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LAKE CHARLES HARBOR AND TERMINAL DISTRICT
LAKE CHARLES, LOUISIANA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2000

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

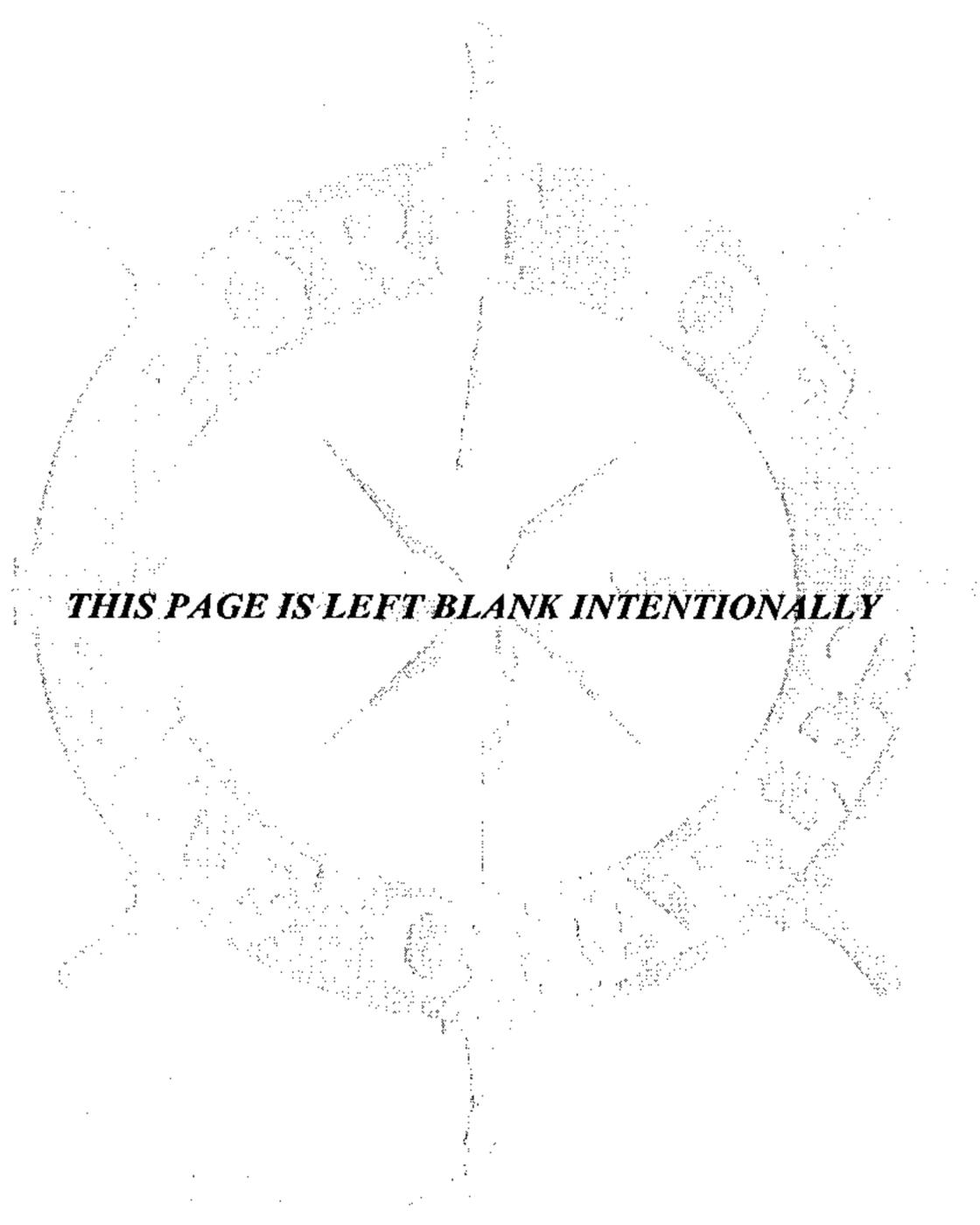
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Release Date 7/11/01

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Prepared by the
Staffs of the Administration and Finance,
and Sales and Marketing Divisions
Lake Charles Harbor and Terminal District

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LAKE CHARLES HARBOR AND TERMINAL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT-
December 31, 2000

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LAKE CHARLES HARBOR AND TERMINAL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT-
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INTRODUCTORY SECTION

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

P.O. BOX 3753
LAKE CHARLES, LOUISIANA 70602
337-439-3661

BOARD OF COMMISSIONERS

Hillery J. Langley, Jr.
Larry R. DeRouen
Ozie Rideaux
James C. Watts
Charles R. Donaldson, Jr.
George E. Williams
Chad Thielen

President
Vice-President
Treasurer
Secretary
Assistant Secretary/Treasurer
Commissioner
Commissioner

EXECUTIVE DIRECTOR

Terry T. Jordan

April 30, 2001

Board of Commissioners
Citizens of the District
Lake Charles Harbor & Terminal District
Lake Charles, Louisiana

We are pleased to submit to you the Comprehensive Annual Financial Report of the Lake Charles Harbor & Terminal District (the District) for the year ended December 31, 2000. This report has been prepared by the District's Administration and Finance Department in accordance with generally accepted accounting principles, and the financial statements contained herein have been independently audited in accordance with applicable law and governmental auditing standards. However, the Administration and Finance Department, under the direction of the Executive Director, is responsible for both the accuracy and fairness of the presentation, including all note disclosures.

We believe the data is presented accurately in all material respects and that the presentation is designed to fairly set forth the financial position and results of operations of the District as measured by its financial activity. We believe that all disclosures necessary to enable the reader to gain understanding of the District's financial affairs have been included.

The report consist of three sections:

1. Introductory Section, including this letter of transmittal which provides an overview of the District's activities and financial operations, the Certificate of Achievement for Excellence in Financial Reporting, the District's organizational chart, and a list of principal officers.
2. Financial Section, including the District's general-purpose financial statements and accompanying independent auditor's report on the financial statements. The notes accompanying the financial statements contained in this section provide additional supporting data, explanations and disclosures.
3. Statistical Section, including tables of unaudited data showing the recent financial history of the District, demographic and economic characteristics and trends, taxation and debt service as well as other information.



**Lake Charles
Harbor
& Terminal
District**

Post Office Box 3753
Lake Charles, LA 70602
Phone 337-439-3661
Facsimile 337-493-3523

Certain demographic information and miscellaneous statistics included in this annual report do not come from the District's financial records but are presented for the reader's information.

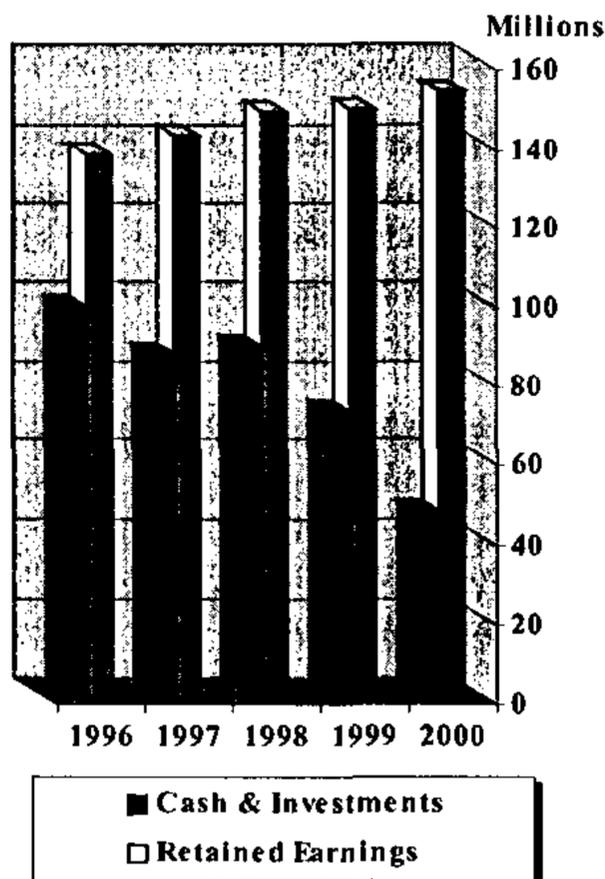
The Lake Charles Harbor and Terminal District has been classified in the past as a component unit of the State of Louisiana. This classification changed in 2000 when the State's Office of Statewide Reporting and Accounting Policies reviewed the criteria under GASB 14 and determined that the District no longer met the requirements for being classified as a component unit. The primary change that brought this about is the fact that the State's obligation to partially fund the retirement of the District's 1961 and 1966 General Obligation bonds through the State's gas tax revenue ended with the retirement of the issues.

The Lake Charles Harbor and Terminal District operates a deep water port on the Calcasieu River Pass to the Gulf of Mexico and embraces all areas served by rail lines, highways, and waterways that converge on Lake Charles, Louisiana.

The following information is intended to present an overview of the operations and accomplishments of the Lake Charles Harbor and Terminal District, significant activities and future plans and other information to enable the reader to understand the nature of the entity and its operations.

HIGHLIGHTS 2000

FINANCIAL GROWTH
Cash & Investments/Retained
Earnings



Cash and investments decreased approximately 35.3% over 1999 from \$71,963,553 to \$46,539,921 in 2000. Cash and investments are expected to continue to decrease slightly during 2001 as the District continues its long-term capital project program. The projected positive cash flow from operations during 2001 plus prior year reserves will be expended to fund this ambitious capital program.

Retained earnings increased approximately 2.7% from \$148,871,278 in 1999 to \$152,981,823 in 2000.

Total operating revenues increased 13.6% from \$14,922,167 in 1999 to \$16,958,537 in 2000. Vessel cargo service revenues increased 13.7% from \$12,969,494 in 1999 to \$14,743,289 in 2000. Total cargo tonnage increased 10.9% from 7,514,996 in 1999 to 8,331,561 in 2000.

FUTURE GROWTH OF THE DISTRICT

The Lake Charles Harbor & Terminal District saw many changes during its 2000 fiscal year. World economies, as one would expect, had an impact on the District's performance. Increased world demand for crude oil in 2000 resulted in a significant increase in oil exploration activity. This, in turn, had a positive effect on the importation of barite, an ore used to create drilling mud used in the offshore oil exploration.

Barite importation was up two hundred twenty-six percent from 1999, or approximately 350,000 tons. This resulted in an increase of revenue over 1999 of almost 2.3 million dollars. The importation of barite continues during the first months of 2001 at similar levels to 2000.

The exportation of petroleum coke decreased sixteen percent in 2000, or approximately 400,000 tons. This was due primarily to one factor. One of the major refineries was completely shut down for a significant period as it underwent a major turn around and expansion project.

On the continuing bright side however, crude oil prices are remaining steady in the twenty-five to thirty-dollar per barrel range. Revenues from the handling of raw coke are up approximately 20 percent for the first quarter of 2001 and revenues from barite are on track with the prior year.

Construction of new facilities continued in full swing at the District during 2000 with focus on two major areas. These two areas are first, the construction of facilities to enhance the District's ability to attract breakbulk cargo and maintain its competitive edge; and second, upgrading and expanding the District's Bulk Terminal No. 1 to improve its ability to handle greater amounts of bulk cargo.

To maintain its competitive edge in the breakbulk cargo area, the District has been constructing several related projects jointly referred to as the Automated Bag Handling Facility. The smaller individual projects are; new baghouse and related equipment, spiralveyors, new berth, bulk grain storage expansion, and new transit shed. During 1997 the District acquired automated bagging and loading equipment. In 1999 the District completed the expansion of its bulk grain storage facility and a new grain bagging facility next to the bulk grain facility. The construction of a new berth next to the bagging facility was completed by year-end 2000 and it is anticipated that a contract to construct a waterside transit shed on the berth will be awarded this fall with an anticipated completion date in late 2002. This new berth will become home to the District's two spiralveyors that were purchased as part of the automated bagging and loading equipment in 1997.

These combined projects have a total estimated cost of \$72 million. The only components remaining are the construction of the transit shed and the moving of the spiralveyors to their permanent location on the newly constructed dock. To date,

approximately \$54 million has been spent on these projects with \$15 million coming from the State and private funds. The District has funded the balance. It is estimated that \$18 million is needed to complete the project and the District is currently attempting to obtain \$8 to \$11 million in additional State funding for this project.

The second group of projects focuses on the District's Bulk Terminal No. 1. The construction of a second berth at Bulk Terminal No. 1 is complete and a new ship loader for the terminal was installed and operational in January of 2001. With the completion of this second dock at Bulk Terminal No. 1 and the new shiploader, the District can now handle multiple vessels at this facility. The facility can now load two vessels at once or load one vessel and unload another at the same time. The increased loading rate of the new shiploader along with the second berth will allow customers to move their product quicker and more efficiently, thus saving on their cost to move the product.

The District also saw a marked increase in tonnage handled through some of its leased properties. Most significantly was the 1.3 million ton increase through Trunkline's liquid natural gas plant, this is after a 900,000 ton increase the previous year. This lease, however, does not have tonnage-derived revenues, thus the District saw no increase in its revenues for this facility.

We are excited about the future and its prospects. It is strongly felt that under the direction of the Board of Commissioners and upper management that the District continues to position itself for strong future growth.

ECONOMIC CONDITION AND COMMUNITY PARTICIPATION

The economic forecast for the local metropolitan statistical area (Calcasieu Parish) is good. It is projected that 3,500 new jobs will be created in the Parish in 2001-2002. This represents a slight improvement in the recent growth pattern. This figure would be larger except that few chemical firms have expansion plans on the board.

There are other positive factors on the horizon for the Parish. The local economy continues to diversify. Two new labor-intensive firms are moving into the area. LEC Unwired has a \$60 million project underway that will add 254 permanent workers in the economy. US Unwired is relocating within Lake Charles and will employ 250 workers. Unifab, which moved its headquarters to Lake Charles last year, anticipates a drilling rig shortage on the horizon due to higher oil and gas prices and expects to double the firm's workforce over the next two years.

Another recently announced positive factor is the location of EADS Aeroframe Services, LLC. The company is a joint venture between Airbus and Northrop Gruman and is creating a maintenance facility here in the Lake Charles area for Airbus aircraft. The intended service area will be all of North and South America. The first aircraft arrived in February of 2001.

The gaming industry continues to display a healthy picture for the future. Harrah's of Lake Charles recently purchased Players Casino and is spending \$41.4 million on renovations to its facility. The Isle of Capri just completed a \$38 million project to construct a 252-suite hotel. Lake Charles is also one of the three sites the State Gaming Control Board is considering for the 15th and final riverboat license. The awarding of this license to the Lake Charles area would boost the area's employment noticeably.

The District remains committed to the Community and participates in several Southwest Louisiana events including Contraband Days, Martin L. King Day, and the International Rice Festival, to name a few. The District continuously conducts tours for area schools, civic organizations, and business and trade delegations.

