

**MORGAN CITY HARBOR AND
TERMINAL DISTRICT**

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Morgan City Harbor and Terminal District
Morgan City, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Morgan City Harbor and Terminal District (hereinafter, "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of the District's proportionate share of the collective total OPEB liability on page 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of cost of sales and services and the schedule of general and administrative expenses are presented for purposes of additional analysis and are not a required part of the basis financials statements. The schedule of cost of sales and services and the schedule of general and administrative expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of cost of sales and services and the schedule of general and administrative expenses are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part

of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana

December 19, 2023

BASIC FINANCIAL STATEMENTS

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Statement of Net Position
June 30, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets:	
Cash and cash equivalents	\$ 6,117,613
Receivables:	
Accounts	19,465
Lease	3,460,738
Intergovernmental - state	1,236,935
Prepaid items	325,554
Other assets	<u>206</u>
Total current assets	11,160,511
Capital assets:	
Nondepreciable	7,559,062
Depreciable, net of accumulated depreciation and amortization	<u>24,167,401</u>
Total capital assets	31,726,463
Deferred outflows of resources	<u>37,065</u>
Total assets and deferred outflows of resources	<u>\$ 42,924,039</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Accounts payable	\$ 1,077,025
Other accrued liabilities	15,742
Long-term liabilities, due within one year:	
Compensated absences	3,735
Lease liability	95,788
Portion due after one year:	
Deposits	125
Other postemployment benefit obligations	193,793
Lease liability	<u>591,386</u>
Total liabilities	1,977,594
Deferred inflows of resources:	
Deferred inflows of resources: Other postemployment benefits	95,846
Deferred inflows of resources: Leases	<u>3,195,601</u>
Total deferred inflows of resources	3,291,447
Net investment in capital assets	31,039,289
Unrestricted	<u>6,615,709</u>
Total net position	<u>37,654,998</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 42,924,039</u>

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

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2023

Operating revenues:	
Charges for services	
Rentals	\$ 945,524
Other revenues	<u>141,627</u>
Total operating revenues	1,087,151
Operating expenses:	
Cost of sales and services	50,920
General and administrative	1,534,779
Depreciation and amortization	<u>1,488,933</u>
Total operating expenses	<u>3,074,632</u>
Operating loss	(1,987,481)
Nonoperating revenues (expense)	
Ad valorem taxes	1,373,569
Intergovernmental revenue	2,113,414
Interest earnings	266,561
Interest expense	<u>(28,067)</u>
Total nonoperating revenues (expense)	<u>3,725,477</u>
Change in net position	1,737,996
Net position, beginning	<u>35,917,002</u>
Net position, ending	<u>\$ 37,654,998</u>

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

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Statement of Cash Flows
For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 1,103,260
Payments to suppliers for goods and services	(459,688)
Payments to employees	<u>(401,209)</u>
Net cash provided by operating activities	242,363

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES**

Ad valorem taxes	1,373,569
Intergovernmental	<u>1,371,292</u>
Net cash provided by noncapital financing activities	2,744,861

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES**

Payments on lease liability	(120,527)
Acquisition and construction of capital assets	<u>(3,752,782)</u>
Net cash used by capital and related financing activities	(3,873,309)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>266,561</u>
Net cash provided by investing activities	<u>266,561</u>

Net decrease in cash and cash equivalents (619,524)

Cash and cash equivalents -- July 1, 2022 6,737,137

Cash and cash equivalents -- June 30, 2023 \$ 6,117,613

**Reconciliation of operating loss to net cash
provided by operating activities:**

Operating loss \$ (1,987,481)

Adjustments to reconcile operating loss to
net cash provided by operating activities:

Depreciation and amortization	1,488,933
Decrease in accounts receivable	16,109
Increase in prepaid expenses	(106,213)
Increase in accounts payable	846,352
Decrease in payroll related payables	<u>(15,337)</u>

Total adjustments 2,229,844

Net cash provided by operating activities \$ 242,363

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

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

INTRODUCTION

The Morgan City Harbor and Terminal District (the District) was created as a public corporation and political subdivision of the State of Louisiana under Louisiana Revised Statute 34:321. The District is governed by a Board of Commissioners consisting of nine members appointed by the Governor. The board has the power to regulate the commerce and traffic of the District in such manner as may be best for the public interest; and it is empowered to own and have charge of, to administer, construct, operate and maintain wharves, warehouses, landing, docks, sheds, belt and connection railroads, shipways, canals, channels, slips, basins, locks, elevators and other structures and facilities necessary and proper for the use and development of the business of the District.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP), as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of certain significant accounting policies:

Financial Reporting Entity

GASB Statement No. 14, *The Financial Reporting Entity*, has established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity and other reporting relationships. The basic criterion for including a potential component unit within the reporting entity is financial accountability. GASB has set forth criteria to be considered in determining financial accountability. The criteria include:

1. Appointment of a voting majority of the governing board.
 - a. The ability of the reporting entity to impose its will on the organization.
 - b. The potential of the organization to provide specific financial benefits to or impose specific financial burdens on the reporting entity.
2. Organizations which are fiscally dependent.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature of significance of the relationship.

The District is considered a related organization of the State of Louisiana. Although the Governor appoints the governing board, the State does not have a financial benefit or burden relationship with the District. Because the State does not have financial accountability for the District, the District is excluded from the reporting entity of the State. The nature of the State's relationship with the District is disclosed in the State's audited financial statements.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the State of Louisiana.

Fund Accounting

The accounts of the District are organized and operated on a fund basis (proprietary fund) whereby a separate self-balancing set of accounts that comprise assets, liabilities, net position, revenues and expenses is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The proprietary fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Proprietary Fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

The proprietary fund is accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included in the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal ongoing operating revenue of the District's Proprietary Fund is charges for rental services. Operating expenses for proprietary funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include demand deposits and interest-bearing demand deposits.

