal, State Grants and Parish Grants	\$ 6,045,644	\$ 185,871	\$ 6,231,515
Contributions from West Calcasieu Port, Harbor, and Terminal District	882,951	-	882,951
Contributions from Industrial Development Board of the City of Sulphur, Inc.	853,725	-	853,725
Donation of Land	649,700	-	649,700
Other	10,000	-	10,000
	<u>8,196,000</u>	<u>185,871</u>	<u>8,627,891</u>
Less Accumulated Depreciation on Fixed Assets Acquired by Contributed Capital	<u>3,933,173</u>	<u>328,663</u>	<u>4,261,836</u>
	<u>\$ 4,579,169</u>	<u>\$ (142,792)</u>	<u>\$ 4,366,055</u>

**WEST CALCASIEU AIRPORT MANAGING BOARD**  
Sulphur, Louisiana

**Notes to Financial Statements**  
June 30, 2012

**Note 7 – Notes Payable**

The Board entered into a Cooperative Endeavor Agreement dated April 30, 2008 with the Calcasieu Parish Police Jury to assist in the purchase of a privately-owned hangar at the airport. The total amount received was \$165,000, with \$74,250 allocated as a grant and \$90,750 as loan proceeds, with \$16,500 considered short-term. The note is amortized over a period of 10 years with interest at 3.89%, first payment due May 2, 2009.

The Board entered into another Cooperative Endeavor Agreement dated October 17, 2010 with the Calcasieu Parish Police Jury to assist in the construction of six (6) T-Hangars at the airport. The total amount received was \$35,000. The note is amortized over a period of 4 years with interest at 2.00%, first payment due December 1, 2010.

The annual debt service requirements to maturity, for the notes payable as of June 30, 2012, are as follows:

Year Ended June 30,	Principal	Interest
2013	16,537	2,068
2014	16,537	1,602
2015	10,680	1,168
2016	7,425	1,155
2017	7,425	1,081
2018	7,425	279
	66,029	7,353
Less current portion	(16,537)	(2,545)
Total	<u>49,492</u>	<u>4,808</u>

**Note 8 – Rental Revenue**

The Board agreed to two (2) ten (10) year leases for the rental of hangar space for a lump sum of \$35,000 each. One lease agreement became effective March 1, 2002 and the second agreement on April 1, 2002. Deferred rental revenue is recognized as lease income at a rate of \$3,500 per year until expired. Both leases provide the lessees with an extension term of ten (10) additional years.

Additionally, hangars and office spaces are also leased on a month-to-month basis.

**Note 9 - Risk Management**

The Board 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 AIRPORT MANAGING BOARD**  
Sulphur, Louisiana

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**Notes to Financial Statements**  
June 30, 2012

**Note 10 – Retirement Benefit**

The Board does not provide retirement benefits. Employees participate in the Social Security system. The Board is not responsible for any post-employment benefits. The Board has only the usual obligation to make current matching payments to the Social Security system for active employees.

**Note 11 – Major Customer**

Sales, rentals, and service income from one major customer was approximately 68% of total sales, rentals, and service income for the year ended June 30, 2012. The amount due from this customer, included in trade receivables, was \$20,038, or 29%, for the year ended June 30, 2012.

**Note 12 – Construction Commitments**

The Board has one (1) active construction commitment as of June 30, 2012. At year end, the amount spent to date was \$100,843 on the perimeter fence project, with a remaining projected commitment of \$48,509.

**Note 13 – Subsequent Event**

Subsequent events were evaluated through November 19, 2012, which is the date the financial statements were available to be issued.

**Note 14 – Prior Period Adjustments**

The Board made an adjustment to correct certain assets not capitalized in prior periods. This resulted in an increase of \$3,341 to unrestricted net assets at June 30, 2012.

McMullen and Mancuso

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**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***

To the Board of Commissioners  
West Calcasieu Airport Managing Board  
Sulphur, Louisiana

We have audited the financial statements of the West Calcasieu Airport Managing Board, a component unit of the Calcasieu Parish Police Jury, the West Calcasieu Port, and the Industrial Development Board of the City of Sulphur, Inc. as of and for the year ended June 30, 2012 and have issued our report thereon dated November 19, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Calcasieu Airport Managing Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Calcasieu Airport Managing Board'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*.

Members

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

This report is intended solely for the information and use of the board of directors, management, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

McMullen and Mancuso, CPAs, LLC

*McMullen and Mancuso CPAs*

November 19, 2012

**WEST CALCASIEU AIRPORT MANAGING BOARD**  
Sulphur, Louisiana

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2012

We have audited the financial statements of the West Calcasieu Airport Managing Board, a component unit of the Calcasieu Parish Police Jury, the West Calcasieu Port, and the Industrial Development Board of the City of Sulphur, Inc. as of and for the year ended June 30, 2012, and have issued our report thereon dated November 19, 2012. We have 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. Our audit of the financial statements as of June 30, 2012 resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses         Yes   X     No      Other Conditions         Yes   X     No  

Compliance

Compliance Material to Financial Statements         Yes   X     No  

**Section II Financial Statement Findings**

There were no current year financial statement findings.

West Calcasieu Airport Managing Board  
Sulphur, Louisiana

MANAGEMENT'S CORRECTIVE ACTION PLAN

Year Ended June 30, 2012

<u>Ref No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
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**Section I - Internal Control and Compliance Material to the Financial Statements:**

There are no current year findings.

**Section II - Management Letter Comments:**

There are no management letter comments.

**WEST CALCASIEU PARISH AIRPORT MANAGING BOARD**  
**Sulphur, Louisiana**

**SCHEDULE OF PRIOR YEAR FINDINGS**

Year Ended June 30, 2012

<b>SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>	
There were no prior year findings.	
<b>SECTION II - MANAGEMENT LETTER</b>	
There were no prior year management letter comments.	

THIS SCHEDULE HAD BEEN PREPARED BY MANAGEMENT