DRY BULK CARGO TERMINALS

The District owns four dry bulk terminals specializing in commodities such as petroleum coke, barite, rutile, aggregate, grains, and caustic soda. These terminals are equipped with loading and unloading facilities that include shiploaders, ship unloaders, rail car rollover, truck and rail hoppers, pits and chutes, conveyor systems, scales, silos, and open-air storage pads.

GENERAL CARGO DOCKS

The District manages diverse marine terminal facilities accommodating a wide range of cargo needs. Facilities include 935,835 square feet of cargo sheds, 37 miles of railroad tracks, docks, wharves, warehouses and sophisticated bulk terminals spread over 4,000 acres.

Principal cargoes moving through general cargo facilities include flour, bagged rice, milled and processed grains, forest products, and paper products.

RAILROADS, HIGHWAYS AND AIRPORTS

Three mainline railroads serve the District providing direct access to markets throughout the United States.

The District has direct access to Interstate Highways 10 and 210 and to U.S. Highways 90, 171, and 165.

Three major airports, Lake Charles Regional Airport, Chennault International Airport Authority, and Southland Field serve the District.

SECURITY

Because of the nature of cargoes handled by the District, the District maintains a strong security force. Harbor Police continuously man the entrance to the City Docks and patrol the area at all times. Harbor Police also monitor all vehicular traffic coming into the premises and provide surveillance throughout the District.

FOREIGN TRADE ZONE

In 1934, the U.S. Congress passed the Foreign Trade Zone Act "to expedite and encourage foreign commerce." The District has six sites within its Foreign Trade Zone No. 87. Two of these sites are undeveloped land with rail and state highway access located along the District-owned Industrial Canal Railway. Two sites are within the general cargo area of the District and these locations provide access to city, state and federal road and highway systems. Rail access is also available and deep water is proximate to the above locations. A minor boundary modification has been made to the zone since the Foreign Trade Zone was awarded the original grant on July 27, 1983.

Two subzones also have been granted to major District users, 87A to Conoco Inc. and 87B to Citgo Petroleum Corporation. Citgo activated its subzone effective April 1, 1991. Conoco activated its subzone effective April 1, 1996. Currently, Conoco Inc. has an application into the Foreign Trade Zone Board to increase the amount of foreign crude it process through its facility. It is anticipated that this request will be granted.

ADMINISTRATION

Members of the Board of Commissioners as of December 31, 2000 are as follows:

Hillery J. Langley, Jr., President
Larry R. DeRouen, Vice President
Ozie Rideaux, Treasurer
James C. Watts, Secretary
Charles R. Donaldson, Jr., Assistant Secretary/Treasurer
George E. Williams, Commissioner
Chad Thielen, Commissioner

An administrative change that transpired early 2001 was the retirement of Mr. Glenwood W. Wiseman as Executive Director and the promoting of Mr. Terry T. Jordan from Managing Director to Executive Director.

REPORTING ENTITY

The Lake Charles Harbor and Terminal District, created by the Louisiana Legislature in 1924 and incorporated in 1926, is a political subdivision of the State of

Louisiana. It is governed by a Board of seven commissioners appointed with the advice and consent of the Senate. This report includes all operations and activities of the District and includes no other agencies.

INTERNAL CONTROL

The District is an enterprise fund type and employs accounting principles established for enterprise type proprietary funds as set out by the Governmental Accounting Standards Board and pertinent authoritative pronouncements from other organizations. Significant accounting policies and procedures used for reporting and for the underlying accounting records include recognition of revenues and expenses on the accrual basis of accounting.

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

BUDGETARY CONTROL

The Board of Commissioners adopts an annual operating budget, which establishes budgetary appropriations for the operation of the District. Operating expenditures are legally restricted to annual budgetary appropriations at the division level. Transfers of funds between departments, programs or functions or increases in budgeted expenditures require the approval of the Board of Commissioners. Capital project budgets are established and maintained, as a management tool, on a project-length basis, subject to annual review and continuing authorization.

The District's employee contributions and the District's contributions to the employee's pension fund are paid into the State of Louisiana general pension fund and are administered by the State.

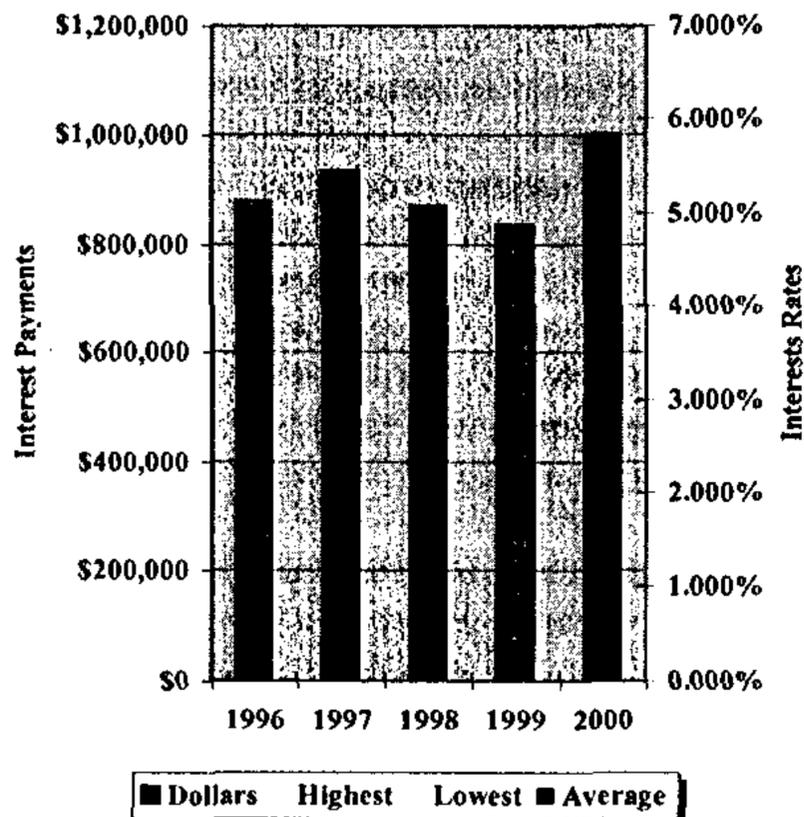
As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

CASH MANAGEMENT

Prevailing Louisiana statutes provide the Lake Charles Harbor and Terminal District with legal authority to promulgate and implement reasonable standards for its cash management and investment operations. Subsequent to a review by a professional cash management advisory group, the District's Board of Commissioners adopted a formal *Statement of Cash Management and Investment Policy* in 1990. This policy was extensively updated in 1994. The Administration and Finance Department reviews the statement annually and, if necessary, the District's Board of Commissioners amends the policy.

The statement provides definitive requirements, guidelines, and goals for implementation and administration of a comprehensive cash management program for the District. The policies and procedures included in the statements were designed to place the District in full compliance in all respects with GASB Statement No. 3 and other authoritative pronouncements affecting cash management of municipal and governmental organizations.

INTEREST PAYMENTS/RATES 1994 Bond Issue



The preceding accompanying graph depicts the amount of interest paid each year (represented by the green bars), the range over which the weekly interest rate floated (the vertical line) and the average interest rate paid over the year (indicated by the dot on the vertical line).

DEBT ADMINISTRATION

Outstanding revenue bonds (certificates of indebtedness) as of December 31, 2000 totaled \$23,750,000.

On February 16, 1994, the District issued \$25,000,000 Port Improvement Revenue Bonds, Series 1994. The proceeds from these bonds were dedicated to certain capital improvements, including a new ship berth and transit shed extension at the City Docks, and a new ship loader with a conveyor system at Bulk Terminal No. 1. The bonds are subject to scheduled mandatory sinking fund redemption on January 1, 2000 and annually thereafter to and including January 1, 2019. Interest is payable quarterly at a variable rate.

Additional costs of the bond issue are a letter of credit and a remarketing fee. Initially the letter of credit cost 45 basis points annually but it was renegotiated in August of 1998 to 36 basis points annually for a five-year period. The remarketing fee was initially 12 basis points but was renegotiated in October of 1999 to 8 basis points.

Other than accounts and contracts payable, there are no other significant debt obligations.

Standard & Poor's Corporation currently rates the District's outstanding bonds issued in 1994 at AA and A-1+.

RISK MANAGEMENT

The District continues negotiating all its leases to require substantial general liability insurance coverage by its lessees and inclusion of the District as a named insured on the lessee's policy.

All leases negotiated by the District in the last several years include provisions designed to clearly establish responsibility for any violation of local, state, or federal environmental regulations and laws.

The District is constantly reviewing its property liability coverage and is cooperating with its insurance underwriters in a program of risk reduction. The District's intensified employee safety education programs are effectively reducing claims for Worker's Compensation.

At present, the District does not engage in risk financing activities where the risk is retained by the government entity (i.e., self-insurance).

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accounts. In addition, federal funds expended by the District are subject to an annual single audit in conformity with the provision of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments*. There were no federal funds expenditures in 2000.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Lake Charles Harbor and Terminal District for its comprehensive annual financial report for the fiscal year ended December 31, 1999. This was the twelfth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements

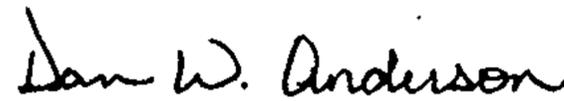
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this comprehensive annual financial report could not have been accomplished without the efficient and dedicated efforts from the staffs of administration and finance, sales and marketing, executive support and coordination, and our independent auditor, Provost, Salter, Harper and Alford, LLC.



Terry T. Jordan
Executive Director



Dan W. Anderson, CPA, CGFO
Director of Administration & Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lake Charles Harbor and
Terminal District, Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 1999

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



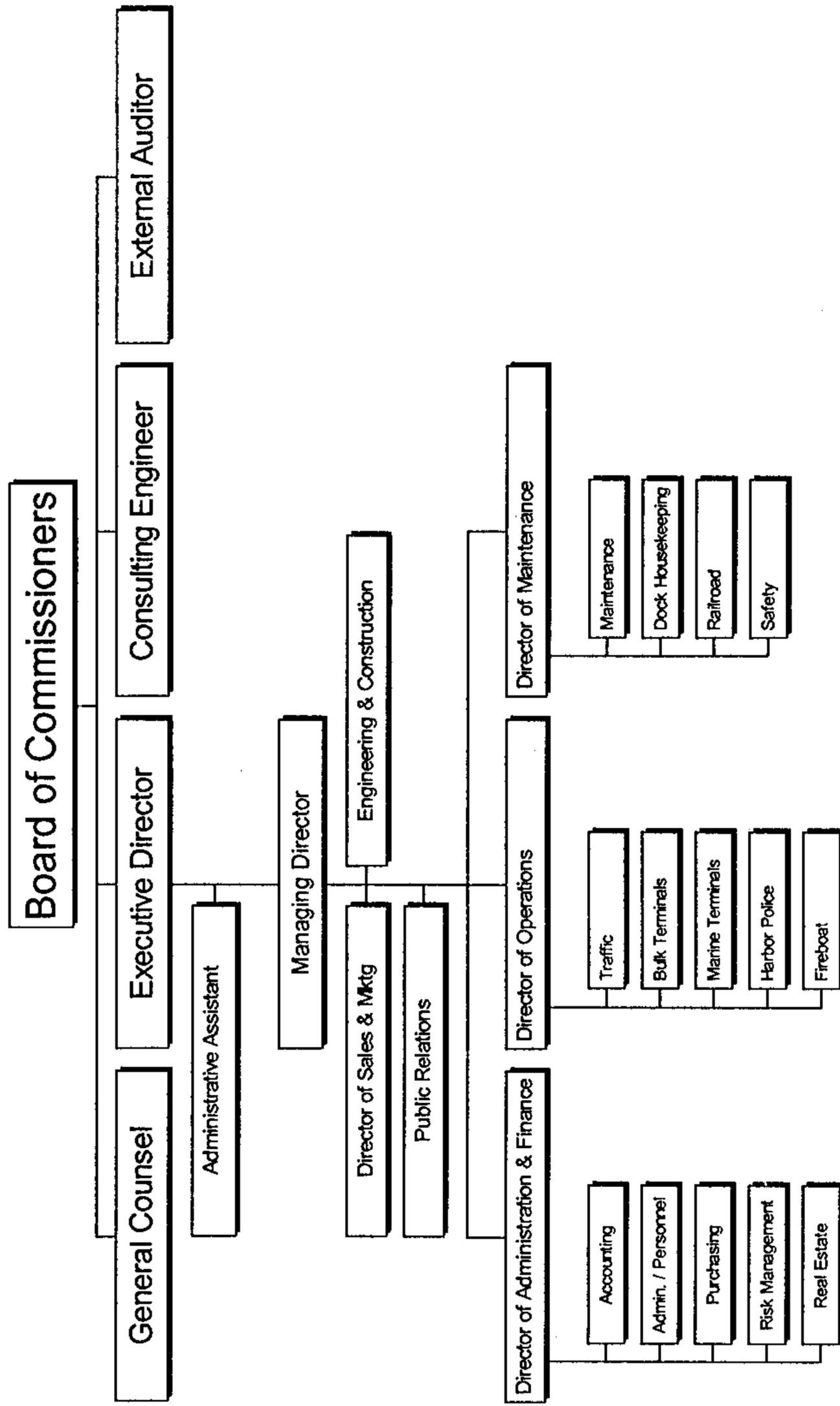
Anne Spray Kinney
President

Jeffrey L. Esler
Executive Director

Regional Location and Mileage Map



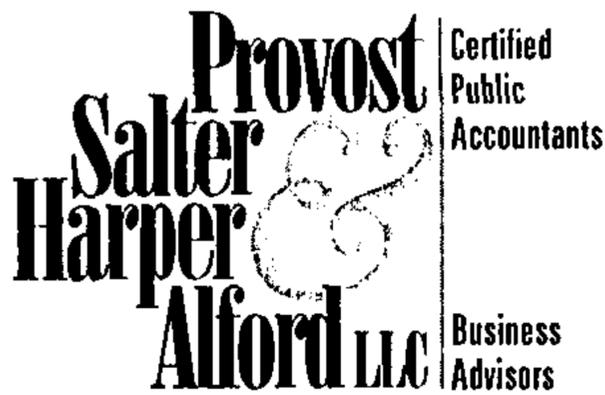
LAKE CHARLES HARBOR & TERMINAL DISTRICT



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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Lake Charles Harbor and Terminal District
Lake Charles, Louisiana

We have audited the accompanying general purpose financial statements of the Lake Charles Harbor and Terminal District, Lake Charles, Louisiana, as of and for the years ended December 31, 2000 and 1999 as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lake Charles Harbor and Terminal District, as of December 31, 2000 and 1999, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated February 15, 2001 on our consideration of the Lake Charles Harbor and Terminal District's internal control structure and on its compliance with laws and regulations. We have also issued reports dated February 15, 2001 on supplementary information and on compliance related to \$25,000,000 Lake Charles Harbor and Terminal District Port Improvement Revenue Bonds, Series 1994. These reports are an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying statistical information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Lake Charles Harbor and Terminal District, Lake Charles, Louisiana. Such information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements of the Lake Charles Harbor and Terminal District, Lake Charles, Louisiana, and accordingly, we express no opinion on it.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

Provost, Salter, Harper & Alford, L.L.C.

February 15, 2001

GENERAL PURPOSE FINANCIAL STATEMENTS

Exhibit 1

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

*Comparative Balance Sheets
Enterprise Fund*

December 31, 2000

ASSETS	2000	1999
Current Assets		
Cash and cash equivalents	\$ 2,174,481	\$ 1,832,721
Investments	-	7,529,141
Receivables:		
Trade receivables net of allowance for doubtful accounts	3,495,204	2,464,229
Intergovernmental	334,800	6,120,725
Property taxes receivable	1,561,882	1,424,368
Interest	508,712	809,311
Inventory	248,025	232,458
Prepaid expenses	492,750	460,784
Total current assets	8,815,854	20,873,737
Restricted Assets		
Cash equivalents	1,254,548	1,254,297
Investments	6,775,905	6,532,927
Interest receivable	58,417	58,417
Total restricted assets	8,088,870	7,845,641
Noncurrent Assets		
Investments	36,034,987	54,514,467
Long-term receivable	-	666,667
Investments designated for scholarship endowment	300,000	300,000
Total noncurrent assets	36,334,987	55,481,134
Fixed Assets		
Property, plant and equipment	239,877,027	205,085,571
Less accumulated depreciation	74,568,449	70,862,412
Net property, plant and equipment	165,308,578	134,223,159
Total fixed assets - net	165,308,578	134,223,159
Other Assets		
Unamortized expense	298,090	315,626
Prepaid advertising	114,332	155,905
Other	108,022	108,022
Total other assets	520,444	579,553
Total Assets	\$ 219,068,733	\$ 219,003,224

See Notes to Financial Statements.

Continued on next page.

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Comparative Balance Sheets, Continued
Enterprise Fund

December 31, 2000

LIABILITIES	2000	1999
Current Liabilities, Payable From Current Assets		
Accounts payable	\$ 874,981	\$ 1,093,028
Notes payable	-	850,000
Contracts payable	2,383,929	9,048,316
Accrued expenses	156,439	324,741
Accrued interest payable	86,370	120,976
Deferred revenues	65,682	95,993
	<u>3,567,401</u>	<u>11,533,054</u>
 Current Liabilities, Payable From Restricted Assets		
Current maturities of long-term debt	<u>1,250,000</u>	<u>1,250,000</u>
 Long-Term Liabilities		
Long-term debts, less current maturities	22,500,000	23,750,000
Long term rent payable	452,765	482,000
Compensated absences, less current portion	512,006	477,335
Deferred revenues, less current portion	864,955	930,674
	<u>24,329,726</u>	<u>25,640,009</u>
Total long-term liabilities	<u>24,329,726</u>	<u>25,640,009</u>
Total Liabilities	<u>29,147,127</u>	<u>38,423,063</u>
 Equity		
Contributed capital	<u>36,939,783</u>	<u>31,708,883</u>
Retained earnings		
Reserved	8,088,870	7,845,641
Unreserved	144,892,953	141,025,637
	<u>152,981,823</u>	<u>148,871,278</u>
Total retained earnings	<u>152,981,823</u>	<u>148,871,278</u>
Total equity	<u>189,921,606</u>	<u>180,580,161</u>
Total Liabilities and Equity	<u>\$ 219,068,733</u>	<u>\$ 219,003,224</u>

See Notes to Financial Statements.

Exhibit 2

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Comparative Statements of Revenue, Expenses and Changes in Equity

<i>Enterprise Fund</i>	2000	1999
Operating Revenues		
Vessel and cargo services	\$ 14,743,289	\$ 12,969,494
Rental of equipment and facilities	1,862,191	1,606,262
Other	353,057	346,411
Total operating revenues	16,958,537	14,922,167
Operating Expenses		
Personnel services	6,683,252	6,271,919
Contractual services	3,729,942	3,706,697
Supplies, maintenance and operation of facilities	5,249,876	5,355,232
Heat, light and power	536,717	475,665
Depreciation and amortization	3,909,319	3,893,624
Total operating expenses	20,109,106	19,703,137
Operating Loss	(3,150,569)	(4,780,970)
Non-operating Revenues (Expenses)		
Property taxes (net of tax assessor's settlement and pension fund)	1,577,658	1,439,203
Intergovernmental revenue	90,931	89,748
Interest income	3,719,487	4,992,278
Net increase(decrease) in the fair value of investments	1,333,826	(2,687,748)
Interest expense and fiscal charges	(228,861)	(321,230)
Other	(11,907)	(408,151)
Total non-operating revenues	6,481,134	3,104,100
Net Income (Loss)	3,330,565	(1,676,870)
Add book balance of fixed assets purchased with grants that were sold in the current year	-	1,707,942
Add depreciation on fixed assets acquired with federal and state grants	779,980	741,600
Increase in retained earnings	4,110,545	772,672

See Notes to Financial Statements.

Continued on next page.

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Comparative Statements of Revenue, Expenses and Changes in Equity, Continued
Years Ended December 31, 2000 and 1999

Enterprise Fund	2000	1999
Increase in retained earnings	\$ 4,110,545	\$ 772,672
Retained earnings - beginning of year	<u>148,871,278</u>	<u>148,098,606</u>
Retained earnings - end of year	<u>152,981,823</u>	<u>148,871,278</u>
Contributed capital - beginning of year	31,708,883	14,778,736
Capital grants	6,010,880	19,379,689
Depreciation	<u>(779,980)</u>	<u>(2,449,542)</u>
Contributed capital - end of year	<u>36,939,783</u>	<u>31,708,883</u>
Equity - end of year	<u>\$ 189,921,606</u>	<u>\$ 180,580,161</u>

Exhibit 3

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

*Comparative Statements of Revenues,
Expenses and Changes in Retained Earnings
Budget and Actual (Budgetary Basis)
Enterprise Fund*

Years Ended December 31, 2000 and 1999

	2000		Variance
	Budget	Actual	Favorable (Unfavorable)
Operating Revenue			
Vessel and cargo services	\$ 14,353,428	\$ 14,743,289	\$ 389,861
Rental of equipment and facilities	1,616,928	1,862,191	245,263
Other	162,552	353,057	190,505
Total Operating Revenue	<u>16,132,908</u>	<u>16,958,537</u>	<u>825,629</u>
Operating Expenses			
Personnel services	7,037,532	6,683,252	354,280
Contractual services	3,874,848	3,663,297	211,551
Supplies, maintenance and operation of facilities	5,080,716	4,816,950	263,766
Heat, light and power	505,296	536,717	(31,421)
Depreciation and amortization	4,603,500	3,909,319	694,181
Total operating expenses	<u>21,101,892</u>	<u>19,609,535</u>	<u>1,492,357</u>
Operating (Loss)	<u>(4,968,984)</u>	<u>(2,650,998)</u>	<u>2,317,986</u>
Non-operating Revenue (Expenses)			
Property taxes	1,415,616	1,577,658	162,042
Intergovernmental revenue	88,212	90,931	2,719
Interest income	3,874,248	3,719,487	(154,761)
Interest expense and fiscal charges	(1,406,808)	(228,861)	1,177,947
Other	-	(11,907)	(11,907)
Net non-operating revenue	<u>3,971,268</u>	<u>5,147,308</u>	<u>1,176,040</u>
Net Income (Loss)...Budget Basis	<u>(997,716)</u>	<u>2,496,310</u>	<u>3,494,026</u>
Adjustments			
Adjust operating expenses for amounts budgeted to be paid from retained earnings		(499,571)	
Net increase in the fair value of investments		<u>1,333,826</u>	
Net income (GAAP basis)		<u>3,330,565</u>	
Depreciation on fixed assets acquired with federal and state grants		<u>779,980</u>	
Increase in retained earnings		4,110,545	
Retained earnings - beginning of year		<u>148,871,278</u>	
Retained earnings at end of year		<u>152,981,823</u>	

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

*Comparative Statements of Revenues,
Expenses, and Changes in Retained Earnings
Budget and Actual (Budgetary Basis), Continued*

Years Ended December 31, 2000 and 1999

<i>Enterprise Fund</i>	1999		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenue			
Vessel and cargo services	\$ 13,633,828	\$ 12,969,494	\$ (664,334)
Rental of equipment and facilities	1,469,916	1,606,262	136,346
Other	138,816	346,411	207,595
Total Operating Revenue	<u>15,242,560</u>	<u>14,922,167</u>	<u>(320,393)</u>
Operating Expenses			
Personnel services	6,740,780	6,271,919	468,861
Contractual services	3,630,652	3,629,361	1,291
Supplies, maintenance operation of facilities	4,302,996	4,369,273	(66,277)
Heat, light and power	545,592	475,665	69,927
Depreciation and amortization	4,088,718	3,893,624	195,094
Total operating expenses	<u>19,308,738</u>	<u>18,639,842</u>	<u>668,896</u>
Operating (Loss)	<u>(4,066,178)</u>	<u>(3,717,675)</u>	<u>348,503</u>
Non-operating Revenue (Expenses)			
Property taxes	1,415,616	1,439,203	23,587
Intergovernmental revenue	88,212	89,748	1,536
Interest income	4,565,400	4,992,278	426,878
Interest expense and fiscal charges	(1,403,136)	(321,230)	1,081,906
Other	-	(408,151)	(408,151)
Net non-operating revenue	<u>4,666,092</u>	<u>5,791,848</u>	<u>1,125,756</u>
Net Income...Budget Basis	<u>599,914</u>	<u>2,074,173</u>	<u>1,474,259</u>
Adjustments			
Adjust operating expenses for amounts budgeted to be paid from retained earnings		(1,063,295)	
Net decrease in the fair value of investments		<u>(2,687,748)</u>	
Net loss (GAAP basis)		(1,676,870)	
Add book balance of fixed assets purchased with grants that were sold in the current year		1,707,942	
Depreciation on fixed assets acquired with federal and state grants		<u>741,600</u>	
Increase in retained earnings		772,672	
Retained earnings - beginning of year		<u>148,098,606</u>	
Retained earnings at end of year		<u>148,871,278</u>	

See Notes to Financial Statements.

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Statements of Cash Flows Enterprise Fund

Years Ended December 31, 2000 and 1999

	2000	1999
Cash Flows From Operating Activities		
Operating loss	\$ (3,150,569)	\$ (4,780,970)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation and amortization	3,909,319	3,893,630
Changes in assets and liabilities		
(Increase) decrease in customer receivables	(1,030,975)	464,715
Decrease in long-term receivables	666,667	-
Increase in inventory	(15,567)	(20,718)
Decrease in prepaid expenses and other assets	9,607	10,493
Increase (decrease) in accounts payable and accrued expenses	(351,678)	201,293
Decrease in deferred revenue	(96,030)	(65,287)
Other	(7,500)	(7,500)
	(66,726)	(304,344)
Net Cash Used In Operating Activities		
Cash Flows From Non-capital Financing Activities		
Property taxes collected	1,440,144	384,253
Operating subsidies received from other governments	90,931	89,748
	1,531,075	474,001
Net Cash Provided By Non-capital Financing Activities		
Cash Flows From Capital and Related Financing Activities		
Property taxes collected	-	978,662
Capital grants collected	11,796,805	13,621,465
Payments for capital acquisitions	(41,663,532)	(34,513,979)
Principle payments on long-term debt	(2,129,235)	-
Proceeds from sale of property, plant and equipment	-	666,666
Interest and fiscal charges paid (net of amount capitalized)	(127,770)	(111,813)
	(32,123,732)	(19,358,999)
Net Cash Used In Capital and Related Financing Activities		

See Notes to Financial Statements.

Continued on next page.

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Statements of Cash Flows, Continued
Enterprise Fund

Years Ended December 31, 2000 and 1999

	2000	1999
Cash Flows From Investing Activities		
Proceeds from sale and maturities of investments	27,099,469	45,577,262
Receipts of interest	3,901,925	5,134,014
Payments for investments	-	(30,850,000)
	31,001,394	19,861,276
Increase in Cash and Cash Equivalents	(6,884,058)	671,934
Cash and Cash Equivalents		
Beginning	3,087,018	2,415,084
Ending	\$ (3,797,040)	\$ 3,087,018

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Schedule of noncash investing, capital, and financing activities:

Increase (decrease) in grants receivable	\$ (5,785,925)	\$ 5,758,224
Book value of property demolished and equipment retired	\$ (4,407)	\$ (2,926,905)
Accounts receivable issued in connection with the sale of property, plant and equipment	\$ -	\$ 833,334
Transfer of investment in direct financing lease to property, plant and equipment	\$ -	\$ 2,000,000
Net increase(decrease) in the fair value of investments	\$ 1,333,826	\$ (2,687,748)
Notes payable issued to purchase property, plant and equipment	\$ -	\$ 850,000
Accounts payable issued to purchase property, plant and equipment	\$ -	\$ 450,000

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Notes to Financial Statements, Continued

December 31, 2000

1. Summary of Significant Accounting Policies

The Lake Charles Harbor and Terminal District operates a deep water port on the Calcasieu River Pass to the Gulf of Mexico and embraces all areas served by rail lines, highways, and waterways that converge on Lake Charles, Louisiana.

The financial statements of the Lake Charles Harbor and Terminal District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

Reporting Entity

The Lake Charles Harbor and Terminal District is a political subdivision of the State of Louisiana and was created by Acts of the Louisiana Legislature. It is governed by a Board of seven commissioners. Calcasieu Parish Police Jury and Cameron Parish Police Jury each appoint one member to the Board of Commissioners, with the advice and consent of the Senate. The Governor, with the advice and consent of the Senate, appoints five members to the Board of Commissioners from candidates selected by the state senators and representatives in the legislature representing the parish of Calcasieu and by the City Council of the City of Lake Charles, Louisiana.

Fund Accounting. The Lake Charles Harbor and Terminal District uses a proprietary fund to report on its financial position and results of operations. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities provided to outside parties are accounted for by an enterprise fund type of the proprietary fund. The District is accounted for as an enterprise fund.

Basis of Accounting. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All 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 the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The District's financial statements are presented on the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Notes to Financial Statements, Continued

December 31, 2000

The Governmental Accounting Standards Board (GASB) Statement Number 20 (effective for financial statements for periods beginning after December 15, 1993) provides guidance on accounting and financial reporting for proprietary fund types and allows proprietary fund types to choose one of two options in applying pronouncements issued by the Financial Accounting Standards Board (FASB) after November 30, 1989. The Lake Charles Harbor and Terminal District has elected to use the first option for reporting its activities. This approach applies all GASB pronouncements and FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Changes to FASB statements and interpretations, APB opinions and ARBs issued after November 20, 1989, would not apply unless adopted by GASB.

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. Budgetary practices differ from generally accepted accounting principles (GAAP). Perspective differences result from the structure of financial information for budgetary purposes. Certain expenses for major repairs and maintenance and for contractual services are budgeted to be paid from retained earnings rather than current year's operation and certain uncollectible revenue expense/recovery is classified as non-operating rather than operating income (expense).

Budget amounts are as originally adopted or as amended by the Board of Commissioners. All budgetary appropriations lapse at the end of each year. Encumbrance accounting is not used.

Cash, Cash Equivalents and Investments. Cash and cash equivalents include amounts in demand deposits and U.S. Government Agencies securities.

Louisiana state statutes, as stipulated in R.S. 39:1271, authorize the District to invest in United States bonds, treasury notes, or certificates or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. The state statutes also authorize the District to invest in any other federally insured investment, or in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United

States government or its agencies. Investing is performed in accordance with investment policies complying with State Statutes and those adopted by the Board of Commissioners.

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Notes to Financial Statements, Continued

December 31, 2000

In accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the District has stated their investments at fair value at December 31, 2000 and 1999. Fair value was determined by obtaining "quoted" year end market prices. Cash and cash equivalents, which include cash, demand deposits, and U.S. Government agencies having an original maturity of three months or less from the date acquired are stated at amortized cost.

Property Taxes. Property taxes levied in any one year are recognized as revenues of that year.

Inventories. Inventories consist of parts and supplies and are valued at the lower of cost (first-in, first-out) or market.

Prepaid Expenses and Advertising. Payments made to vendors for services that will benefit periods beyond the current period are recorded as prepaid expenses and are recognized as expenses in the period benefited.

Restricted Assets. Certain resources are set aside for repayment of revenue bonds and general obligation bonds and for additions, extensions and improvements to District facilities. These resources are classified as restricted assets on the balance sheet because their use is limited by applicable covenants.

Fixed Assets. Property constructed or acquired by purchase is stated at cost or estimated historical cost if actual historical cost is not available. Net interest costs are capitalized on major construction projects during the construction period. During the year ended December 31, 2000, total interest cost incurred was \$1,000,193 of which \$1,000,193 was capitalized. During the year ended December 31, 1999, \$835,890 was capitalized. Infrastructure assets are capitalized.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation is computed using the straight-line method over the following useful lives:

Buildings and marine construction	15 to 40 years
Machinery and equipment	3 to 15 years
Furniture and fixtures	3 to 10 years

Compensated Absences. Employees of the District earn annual leave and sick leave for each hour of regular duty, including time the employee is on paid leave or observing a paid holiday, based on the equivalent of years of full-time state service at varying rates. Employees may carry any unused accumulated annual and sick leave forward to succeeding years. As a result, there is no limit on the amount of such leave an individual may accumulate through the years of his

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Notes to Financial Statements, Continued

December 31, 2000

employment. Upon his retirement or resignation, he must be paid at his current rate of pay for all unused annual leave in an amount not to exceed 300 hours. An employee cannot be paid for any unused sick leave upon separation.

Effective July 12, 1989, employees who are required to perform overtime duty may, at the option of the District, be credited with compensatory leave for the hours they have been required to work. Upon separation from the District such employees will be paid for accumulated compensatory leave.

Fund Equity. Contributed capital is recorded for capital grants. Reserves of retained earnings represent those portions of retained earnings legally segregated for a specific future use.

Bond Issuance Costs. Bond issuance costs reported as prepaid and unamortized expense on the balance sheet are recorded as deferred charges and are amortized over the term of the bonds using a method which approximates the effective interest method.

Cash Flows Statement. All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the date of purchase, they have a maturity date no longer than three months.

2. Legal Compliance - Budget

The Executive Director prepares a proposed budget and submits same to the Board of Commissioners no later than fifteen days prior to the beginning of each fiscal year. The budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next year.

A summary of the proposed budget is published, a public hearing is held, and the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is adopted.

All changes in the budget must be approved by an affirmative vote of a majority of the Board of Commissioners.

Expenditures may not legally exceed budget appropriations at the division level. During 2000, there were no supplementary appropriations. During 1999, there were no supplementary appropriations.

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Notes to Financial Statements, Continued

December 31, 2000

3. Cash, Cash Equivalents and Investments

In accordance with a fiscal agency agreement which is approved by the Board of Commissioners, the District maintains demand and time deposits through an administrator bank at participating local depository banks which are members of the Federal Reserve System.

For reporting purposes, cash and cash equivalents include cash, demand deposits and U.S. Government Agencies securities. Investments of the District include certificates of deposit, U.S. Treasury securities and U.S. Government Agencies securities, each having an original maturity in excess of three months from the date acquired.

The District's deposits as of the balance sheet dates are entirely covered by FDIC insurance or by pledged collateral held by the District's agent banks in the District's name. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

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 and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at cost, which approximates market and is equal to the value of the pool shares.

Investments in LAMP held at December 31, 2000 and 1999 were \$652,865 and \$175,259 respectively. In accordance with GASB Codification Section 150.165, the investment in LAMP at December 31, 2000 and 1999, are not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. The LAMP corporation is governed by a board of directors comprising of the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments 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. 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. 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 following chart presents bank balances as of December 31, 2000 and 1999. The deposits are

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Notes to Financial Statements, Continued

December 31, 2000

listed in terms of risk involved. Category 1 represents those deposits insured (inclusive of FDIC) or collateralized with securities held by the District or its agent in the District's name. Category 2 represents deposits collateralized with securities held by the pledging financial institution's trust department or agent in the District's name. Category 3 represents deposits uncollateralized including any bank balance collateralized with securities held by the financial institution but not in the District's name.

	Category			Total Bank Balances	Carrying Amount
	1	2	3		
December 31, 2000					
Cash and demand deposits	\$ 101,000	\$ 2,314,898	\$ -	\$ 2,415,898	\$ 1,521,616
Money market deposits	-	1,254,548	-	1,254,548	1,254,548
	<u>\$ 101,000</u>	<u>\$ 3,569,446</u>	<u>\$ -</u>	<u>\$ 3,670,446</u>	<u>\$ 2,776,164</u>
December 31, 1999					
Cash and demand deposits	\$ 101,000	\$ 1,865,667	\$ -	\$ 1,966,667	\$ 1,657,462
Money market deposits	-	1,254,297	-	1,254,297	1,254,297
	<u>\$ 101,000</u>	<u>\$ 3,119,964</u>	<u>\$ -</u>	<u>\$ 3,220,964</u>	<u>\$ 2,911,759</u>

Following are investments of the District at year-end categorized to give an indication of the level of risk assumed by the District. Category 1 includes investments that are insured or registered, or for which the securities are held by the District or its agent in the name of the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the name of the District. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution or by its trust department or agent but not in the name of the District.

	Category			Reported Amount- Fair Value
	1	2	3	
December 31, 2000				
U.S. Government Agencies securities	\$ 43,110,892	\$ -	\$ -	\$ 43,110,892

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Notes to Financial Statements, Continued

December 31, 2000

	Category			Reported Amount- Fair Value
	1	2	3	
December 31, 1999				
U.S. Treasury securities	\$ 12,588,672	\$ -	\$ -	\$ 12,588,672
U.S. Government Agencies securities	56,287,863	-	-	56,287,863
Total	<u>\$ 68,876,535</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,876,535</u>

In order to accurately compare the cash and investments shown on the comparative balance sheets (Exhibit 1) with the carrying values of deposits and investments disclosed in the schedules above, the following is provided:

	2000	1999
Carrying value of bank deposits per Note 3	\$ 2,776,164	\$ 2,911,759
Carrying value of LAMP deposits per Note 3	652,865	175,259
Carrying value of investments per Note 3	<u>43,110,892</u>	<u>68,876,535</u>
Total	<u>\$46,539,921</u>	<u>\$71,963,553</u>
Per comparative balance sheets:		
Cash and cash equivalents	\$ 2,174,481	\$ 1,832,721
Investments - current	-	7,529,141
Cash equivalents - restricted	1,254,548	1,254,297
Investments - restricted	6,775,905	6,532,927
Investments - noncurrent	36,034,987	54,514,467
Investments - scholarship endowment	<u>300,000</u>	<u>300,000</u>
	<u>\$ 46,539,921</u>	<u>\$ 71,963,553</u>

At December 31, 2000 and 1999, cash equivalents and investments were restricted as shown below:

	2000	1999
Additional security for certificates of indebtedness outstanding	\$1,000,000	\$ 1,000,000
Trust funds pursuant to the issuance of the 1994 Port Improvement Revenue Bonds:		
Interest Fund	4,548	4,297
Principal Fund	1,250,000	1,250,000
Debt Service Reserve Fund	2,506,995	2,400,444
Depreciation Reserve Fund	<u>3,268,910</u>	<u>3,132,483</u>
Total	<u>\$8,030,453</u>	<u>\$ 7,787,224</u>

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Notes to Financial Statements, Continued

December 31, 2000

The trust funds are more fully explained in Note 11.

During 1994, the District established a \$300,000 scholarship endowment fund, the Lake Charles Maritime Enhancement Scholarship Fund. The earnings from the fund are dedicated to produce sufficient income to fund one scholarship awarded each year for the next three years.

The District requires that securities underlying repurchase agreements, consisting of U.S. government securities, must have a market value of at least 102 percent of the repurchase agreement. The District held no repurchase agreements during 2000 and 1999.

4. Property Taxes

The Lake Charles Harbor and Terminal District is authorized by Louisiana Revised Statute Number 34:209 to levy annually, when necessary, a property tax not to exceed 2.92 mills on the property subject to taxation situated within the District. All funds derived from this tax may be used for any lawful expenses or purposes by the Board. The 2000 assessed millage is 2.870 mills, and the 1999 assessed millage is 2.76 mills. These funds have been dedicated and obligated first to retirement of certificates of indebtedness issued by the District. Any excess funds may be used for any lawful purpose.

Property taxes are levied on behalf of the District each November 15, the date the enforceable lien attaches, by the Tax Assessor for the Parish of Calcasieu. The levy is based on the assessed value listed as of June 1. Assessed values are established by the Tax Assessor and are approved and certified by the State Tax Commission. The tax levy is approved and certified by the Louisiana Legislative Auditor.

Total taxes levied for the year ended December 2000 were \$1,628,607 on property with assessed valuation totaling \$782,496,230 less exempt valuation of \$215,039,470, for a net valuation of \$567,456,760. Total taxes levied for the year ended December 31, 1999 were \$1,485,817 on property with assessed valuation totaling \$744,911,440 less exempt valuation of \$206,571,920, for a net valuation of \$538,339,520.

The Sheriff and Tax Collector for the Parish of Calcasieu bills and collects taxes for the District. Taxes are due and payable on or before December 31. Interest charges are assessed on delinquent taxes at a rate of 15% per annum. Deductions from tax collections, for the billing and collection of taxes, totaled \$50,949 for 2000 and \$47,063 for 1999.

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Notes to Financial Statements, Continued

December 31, 2000

5. Intergovernmental Receivable

Intergovernmental receivable represents amounts due from federal and state governments for the following:

	2000	1999
Capital projects – State of Louisiana Ports Priority Program	\$ 170,437	\$ 4,062,373
Capital projects – State of Louisiana	<u>164,363</u>	<u>2,058,352</u>
	<u>\$ 334,800</u>	<u>\$ 6,120,725</u>

6. Property, Plant and Equipment

A summary of changes in property, plant and equipment for the years ended December 31, 2000 and 1999 is as follows:

2000	Beginning of Year	Additions	Reductions	End of Year
Land	\$ 13,656,224	\$ 4,841,751	\$ -	\$ 18,497,975
Buildings and operating facilities	109,301,474	8,277,911	1,569	117,577,816
Equipment, furniture and fixtures	18,308,996	467,500	214,375	18,562,121
Construction in progress	<u>63,818,877</u>	<u>31,022,924</u>	<u>9,602,686</u>	<u>85,239,115</u>
	205,085,571	44,610,086	9,818,630	239,877,027
Less accumulated depreciation	<u>70,862,412</u>	<u>3,909,319</u>	<u>203,282</u>	<u>74,568,449</u>
	<u>\$134,223,159</u>	<u>\$ 40,700,767</u>	<u>\$ 9,615,348</u>	<u>\$ 165,308,578</u>

1999	Beginning of Year	Additions	Reductions	End of Year
Land	\$ 7,909,135	\$ 5,747,089	\$ -	\$ 10,001,294
Buildings and operating facilities	108,510,870	3,282,930	2,492,326	112,956,404
Equipment, furniture and fixtures	18,054,707	688,868	434,579	18,308,996
Construction in progress	<u>28,222,500</u>	<u>40,401,533</u>	<u>4,805,156</u>	<u>63,818,877</u>
	162,697,212	50,120,420	7,732,061	205,085,571
Less accumulated depreciation	<u>67,995,036</u>	<u>3,893,631</u>	<u>1,026,255</u>	<u>70,862,412</u>
	<u>\$94,702,176</u>	<u>\$ 46,226,789</u>	<u>\$ 6,705,806</u>	<u>\$ 134,223,159</u>

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Notes to Financial Statements, Continued

December 31, 2000

Depreciation expense was \$3,909,319 for the year ended December 31, 2000 and \$3,893,624 for the year ended December 31, 1999.

Prior to 1980 detailed fixed asset records were not maintained; rather, amounts expended for fixed assets were charged to expenditures in the year incurred. In 1980 the District changed its method of accounting for fixed assets to that required by generally accepted accounting principles. It was not possible to establish original costs for many assets owned. Where original costs could not be determined, it was necessary to estimate the original costs of such assets. The total of such estimated costs aggregated approximately \$9,600,000.

7. Operating Leases

Leases which the District has entered into as lessor are classified as operating leases. These leases are substantially all for land owned by the District. Minimum future rentals on operating leases having initial or remaining non-cancellable lease terms in excess of one year are as follows:

2001	\$	918,105
2002		909,912
2003		886,064
2004		827,241
2005		565,178
After 2005		<u>2,542,646</u>
	\$	<u>6,649,146</u>

Of the above, the amount of \$930,637 was paid in full at the inception of the lease by the lessee, and is included in deferred revenues at December 31, 2000. The amount of \$996,357 is included in deferred revenues at December 31, 1999.

8. Unamortized Expense

The District incurred certain expenses in connection with the issuance of certificates of indebtedness. These expenses are being amortized over twenty-five years, which is the term of the bonds. Details of the balances are as follows:

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Notes to Financial Statements, Continued

December 31, 2000

	2000	1999
Total expense	\$ 436,407	\$ 436,407
Less amount amortized	<u>120,782</u>	<u>103,247</u>
Unamortized at December 31	<u>\$ 315,625</u>	<u>\$ 333,160</u>
Amount shown in current assets (prepaid expenses) - to be amortized in one year	\$ 17,535	\$ 17,535
Amount shown in other assets	<u>298,090</u>	<u>315,625</u>
Total	<u>\$ 315,625</u>	<u>\$ 333,160</u>

9. Compensated Absences

Compensated absences are included in personnel services expenses for 2000 and 1999. The District's liabilities for accumulated compensated absences as of December 31, 2000 and 1999 are as follows:

	2000	1999
Current liabilities - estimated to be paid within one year (included in accrued expenses)	\$ 56,890	\$ 53,037
Long term liabilities	<u>512,006</u>	<u>477,335</u>
Total	<u>\$ 568,896</u>	<u>\$ 530,372</u>

10. Long-Term Debt

A summary of changes in long-term debt for the years ended December 31, 2000 and 1999 is as follows:

2000	Beginning Balance	Issues	Maturities	Ending Balance
Revenue bonds	\$25,000,000	\$ -	\$ 1,250,000	\$ 23,750,000

1999	Beginning Balance	Issues	Maturities	Ending Balance
Revenue bonds	\$25,000,000	\$ -	\$ -	\$ 25,000,000

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Notes to Financial Statements, Continued

December 31, 2000

At December 31, the balance was included in the following captions:

	2000	1999
Current maturities of long-term debt	\$ 1,250,000	\$ 1,250,000
Long-term debts, less current maturities	<u>22,500,000</u>	<u>23,750,000</u>
	<u>\$ 23,750,000</u>	<u>25,000,000</u>

Bonds payable at December 31, 2000 and 1999 are comprised of the following individual issues:

	2000	1999
Revenue Bonds - \$25,000,000 1994 Port Improvement Revenue Bonds, interest due in quarterly installments beginning March 1, 1994 through January 1, 2019; interest initially set at 2.65 percent variable rate adjusted weekly	\$23,750,000	\$25,000,000

The annual requirements to amortize all debt outstanding as of December 31, 2000 are as follows:

	Principal	Interest
2001	\$ 1,250,000	*
2002	1,250,000	*
2003	1,250,000	*
2004	1,250,000	*
2005	1,250,000	*
Aggregate thereafter	<u>17,500,000</u>	*
	<u>\$ 23,750,000</u>	

- Amount not calculated. Variable interest rate set by Bankers Trust of New York based on market rates of AA tax exempt bond rates, adjusted weekly. At December 31, 2000 the rate was 5.0%; for the week beginning February 15, 2001, the rate was 3.7%.

There are a number of limitations and restrictions contained in the bond indentures. The District is in compliance with all significant limitations and restrictions.

In addition to the pledge of specific revenues, all excess revenues of the District are pledged as additional security for certificates of indebtedness outstanding. A special reserve of \$1,000,000 is also pledged and set aside as additional security for certificates of indebtedness outstanding.

The District, on February 16, 1994, issued \$25,000,000 Port Improvement Revenue Bonds, Series 1994. Proceeds from such bonds are dedicated to certain additions, extensions and

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Notes to Financial Statements, Continued

December 31, 2000

improvements to the District facilities by construction of an extension to a transit shed, and construction of improvements to the bulk loading terminal of the District located on the Calcasieu ship channel of the Calcasieu River. The payment of principal and interest on the bonds is secured by a dedication and pledge of the fees, rates and other charges and other monies derived from the operation of the public port. The bonds are subject to scheduled mandatory sinking fund redemption on January 1, 2000 and on each January 1 thereafter, to and including January 1, 2019, each in the amount of \$1,250,000 plus interest. The interest rate mode for the bonds is a weekly "variable rate" and the rate for the initial weekly period was set at 2.65% per annum. Interest is payable on each March 1, June 1, September 1, and December 1 of each year.

The Lake Charles Harbor and Terminal District has committed itself to certain covenants as described in the Trust Indenture and Letter of Credit. The following trust funds were established pursuant to the issuance of the bonds.

Project Fund. The balance of the proceeds of the issuance and sale of the Bonds were deposited into this account and a "Cost of Issuance Account". The Issuer shall designate the part to be deposited into the Cost of Issuance Account. Amounts deposited in the Project Fund shall be applied to the construction, acquisition, installation and equipping of the Project.

Bond Fund. Consisting of an Interest Account, a Principal Account and a Letter of Credit Account - Monies on deposit in the Interest Account shall be applied to pay interest on the Bonds when due. Monies on deposit in the Principal Account shall be applied to pay principal of the Bonds when due. The Trustee shall deposit all monies drawn under the Letter of Credit to pay principal of and interest on the Bonds directly in the Letter of Credit Account. Such monies shall be applied solely to the payment of the principal of and interest on the Bonds in respect of which they were so drawn.

Debt Service Reserve Fund. The District has deposited \$2,500,000 Debt Service Reserve Fund requirement into this account to be used in accordance with the Trust Indenture for the payment of principal of and interest on the Bonds.

Depreciation Reserve Fund. The District has deposited \$2,500,000 Depreciation Reserve Fund requirement into this account. Monies in this account shall be transferred to the Project Fund to the extent of any insufficiency in the monies on deposit in the Project Fund for the purpose of completing the acquisition, construction, installation and equipping of the Project. After the completion date, monies on deposit in the Depreciation Reserve Fund shall be used for the purpose of paying the costs of major repairs and replacements to the system, the costs of which are such that they should be spread over a number of years rather than charged as part of operating and maintenance expenses in any single year. Monies from the Depreciation Reserve Fund shall also be used to fund insufficiencies in the Principal Account

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Notes to Financial Statements, Continued

December 31, 2000

and/or the Interest Account on any date on which principal of and/or interest on the Bonds is due and payable.

Rebate Fund. This fund shall be for the sole benefit of the United States of America and shall not be subject to the claim of any other person, including without limitation the bondholders and the bank. The Rebate Fund is established for the purpose of complying with Section 148 of the Code and the Treasury Regulations promulgated pursuant thereto.

Special Sinking Fund Deposit. By action of the Board of Commissioners of the District, the District deposited \$1,250,000 into this account and designated it to be used for satisfying principal payment in the year 2000.

11. Port Facilities Revenue Bonds

On occasion, the District facilitates the issuance of tax-exempt bonds to finance the construction of industrial facilities within the District's boundaries. The facilities constructed or assets purchased with the bond proceeds are not owned by the District nor are the bonds themselves guaranteed in any manner by the District. These bonds are not included in the financial statements nor in the preceding schedules in Note 10 pertaining to long-term debt. The bonds and the interest coupons appertaining thereto do not constitute an indebtedness of the issuer within the meaning of any state constitutional or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the issuer or a charge against its general credit or taxing powers.

	2000	1999
Bonds issued for:		
Citgo Petroleum Corp. Project, Series 1984	\$ 11,800,000	\$ 11,800,000
Alcoa Project, Series 1990	14,800,000	14,800,000
Occidental Petroleum Corporation Project, Series 1992	7,000,000	7,000,000
Trunkline LNG Company Project, Series 1992	328,000,000	328,000,000
Polycom-Huntsman, Inc. Project, Series 1995	8,000,000	8,000,000
Global Industries, Ltd. Project, Series 1997	28,000,000	28,000,000
Conoco, Inc. Project, Series A 1999	20,900,000	-
Conoco, Inc. Project, Series B 1999	3,400,000	-

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Notes to Financial Statements, Continued

December 31, 2000

12. Retirement Benefits

Defined benefit pension plan:

Plan description. Substantially all employees of the District are members of the Louisiana State Employees' Retirement System (LASERS), a cost-sharing multiple-employer defined benefit pension plan administered by a separate board of trustees. LASERS provides retirement, disability, and survivor benefits to participating eligible employees. Benefits are established and amended by state statute. Benefits are guaranteed by the State of Louisiana under provisions of the Louisiana Constitution of 1974. LASERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600.

Funding Policy. Plan members of the District are required by state statute to contribute 7.5 percent of their annual covered salary and the District (as the employer) is required to contribute at an actuarially determined rate. The current employer rate is 12.3 percent of annual covered payroll. The contribution requirements of plan members and the employer are established by, and may be amended by, state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The District's contributions to the Louisiana State Employees' Retirement System for each of the years ending December 31, 2000, 1999, and 1998 are presented below. These contributions are equal to the requirement contributions for each year.

	2000	1999	1998
Employer's contribution	\$ 422,456	\$ 423,850	\$ 406,271
Employees' contribution	254,411	257,389	239,997
Total	\$ 676,867	\$ 681,239	\$ 646,268

Post-retirement benefits:

By action of the Board of Commissioners, in addition to the pension benefits described in Note 12, the District provides post retirement health care insurance benefits for retired employees. Effective with the October, 1996 premium, the District began paying the retirees' and retirees' dependents' premiums in full.

During 2000, 22 retired employees were receiving benefits under this plan. During 1999, 20 retired employees participated. These post retirement benefits are financed on a "pay-as-you-go basis" and the District recognizes the cost by expensing the annual insurance premiums. Total

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Notes to Financial Statements, Continued

December 31, 2000

net cost to the District amounted to \$150,989 for 2000 and \$146,324 for 1999. The participants' share of the costs total \$0 for 2000 and \$0 for 1999.

Deferred compensation plan:

Certain employees of the District have elected to participate in the Louisiana Public Employees Deferred Compensation Plan. The plan, available to all full time District employees, permits them to defer a portion of their salary until termination of employment, retirement, total disability, death, or unforeseeable emergency. All deferred compensation, property and rights purchased with such deferred compensation, and income or earnings thereon shall constitute assets of the State of Louisiana and remain (until made available to a participant or beneficiary) the property of the State of Louisiana, subject to the claims of the general creditors of the State of Louisiana. No assets or liabilities related to this plan are included in the financial statements of the District and all amounts held by the plan do not constitute an indebtedness of the District. The District implemented GASB 32 on January 1, 1999.

During 1998, the District passed a resolution approving District matching contributions of employee contributions. Effective August 1, 1997, the District will match dollar for dollar each participating employee's contribution up to 6% of the employee's base income. The contributions for the year ended December 31, 2000 consisted of \$193,646 from employees and \$164,407 from the District. Contributions for the year ended December 31, 1999 consisted of \$177,230 from employees and \$156,046 from the District.

13. Contingent Liabilities and Commitments

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for the risks of losses to which it is exposed, including general liability, property and casualty, workers' compensation, employee health and accident, and environmental. Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. During 1996, engineering studies assessed the District estimated maximum exposure to risks of loss resulting from natural disasters. Based on this assessment, the District property and casualty blanket coverage was reduced approximately 30%.

At December 31, 2000, the District had committed approximately \$5.0 million for the purchase of equipment, the expansion of facilities, and repairs and maintenance of existing facilities. Such commitments at December 31, 1999 totaled approximately \$23.4 million.

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Notes to Financial Statements, Continued

December 31, 2000

14. Deferred Revenues

The District has entered into several leases wherein the lessee has paid the total rentals due at the inception of the lease. Payment for the 2000 settlement of homestead exemption was received in 1999 and is shown as a deferred revenue. Details of the items comprising this account were as follows:

	Term years	Total Rent	Deferred 2000	Deferred 1999
Trunkline LNG land lease	40	\$ 741,907	\$ 296,762	\$ 315,310
Trunkline LNG land lease	40	1,208,430	516,300	546,474
Gulf Coast Aluminum land lease	40	667,891	117,575	134,573
Homestead exemption settlement			-	30,310
			<u>\$ 930,637</u>	<u>\$ 1,026,667</u>

15. Contributed Capital

Changes in contributed capital, by source, during the years ended December 31, 2000 and 1999 are presented below:

	2000 Changes			End of Year
	Beginning of Year	Additions	Depreciation	
State of Louisiana	\$ 26,084,202	\$ 3,881,929	\$ 663,473	\$ 29,302,658
U.S. Department of the Navy	1,546,468	-	31,045	1,515,423
EDA Grant	488,379	-	80,657	407,722
Joint Services Agreement	3,560,701	2,128,951	4,514	5,685,138
Entergy	29,133	-	291	28,842
	<u>\$ 31,708,883</u>	<u>\$ 6,010,880</u>	<u>\$ 779,980</u>	<u>\$ 36,939,783</u>

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Notes to Financial Statements, Continued

December 31, 2000

	1999 Changes			End of Year
	Beginning of Year	Additions	Depreciation	
State of Louisiana	\$ 10,372,500	\$ 16,291,935	\$ 580,233	\$ 26,084,202
U.S. Department of the Navy	3,318,492	(1) (1,707,942)	64,082	1,546,468
EDA Grant	580,859	-	92,480	488,379
Joint Services Agreement	477,461	3,087,754	4,514	3,560,701
Entergy	29,424	-	291	29,133
	<u>\$ 14,778,736</u>	<u>\$ 17,671,747</u>	<u>\$ 741,600</u>	<u>\$ 31,708,883</u>

The Lake Charles Harbor and Terminal District participates in the Louisiana Department of Transportation and Development Port Priorities Program. Certain capital projects, as approved by the Department of Transportation are funded in part by the State and the District. The 2000 and 1999 additions to capital grants, State of Louisiana, shown above, represents the State's share of Ports Priorities Projects; the addition, Joint Service Agreement, represents amounts received from the Calcasieu Parish Police Jury and the City of Lake Charles for infrastructure costs at the Industrial Park East. (1) Contributed capital adjustments resulting from the sale of property, plant and equipment purchased with U.S. Department of Navy grants.

16. Retained Earnings

Retained earnings aggregated \$152,981,823 and \$148,871,278 as of December 31, 2000 and 1999, respectively. As of December 31, 2000 and 1999, retained earnings reserves had been established for the following purposes:

	2000	1999
Additional security for certificates of indebtedness outstanding	\$ 1,000,000	\$ 1,000,000
Trust funds pursuant to the issuance of the 1994 Port Improvement Revenue Bonds:		
Interest Fund	4,548	4,297
Principal Fund	1,250,000	1,250,000
Debt Service Reserve Fund	2,528,025	2,421,474
Depreciation Reserve Fund	<u>3,306,297</u>	<u>3,169,870</u>
	<u>\$ 8,088,870</u>	<u>\$ 7,845,641</u>

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Notes to Financial Statements, Continued

December 31, 2000

The Board of Commissioners of the Lake Charles Harbor and Terminal District have designated a portion of unreserved retained earnings to be used for the following purposes:

	2000	1999
Long-term maintenance needs	\$ 57,500,000	\$ 57,500,000
Commitments on construction contracts	5,008,773	25,446,098
Scholarship endowment	300,000	300,000
Debt service	5,750,000	6,000,000

Unreserved retained earnings are pledged as additional security for outstanding certificates of indebtedness in accordance with terms of the bond indenture.

17. Budgetary - GAAP Reporting Reconciliation

The accompanying Comparative Statement of Revenues, Expenditures, and Changes in Retained Earnings Budget and Actual (Budgetary Basis) - Proprietary Fund presents comparisons of the legally adopted budget (more fully described in Note 1) with actual data on a budgetary basis. Certain expenditures have been budgeted to be paid from retained earnings and the change in fair value of investment securities was not budgeted. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles (GAAP), reconciliation of resultant basis and perspective differences in net income for the years ended December 31, 2000 and 1999 are presented on the budgetary comparison statements, Exhibit 3.

18. Major Customers

A significant portion of the District's operating revenue has been derived from three major customers in 2000 and 1999. Specifically,

Each of the three customers accounted for 26%, 11% and 15% respectively in 2000;

Each of the three customers accounted for 34%, 18%, and 7% respectively in 1999.

Trade receivables due from these customers as of December 31, 2000 and 1999 represented the following percentage of total trade receivables:

Each of the three customers accounted for 11%, 5% and 20%, respectively in 2000;

Each of the three customers accounted for 28%, 16% and 0%, respectively in 1999.

STATISTICAL SECTION
(UNAUDITED)

Table 1

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

SUMMARY OF REVENUES AND EXPENSES
Years Ended December 31, 1991 through 2000
(Unaudited)

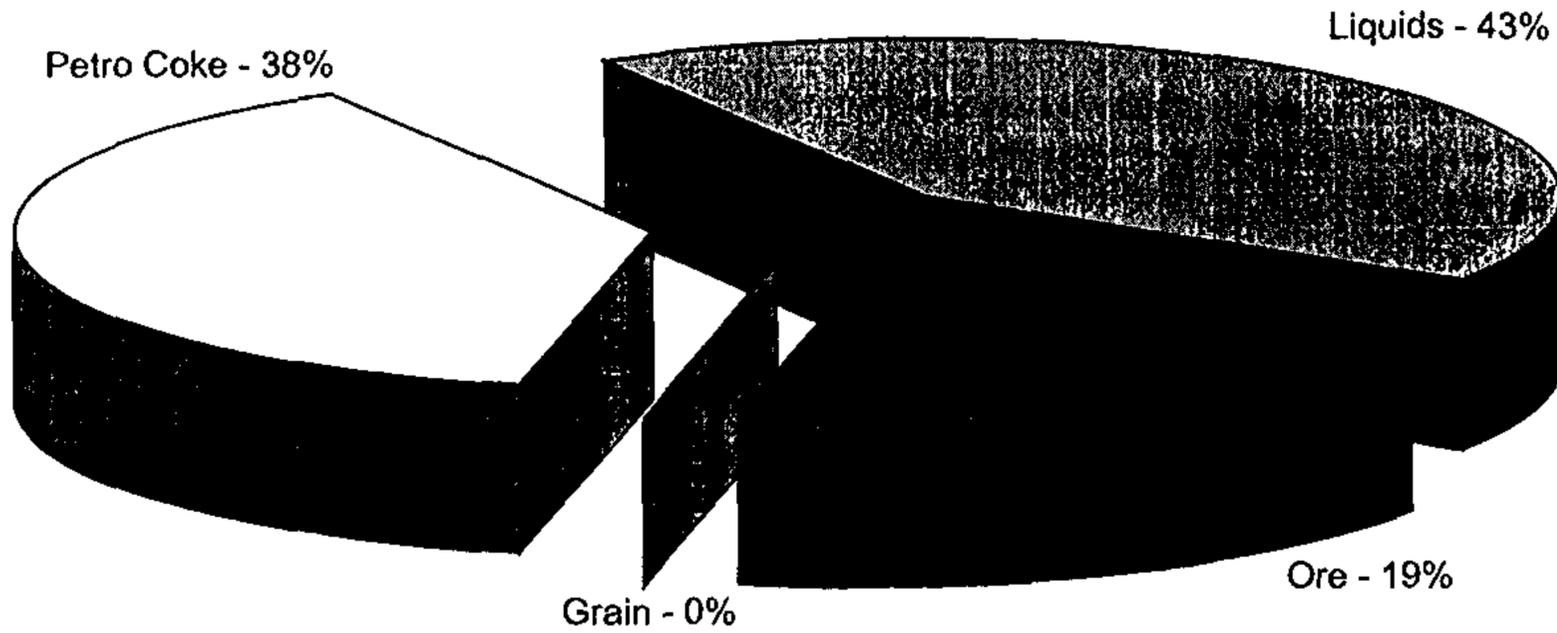
	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
OPERATING REVENUES				
Charges for services	\$ 11,128,746	\$ 12,208,319	\$ 11,769,954	\$ 10,973,446
Rentals	1,466,584	1,442,165	2,368,287	1,276,313
Other	63,877	140,489	146,271	59,590
Total	<u>12,659,207</u>	<u>13,790,973</u>	<u>14,284,512</u>	<u>12,309,349</u>
OPERATING EXPENSES				
General and administrative	2,761,223	3,195,782	2,827,722	2,598,018
Maintenance and operation of facilities	7,505,873	8,494,922	8,051,856	8,064,876
Depreciation	2,591,569	2,874,612	2,936,945	3,059,637
Total	<u>12,858,665</u>	<u>14,565,316</u>	<u>13,816,523</u>	<u>13,722,531</u>
Income (loss) from operations	(199,458)	(774,343)	467,989	(1,413,182)
NONOPERATING REVENUES (EXPENSES) - NET				
	<u>6,748,923</u>	<u>5,816,555</u>	<u>4,950,471</u>	<u>5,863,125</u>
Net Income	<u>\$ 6,549,465</u>	<u>\$ 5,042,212</u>	<u>\$ 5,418,460</u>	<u>\$ 4,449,943</u>

Table 1

1995	1996	1997	1998	1999	2000
\$ 11,857,442	\$ 12,309,105	\$ 12,613,736	\$ 14,595,917	\$ 12,969,494	\$ 14,743,289
1,268,743	1,693,942	1,695,875	1,482,600	1,606,262	1,862,191
151,339	271,453	154,347	240,585	346,411	353,057
<u>13,277,524</u>	<u>14,274,500</u>	<u>14,463,958</u>	<u>16,319,102</u>	<u>14,922,167</u>	<u>16,958,537</u>
2,412,455	3,228,405	3,005,827	3,496,882	3,950,651	4,135,600
8,388,604	9,411,707	10,837,248	10,909,656	11,858,862	12,064,187
3,267,835	3,540,375	3,703,876	3,829,564	3,893,624	3,909,319
<u>14,068,894</u>	<u>16,180,487</u>	<u>17,546,951</u>	<u>18,236,102</u>	<u>19,703,137</u>	<u>20,109,106</u>
(791,370)	(1,905,987)	(3,082,993)	(1,917,000)	(4,780,970)	(3,150,569)
<u>7,218,948</u>	<u>6,502,668</u>	<u>7,087,714</u>	<u>7,032,611</u>	<u>3,104,100</u>	<u>6,481,134</u>
<u>\$ 6,427,578</u>	<u>\$ 4,596,681</u>	<u>\$ 4,004,721</u>	<u>\$ 5,115,611</u>	<u>\$ (1,676,870)</u>	<u>\$ 3,330,565</u>

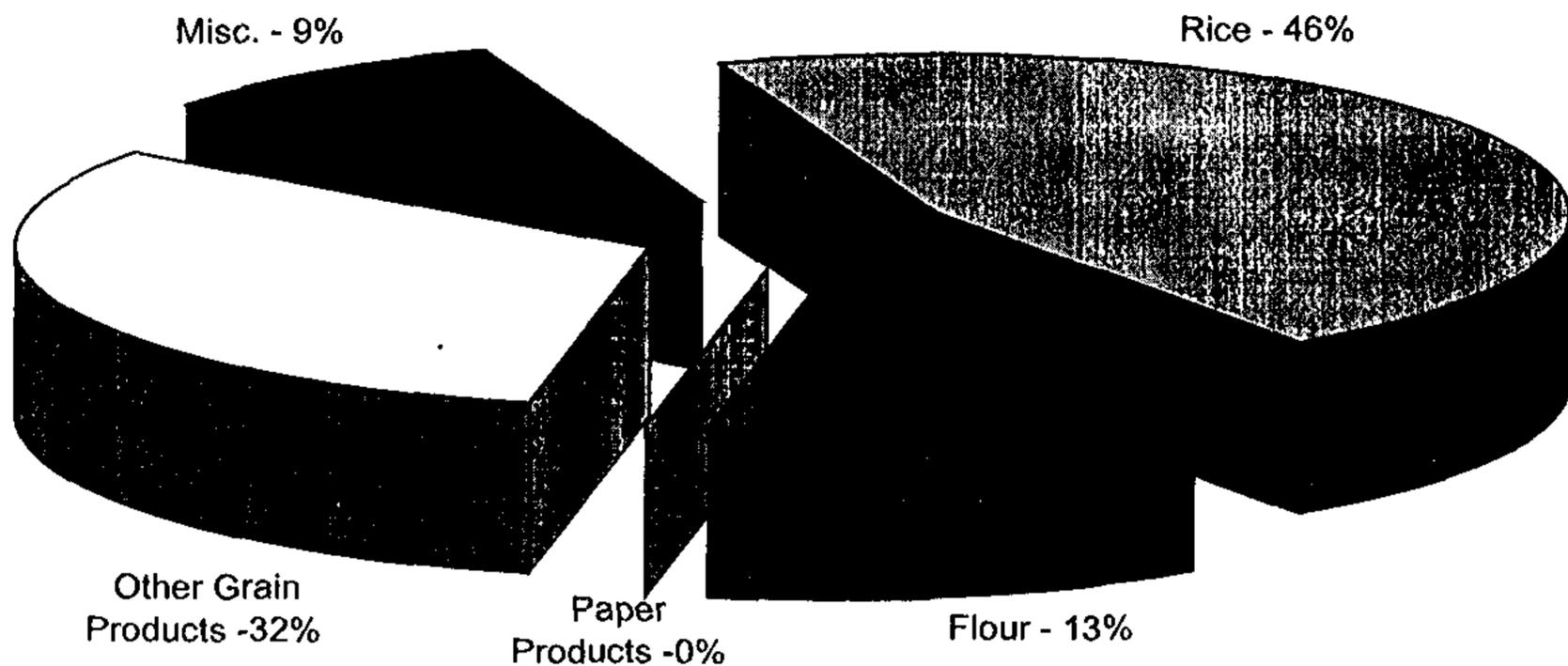
BULK CARGO

Total Short Tons 2000 - 7,501,344



GENERAL CARGO

Total Short Tons 2000 - 830,217



LAKE CHARLES HARBOR AND TERMINAL DISTRICT

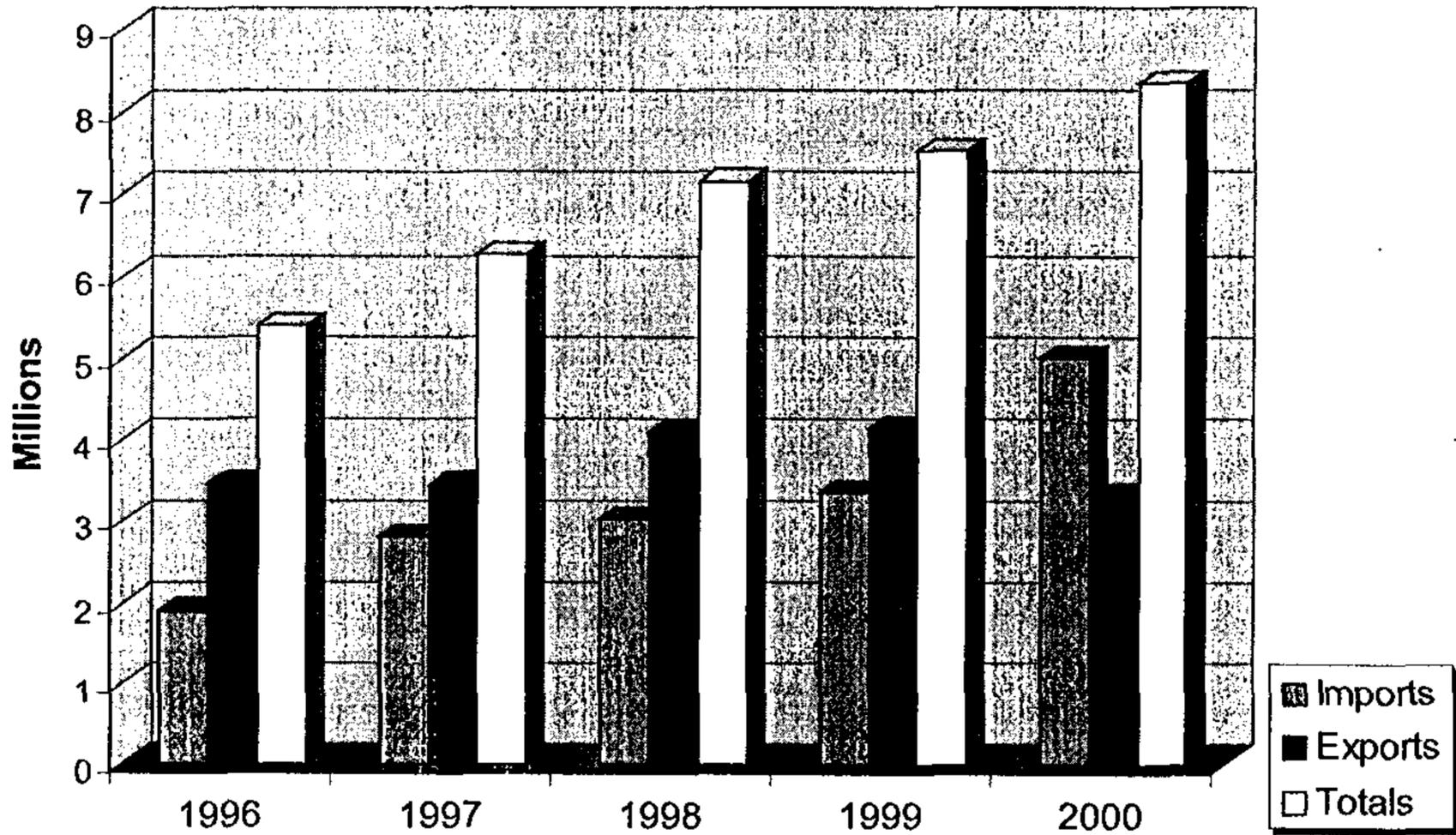
SHIPPING ACTIVITIES
BULK AND GENERAL CARGO
(Unaudited)2000 MONTHLY BULK CARGO
(Tons)

Month	<u>Petro Coke</u>	<u>Grains</u>	<u>Ore</u>	<u>Liquids</u>
January	220,303	-	110,151	63,990
February	299,834	-	124,496	-
March	262,340	-	114,355	134,108
April	277,691	-	115,842	202,416
May	166,948	1,686	132,334	242,526
June	209,123	-	58,993	427,472
July	248,475	-	112,448	481,721
August	392,780	-	72,715	289,090
September	223,226	-	92,969	486,696
October	168,768	-	130,664	411,108
November	133,194	-	160,024	254,368
December	280,669	-	232,185	165,636
	<u>2,883,351</u>	<u>1,686</u>	<u>1,457,176</u>	<u>3,159,131</u>

2000 MONTHLY GENERAL CARGO
(Tons)

Month	<u>Rice</u>	<u>Flour</u>	<u>Paper Products</u>	<u>Grain Products</u>	<u>Misc.</u>
January	19,528	1,656	-	10,699	10,283
February	80,767	16,566	-	21,019	3,978
March	27,632	-	-	49,756	9,566
April	22,362	-	-	6,302	3,262
May	12,951	6,800	-	6,193	2,062
June	13,232	6,459	-	31,314	6,047
July	43,227	5,999	-	25,417	7,798
August	50,355	17,162	-	31,009	8,136
September	16,886	31,431	-	20,997	7,894
October	25,541	2,100	-	21,697	6,582
November	18,572	10,462	547	22,047	1,405
December	48,900	6,992	-	19,920	10,707
	<u>379,953</u>	<u>105,627</u>	<u>547</u>	<u>266,370</u>	<u>77,720</u>

FIVE YEAR CARGO TONNAGE



SHIPS/BARGES CALLING AT DISTRICT FACILITIES

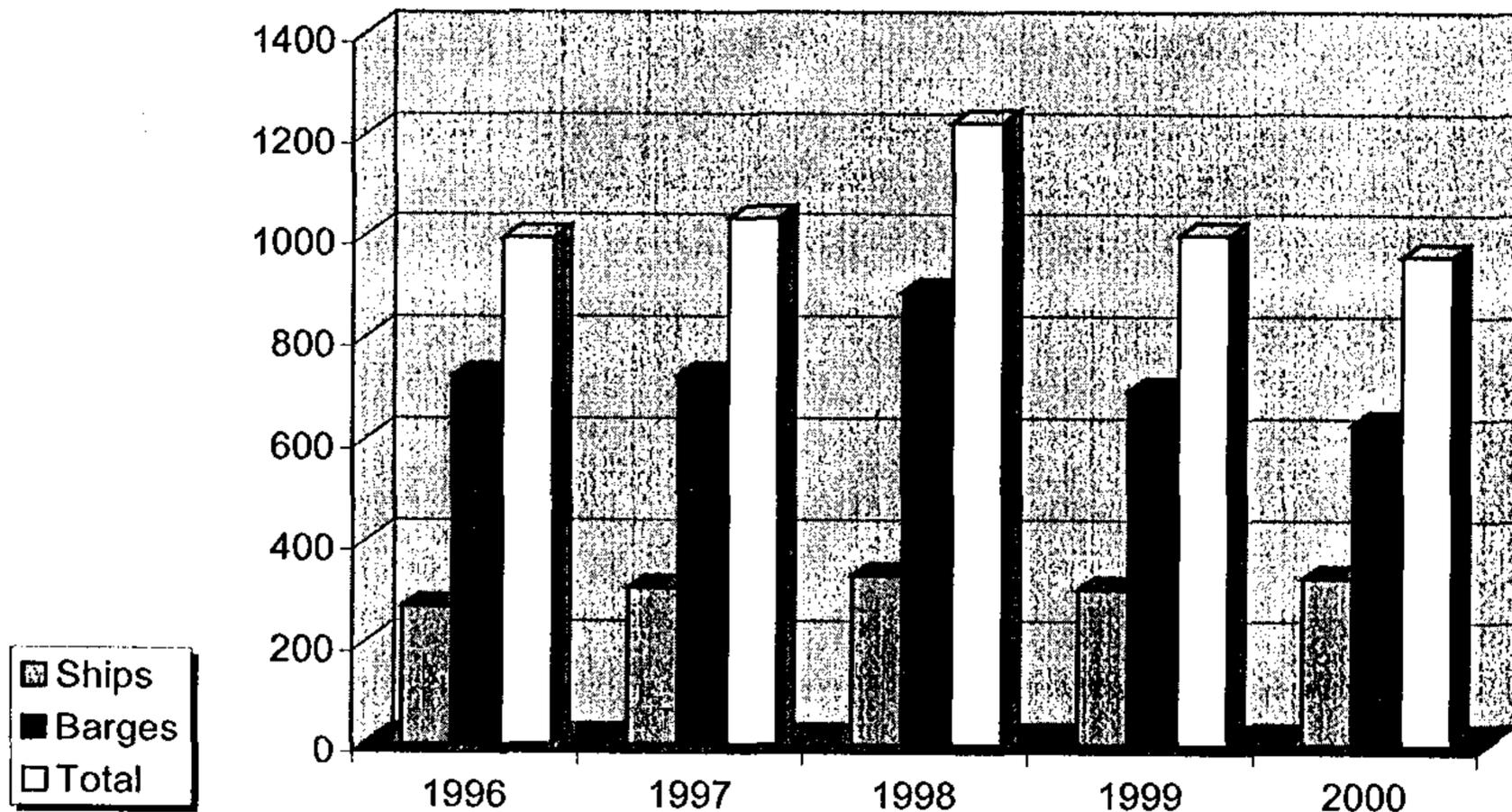


Table 3

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

SHIPPING ACTIVITIES
TONNAGE
(Unaudited)2000 CARGO IMPORTS/EXPORTS
(Tons)

<u>CARGO</u>	<u>IMPORTS</u>	<u>EXPORTS</u>	<u>TOTALS</u>
GENERAL CARGO	-	830,217	830,217
BULK	5,004,025	2,497,319	7,501,344
	<u>5,004,025</u>	<u>3,327,536</u>	<u>8,331,561</u>

FIVE YEAR CARGO
IMPORT/EXPORT TONNAGE

	<u>IMPORTS</u>	<u>EXPORTS</u>	<u>TOTALS</u>
1996	1,918,274	3,474,013	5,392,287
1997	2,813,798	3,455,133	6,268,931
1998	3,030,627	4,108,758	7,139,385
1999	3,358,221	4,156,775	7,514,996
2000	5,004,025	3,327,536	8,331,561

MONTHLY CARGO TONNAGE
SHIPS AND BARGES

<u>MONTH</u>	<u>TONNAGE</u>	<u>SHIPS</u>	<u>BARGES</u>
January	436,610	21	40
February	546,660	25	71
March	597,757	33	47
April	627,875	27	25
May	571,500	20	29
June	752,640	25	72
July	925,085	31	40
August	861,247	32	76
September	880,099	32	73
October	766,460	23	67
November	660,830	31	42
December	704,798	29	50
Totals	<u>8,331,561</u>	<u>329</u>	<u>632</u>

Table 4

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Years
(Unaudited)

Year	Total Tax Levy	Less: Cancellations and Reductions	Net Tax Levy	Less: Outstanding Delinquent Taxes
1991	\$ 1,067,701	\$ 15,571	\$ 1,052,130	\$ 9,580
1992	1,139,718	26,980	1,112,738	5,060
1993	1,165,286	27,653	1,137,633	7,500
1994	1,283,535	13,910	1,269,625	6,000
1995	1,290,268	9,700	1,280,568	7,200
1996	1,372,800	17,779	1,355,021	7,455
1997	1,421,729	9,970	1,411,759	14,750
1998	1,459,998	12,386	1,447,612	26,528
1999	1,485,818	10,134	1,475,684	19,749
2000	1,628,607	31,123	1,597,485	42,317

Notes:

- (1) Delinquent tax collections are unidentifiable from prior year reports. All taxes collected are reflected in net total taxes collected column.
- (2) Calcasieu Parish Sheriff and Tax Collector collects taxes for the Port.

Table 4

	<u>Net Total Taxes Collected</u>	<u>Percent of Net Levy Collected</u>	<u>Percent of Deliquent Taxes to Net Levy</u>
\$	1,042,550	99.09%	0.91%
	1,107,678	99.55%	0.45%
	1,130,133	99.34%	0.66%
	1,263,625	99.53%	0.47%
	1,273,368	99.44%	0.56%
	1,347,566	99.45%	0.55%
	1,397,009	98.96%	1.04%
	1,421,084	98.17%	1.83%
	1,455,934	98.66%	1.34%
	1,555,168	97.35%	2.65%

Table 5

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Years
(Unaudited)

(In Thousands)

Year	Real and Mobile Home Property			Personal Property		
	Assessed Values			Estimated Actual Value	Assessed Value	Estimated Actual Value
	Total Real and Mobile Home	Homestead Exempt	Net Real and Mobile Home			
1991	215,773	103,027	112,746	1,127,460	244,216	976,864
1992	214,529	103,798	110,731	1,107,310	239,570	958,280
1993	219,691	105,458	114,233	1,142,330	245,084	980,336
1994	223,868	107,207	116,661	1,166,610	282,851	1,131,404
1995	232,181	109,511	122,670	1,226,700	276,919	1,107,676
1996	292,827	125,207	167,620	1,676,200	290,308	1,161,232
1997	287,276	123,118	164,158	1,641,580	310,844	1,243,376
1998	300,199	128,469	171,730	1,717,300	315,902	1,263,608
1999	315,240	130,421	184,819	1,848,194	311,256	1,245,023
2000	323,771	131,950	191,821	1,918,208	328,457	1,313,827

Notes:

- (1) Louisiana state law establishes all assessment limitations.
- (2) Real Property is assessed at: 10% - land, improvements and buildings
Commercial: 10% - land; 15% - improvements and buildings
Personal: 25%
- (3) Public utilities are assessed by Louisiana Tax Commissions annually - value and ratio
- (4) All property assessments are made by the Calcasieu Parish Assessor.

Table 5

<u>Public Utilities</u>		<u>Total All Property</u>		<u>Ratio of Total Assessed To Total Estimated Actual Value</u>
<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	
41,435	276,233	398,397	2,380,557	16.74%
40,014	266,760	390,315	2,332,350	16.73%
39,754	265,027	399,071	2,387,693	16.71%
40,054	267,027	439,566	2,565,041	17.14%
40,860	272,400	440,449	2,606,776	16.90%
39,463	263,087	497,391	3,100,519	16.04%
40,118	267,453	515,120	3,152,409	16.34%
41,352	275,680	528,984	3,256,588	16.24%
42,264	281,763	538,340	3,374,980	15.95%
47,300	315,334	567,578	3,547,369	16.00%

Table 6

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
Last Ten Years
(Unaudited)

Year	<u>*Population</u>	<u>Assessed Value (in Thousands)</u>	<u>Gross Bonded Debt</u>	<u>Restricted Assets Available for Debt Service</u>
1991	168,900	\$ 501,423	\$ -	\$ -
1992	169,644	494,112	-	-
1993	171,900	504,528	-	-
1994	172,200	602,549	-	-
1995	174,000	607,925	-	-
1996	176,100	682,397	-	-
1997	180,200	702,150	-	-
1998	179,400	726,559	-	-
1999	183,400	744,911	-	-
2000	183,600	781,253	-	-

Notes:

- (1) Includes all long-term general obligation debt
- (2) Reflects estimated parish wide totals

Table 6

Debt Payable from Enterprise Revenues	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

Table 7

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

COMPUTATION OF LEGAL DEBT MARGIN

December 31, 2000

(Unaudited)

Net assessed value		\$ 567,577,660
Plus exempt property:		
Homestead exemption (1)	\$ 131,949,870	
Business exempt property (2)	<u>81,725,460</u>	<u>213,675,330</u>
Total assessed value		<u>\$ 781,252,990</u>
Debt Limit - 10 percent of total assessed value		\$ 78,125,299
Amount of debt applicable to debt limit:	\$ -	
Total bonded debt		
Less:		
Restricted assets available for payment of principal	<u>1,250,000</u>	
Total amount of debt applicable		<u>1,250,000</u>
Legal debt margin		<u>\$ 76,875,299</u>

Note:

- (1) In the State of Louisiana, the first \$75,000 of a homeowner's primary residence is exempt from property tax. This is referred to as a "Homestead Exemption."
- (2) Under specific conditions, businesses can qualify for a ten year property tax exemption. The State grants this as an economic incentive for companies to locate or expand their business in Louisiana.
- (3) The \$25,000,000 Port Improvement Revenue Bonds, Series 1994 are not general obligation bonds secured by the imposition of ad valorem property tax approved by a vote of the electors of the District.

Table 8

LAKE CHARLES HARBOR AND TERMINAL DISTRICT
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 December 31, 2000
 (Unaudited)

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to District</u>	<u>Amount Applicable to District</u>
Calcasieu Parish School District (All)	\$ 6,590,000	56%	\$ 3,690,400
Calcasieu Parish School District No. 31	16,118,276	100%	16,118,276
Calcasieu Parish School District No. 23	11,361,195	80%	9,088,956
Calcasieu Parish School District No. 22	22,380,000	100%	22,380,000
Calcasieu Parish School District No. 30	28,010,000	10%	2,801,000
Calcasieu Parish School District No. 28	1,725,000	10%	172,500
Calcasieu Parish School District No. 21	1,890,000	1%	18,900
City of Westlake	3,395,000	100%	3,395,000
City of Lake Charles	3,600,000	100%	3,600,000
City of Lake Charles	7,945,000	100%	7,945,000
Calcasieu Parish Police Jury	<u>7,262,195</u>	56%	<u>4,066,829</u>
	<u>110,276,666</u>		<u>73,276,861</u>

NOTE: Provided by Calcasieu Parish School Board, City of Lake Charles, and City of Westlake.

Table 9

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

COVERAGE PROVIDED BY NET REVENUES FOR
ANNUAL DEBT SERVICE REQUIREMENTSLast Ten Years
(Unaudited)

<u>Year</u>	<u>Gross Revenue</u>	<u>Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>
1991	\$ 19,605,396	\$ 12,858,665	\$ 6,746,731
1992	19,818,466	14,565,316	5,253,150
1993	19,579,422	13,816,523	5,762,899
1994	18,387,642	13,734,198	4,653,444
1995	20,853,323	14,170,937	6,682,386
1996	21,209,947	16,180,487	5,029,460
1997	22,028,369	17,546,951	4,481,418
1998	23,669,281	18,236,102	5,433,179
1999	18,755,648	19,703,137	(947,489)
2000	23,680,439	20,109,106	3,571,333
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTE:

- (1) Gross revenues included operating and nonoperating revenues of the District.
- (2) Operating expenses included costs directly associated with the District's primary activities.
- (3) Only general obligation debt is included in this table.

Table 9

Debt Service Requirements			
Principal	Interest	Total	Coverage
\$ 1,655,000	\$ 288,150	\$ 1,943,150	\$ 347.21
610,000	189,312	799,312	657.21
600,000	147,250	747,250	771.21
480,000	129,413	609,413	763.59
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

Table 10

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$100 OF ASSESSED VALUE)Last Ten Years
(Unaudited)

Year	District (4)	Parish (1)	School Districts	Cities (2)	Other (3)	Total (Memorandum Only) (5)
1991	2.68	149.52	165.40	41.82	282.17	641.59
1992	2.92	154.55	157.90	43.60	296.66	655.63
1993	2.92	156.00	148.50	43.52	292.03	642.97
1994	2.92	144.14	184.70	42.98	277.59	652.33
1995	2.92	134.87	191.73	42.98	251.42	623.92
1996	2.76	134.57	171.03	37.06	220.61	566.03
1997	2.76	132.09	143.67	36.80	236.05	551.37
1998	2.76	132.54	95.92	36.04	232.11	499.37
1999	2.76	132.54	97.77	36.57	226.51	496.15
2000	2.87	134.97	100.78	37.19	250.04	525.85

NOTE:

- (1) Includes assessments of all wards whose boundaries fell partially or totally within the District.
- (2) Includes assessment of all cities whose boundaries fell partially or totally within the District (Lake Charles, Sulphur and Westlake)
- (3) Includes all other assessments whose boundaries fell partially or totally within the District (Water, Gravity, Fire protection, etc.)
- (4) Lake Charles Harbor and Terminal District
- (5) The Lake Charles Harbor and Terminal District's boundaries overlap into several different school, water, gravity, fire protection, etc. districts. Thus the above table does not reflect the average millage assessed within the District. The average millage within the Lake Charles Harbor and Terminal District boundaries is approximately 170 mills, while the average millage within the Parish is 160 mills.

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

DEMOGRAPHIC STATISTICS

Last Ten Years
(Unaudited)

<u>Years</u>	<u>(1) Population</u>	<u>(1) Per Capita Income</u>	<u>(1) Median Age</u>	<u>Education Level In Years of Formal Schooling</u>	<u>(2) School Enrollment</u>	<u>Unemployment Rate Percent</u>
1991	168,134	14,613	30.0	*	32,443	8.6
1992	169,644	15,408	31.5	*	32,833	8.6
1993	171,900	16,056	31.8	*	33,384	7.9
1994	172,200	16,690	31.5	*	33,939	7.4
1995	174,000	17,929	32.2	*	33,905	6.2
1996	176,100	19,109	32.5	*	33,503	6.3
1997	180,200	19,906	35.0	*	33,453	5.6
1998	179,200	20,901	32.0	*	33,534	4.3
1999	183,400	21,840	33.8	*	32,410	3.5
2000	184,300	22,139	33.5	*	31,878	5.1

NOTE:

- (1) Census information was obtained from the local Chamber of Commerce.
- (2) Calcasieu Parish School Board

Table 12

LAKE CHARLES HARBOR AND TERMINAL DISTRICT
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
Last Ten Years
(Unaudited)

Year	Commercial Construction		Residential Construction	
	Number of Units	Value*	Number of Units	Value*
1991	281	\$ 32,216,186	851	\$ 5,025,399
1992	270	27,884,991	691	4,446,637
1993	285	55,234,530	713	4,128,425
1994	216	21,848,875	622	4,987,188
1995	283	47,431,671	552	4,536,337
1996	311	97,633,110	784	6,800,564
1997	329	62,691,854	736	6,708,083
1998	444	29,747,777	950	5,609,288
1999	287	21,275,879	805	11,633,499
2000	289	28,374,567	689	8,751,892

NOTE:

- (1) Includes all banks in the City of Lake Charles
- (*) Assessed value - estimated value available

Source: Local banks, City of Lake Charles and Calcasieu Parish Assessors Office

Table 12

Bank Deposits (1)	Property Value*	
	Taxable	Nontaxable
\$ 1,455,825,000	\$ 398,395,900	\$ 103,027,230
1,405,528,985	390,314,380	103,798,030
1,331,842,000	399,070,550	104,113,040
1,397,813,000	439,566,780	107,206,220
1,395,149,000	444,872,600	108,087,400
1,647,834,000	497,391,300	125,206,700
1,619,879,000	517,109,420	124,508,480
1,848,275,000	528,984,630	197,574,790
3,004,576,000	538,339,520	206,571,920
3,024,391,000	567,577,660	213,675,330

Table 13

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

PRINCIPAL TAXPAYERS IN DISTRICT
 December 31, 2000
 (Unaudited)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2000 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Conoco, Inc.	Refinery	40,291,170	5.16%
PPG Industries, Inc.	Chemical Plant	34,760,520	4.45%
Citgo Petroleum Corporation	Refinery	17,296,710	2.21%
Condea Vista Company	Chemical Plant	15,910,930	2.04%
Bellsouth Telecommunications	Telephone Company	14,739,840	1.89%
Lyondell Chemical Worldwide	Chemical Plant	12,789,560	1.64%
Montell USA, Inc.	Chemical Plant	10,991,280	1.41%
Entergy Gulf States, Inc.	Electrical Company	8,735,080	1.12%
Players Lake Charles, Inc.	Gaming	7,299,880	0.93%
Westlake Polymers, Inc.	Chemical Plant	7,290,350	0.93%
		<u>170,105,320</u>	<u>21.77%</u>

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

MISCELLANEOUS STATISTICS

December 31, 2000

(Unaudited)

DATE OF INCORPORATION

1926

NUMBER OF EMPLOYEES:

126

FORM OF GOVERNMENT:

Political Subdivision of State
of Louisiana

AERIAL CLEARANCE:

Highlines	170 feet
I-210 Bridge	135 feet

GEOGRAPHICAL LOCATION:

Latitude 30 13' North
Longitude 90 15' West
32 miles inland from Gulf
of Mexico

ELEVATION:

Sea level to 20 feet

TEMPERATURE:

77.6 maximum average
63.7 minimum average
71.2 mean
Average yearly rainfall
53.03 inches

TIDAL INFORMATION:

Mean tide level	1.0 feet
Diorhan range	2.0 feet
Neap tides	MLWN 0.3 feet
	MHWN 1.0 feet
Spring tides	MLWN 0.0 feet
	MHWN 1.8 feet

GENERAL CARGO FACILITIES:

935,835 sq. feet of transit sheds
606,300 sq. feet of warehouse
(available for lease)

PRINCIPAL CARGO:

Flour	Petroleum coke
Rice	Petroleum products
Soybeans	Barite
Other grains	Fertilizers
Rutile	Linerboard/newsprint

PUBLIC DOCKS:

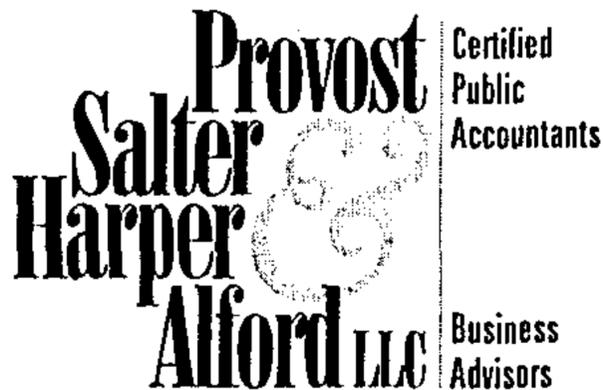
Dry cargo	10
Bulk materials	2
Bulk materials	1
Open berth	2
Grain elevators	1
General cargo	1
	<hr/>
	17

- City Docks
- Bulk Terminal No. 1 - Rosebluff
- Bulk Terminal No. 4 - Westlake
- City Docks
- City Docks
- Industrial Canal

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**LAKE CHARLES HARBOR
AND TERMINAL DISTRICT
LAKE CHARLES, LOUISIANA**

**REPORTS ON
COMPLIANCE AND INTERNAL CONTROL OVER
FINANCIAL REPORTING, SUPPLEMENTARY INFORMATION,
COMPLIANCE RELATED TO \$25,000,000
LAKE CHARLES HARBOR AND TERMINAL DISTRICT
PORT IMPROVEMENT REVENUE BONDS, SERIES 1994,
AND COMMUNICATION TO OVERSIGHT GROUP
YEAR ENDED DECEMBER 31, 2000**



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LAKE CHARLES HARBOR AND TERMINAL DISTRICT

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December 31, 2000

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

Board of Commissioners
Lake Charles Harbor and Terminal District
Lake Charles, Louisiana

We have audited the general purpose financial statements of the Lake Charles Harbor and Terminal District, Lake Charles, Louisiana as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated February 15, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Lake Charles Harbor and Terminal District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which 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 object of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lake Charles Harbor and Terminal District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the

internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management, and the Legislative Auditor of the State of Louisiana, and it not intended to be and should not be used by anyone other than these specified parties.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

Provost, Salter, Harper & Alford, L.L.C.

February 15, 2001

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Board of Commissioners
Lake Charles Harbor and Terminal District
Lake Charles, Louisiana

We have audited the general purpose financial statements of the Lake Charles Harbor and Terminal District, Lake Charles, Louisiana as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated February 15, 2001. These general purpose financial statements are the responsibility of the Lake Charles Harbor and Terminal District, Lake Charles, Louisiana, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the Lake Charles Harbor and Terminal District, Lake Charles, Louisiana, taken as a whole. The accompanying schedule of supplementary information is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

Provost, Salter, Harper & Alford, L.L.C.

February 15, 2001

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Schedule of Supplementary Information Year Ended December 31, 2000

Professional service payments made to contractors for surveys, feasibility studies, and special studies:

<u>Vendor & Explanation</u>	<u>Amount</u>
Dr. Daryl Burkel Research on Harbor user fee	\$ 8,000
Lake Charles Stevedores Consulting fees on USDA cargo	\$ 5,500
Standard & Poor's Rating Group Financial Rating on 1994 \$25M Port Improvement Revenue Bond	\$ 3,500

Payments to members of the Board of Commissioners for per diem payments or compensation for services on the Board:

None

Continued on next page.

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Schedule of Supplementary Information Year Ended December 31, 2000

Insurance policies in force as of December 31, 2000:

Policy Provider	Policy Number	Policy Type	Policy Period
Audubon Indemnity Company	ACV604639	Commercial auto	10/1/00-9/30/01
Underwriters at Lloyds, London	PL98000969	General liability	10/1/00-10/1/01
Continental Casualty	POD0021642	Public official liability	12/31/00-12/31/01
Great American Insurance Company	GCM-18883	Marine insurance	10/1/00-10/1/01
Underwriters at Lloyds, London	REN/ARS-PN00099	Commercial umbrella	10/1/00-10/1/01
Water Quality Insurance Syndicate	8512-07	Pollution liability	10/1/00-10/1/01
Steadfast Insurance Company	SCC3618870-02	FELA	10/1/00-10/1/01
American International South Insurance Company	WC5842220	Workers compensation insurance	6/18/00-6/18/01
Hartford Life & Accident Insurance Co.	ETB101464	Group business travel	10/3/00-10/3/01
The Fidelity and Deposit Co. of Maryland	CCP0023647	Employee dishonesty bond	10/11/98-10/11/01
Protection Mutual Insurance Company	755901-00	Excess property	10/1/00-10/1/01

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE RELATED TO
\$25,000,000 LAKE CHARLES HARBOR AND TERMINAL DISTRICT PORT
IMPROVEMENT REVENUE BONDS, SERIES 1994 BASED ON AN AUDIT OF
GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners
Lake Charles Harbor and Terminal District
Lake Charles, Louisiana

We have audited the general purpose financial statements of the Lake Charles Harbor and Terminal District, Lake Charles, Louisiana as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated February 15, 2001.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Our audit included a review of the terms of the Letter of Credit and Reimbursement Agreement dated as of August 1, 1998 between Lake Charles Harbor and Terminal District and Credit Local de France relating to \$25,000,000 Lake Charles Harbor and Terminal District Port Improvement Revenue Bonds, Series 1994 and the related documents as they relate to accounting matters. During the course of our audit, and as of the date of this report, we obtained knowledge of no instances of default or event of default as defined by this agreement.

The District has complied with Section 8.09(h) Insurance of the Amended and Restated Trust Indenture between Lake Charles Harbor and Terminal District and Hibernia National Bank of Lake Charles, as Trustee, dated as of January 1, 1994, \$25,000,000 Lake Charles Harbor and Terminal District Port Improvement Revenue Bonds, Series 1994. As required by paragraph 3 of this Section 8.09(h), a listing of all policies carried by the District as of December 31, 2000 is included in the supplementary information section of these reports. All insurance premiums upon the insurance policies to which reference is herein before made have been paid.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

Provost, Salter, Harper & Alford, L.L.C.

February 15, 2001

COMMUNICATION WITH OVERSIGHT GROUP

Board of Commissioners
Lake Charles Harbor and Terminal District
Lake Charles, Louisiana

We have audited the general purpose financial statements of the Lake Charles Harbor and Terminal District, Lake Charles, Louisiana for the years ended December 31, 2000 and 1999, and have issued our report thereon dated February 15, 2001. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Generally Accepted Auditing Standards and Government Auditing Standards.

As stated in our audit contracts dated September 30, 1999, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the general purpose financial statements are free of material misstatement. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of the Lake Charles Harbor and Terminal District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Other Information in Documents Containing Audited Financial Statements.

The comprehensive annual financial report for the Lake Charles Harbor and Terminal District for the years ended December 31, 2000 and 1999 includes, in addition to the financial statements, management's discussion and analysis of financial condition and results of operations and certain statistical information. Our responsibility for this additional information does not extend beyond the financial information identified in our report and we have no obligation to perform any procedures to corroborate the additional information contained in these documents. We have read the additional information and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Significant Accounting Policies.

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our contract, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Lake Charles Harbor and Terminal District are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2000. We noted no transactions entered into by the Lake Charles Harbor and Terminal District during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates.

Accounting estimates are an integral part of the general purpose financial statements prepared by management and are based upon management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the general purpose financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Significant estimates in the District's financial statements include depreciation and loss contingencies after considering opinion of legal counsel. These estimates were arrived at after taking into consideration the cost of the assets involved, the estimated life of the assets, and its estimated salvage or residual value, and the possibility of the concurrence of material losses.

Audit Adjustments.

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. There were no significant audit adjustments arising from the audit.

Disagreements With Management.

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the general purpose financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultation With Other Accountants.

In some cases, management may decide to consult with other accountants about auditing and accounting matters similar to obtaining a "second opinion" on certain situations. If a

consultation involves application of an accounting principle to the governmental unit's general purpose financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors.

We had no discussions with management prior to our retention as the Lake Charles Harbor and Terminal District's auditors.

Difficulties Encountered in Performing the Audit.

We encountered no difficulties in dealing with management in performing our audit.

This communication is intended solely for the use of the Board of Commissioners of the Lake Charles Harbor and Terminal District and management the Lake Charles Harbor and Terminal District and is not intended to be and should not be used by anyone other than these specified parties.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

Provost, Salter, Harper & Alford, L.L.C.
February 15, 2001