Accounts Receivable

Accounts receivable is stated at cost, net of any allowance for doubtful accounts. The District maintains allowances for doubtful accounts for estimated losses resulting from the failure of customers to make required payments. The District reviews the accounts receivable on a periodic basis and makes allowances where there is doubt as to the collectability of individual balances. In evaluating the collectability of individual receivable balances, the District considers many factors, including the age of the balance, the customer's payment history, its current credit-worthiness and current economic trends.

Based on management's evaluation of each customer, the District considers all remaining accounts receivable to be fully collectable and, therefore, did not provide for an allowance for doubtful accounts.

Capital Assets

All capital assets are capitalized at historical cost or estimated historical cost for assets for which historical cost is not available. The District maintains a threshold level of \$1,000 or more for capitalizing capital assets. Donated assets are reported at fair market value as of the date received. Additions and improvements that significantly extend the useful life of an asset are capitalized while other costs incurred for repairs and maintenance are expensed as incurred. All capital assets are depreciated using the straight line method over their estimated useful lives as follows:

Furniture and Fixtures	5-10 years
Land Improvements	5-39 years
Leasehold Improvements	5-39 years
Wharf, Dock, Sheet Piling, Marshalling Yard, Railroad Spur	5-40 years

Compensated Absences

Accumulated vacation and sick leave are accrued as an expense of the period in which incurred. Employees earn from 10 to 20 days of vacation and sick leave each year depending on the length of service with the District. Vacation time not used by the end of the year may be taken ninety days into the following calendar year. Upon termination of employment, unused vacation up to five days will be paid to employees at the employee's current rate of pay.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Other Postemployment Benefit Obligations

The District applies GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This pronouncement requires the District to calculate and recognize a net *other postemployment benefit* (OPEB) obligation at June 30, 2023. See Note 13 for further details.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District reported deferred outflows of resources related to Other Post Employment Benefit (OPEB).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District reported deferred inflows of resources related to OPEB and leases.

See Note 13 for additional information related to deferred outflows of resources and deferred inflows of resources related to OPEB.

See Note 11 for additional information related to deferred outflows of resources related to leases.

Equity Classifications

Net position represents the difference between assets and liabilities. Net position is reported in three categories, as follows:

- a. Net investment in capital assets – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position items with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- c. Unrestricted net position – consists of the net amount of assets and liabilities that do not meet the definition of the above two components and is available for general use by the District.

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

Leases

The District applies the provisions of GASB Statement No. 87, *Leases*. GASB No. 87 enhances the relevance and consistency of information of the District's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. See Notes 9-11 for further details.

Use of Estimates

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

Subsequent Events

The District has evaluated subsequent events through December 19, 2023, the date the financial statements were available to be issued.

NOTE 2 CASH AND CASH EQUIVALENTS

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in the United States bonds, notes or bills as well as certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

The carrying value of the District's cash and interest-bearing deposits with financial institutions at June 30, 2023 totaled \$6,117,613 and the bank balance was \$6,135,254. Federal deposit insurance covered \$385,819 of the deposits while the remaining deposits were covered by collateral held by the pledging bank's agent in the District's name in the amount of \$7,392,956. Cash and interest-bearing deposits are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

insurance or pledge of securities owned by the fiscal agent bank. The fair market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Louisiana R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the District in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The St. Mary Parish Sheriff bills and collects property taxes for the District using the assessed values determined by the tax assessor of St. Mary Parish. District property tax revenues are budgeted in the year billed.

For the year ended June 30, 2023, 4.48 mills were authorized and dedicated to the District.

Total taxes collected were \$1,373,569 for the year ended June 30, 2023.

NOTE 4 INTERGOVERNMENTAL REVENUES

Intergovernmental revenues for the year ended June 30, 2023 consisted of the following:

State of Louisiana:	
Revenue Sharing	\$ 36,009
Capital Outlay	2,068,702
Federal Government:	
Homeland Security and Emergency Prep Grant	<u>8,703</u>
	<u>\$ 2,113,414</u>

NOTE 5 DEFERRED COMPENSATION PLAN

All full time employees of the District are allowed to participate in the State of Louisiana Public Employees Deferred Compensation Plan, adopted under the provisions of Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, LA 70804-9397.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 5 DEFERRED COMPENSATION PLAN (CONTINUED)

Contributions are made voluntarily by the employee through payroll deductions, with the District contributing 10% of the participating employees' regular gross wages. The total employer contribution expense for the years ended June 30, 2023, 2022, and 2021 were \$26,500, \$24,289, and \$23,514, respectively.

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MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 6 CAPITAL ASSETS

A summary of changes in capital assets and depreciation for the year ended June 30, 2023 is as follows:

	Balance <u>June 30, 2022</u>	Additions	Deletions	Balance <u>June 30, 2023</u>
Capital assets not being depreciated or amortized:				
Land	\$ 4,048,627	\$ -	\$ -	\$ 4,048,627
Construction in progress	<u>1,088,804</u>	<u>3,738,961</u>	<u>(1,317,330)</u>	<u>3,510,435</u>
Total capital assets not being depreciated or amortized	5,137,431	3,738,961	(1,317,330)	7,559,062
Capital assets being depreciated and amortized:				
Right to use lease - property	834,596	-	-	834,596
Furniture and fixtures	1,404,467	11,835	-	1,416,302
GEOC Building	11,183,669	-	-	11,183,669
Wharf	4,905,623	-	-	4,905,623
Dock	9,189,459	1,986	-	9,191,445
Sheet piling	1,200,000	-	-	1,200,000
Land improvements	12,414,637	1,317,330	-	13,731,967
Leasehold improvements	1,320,801	-	-	1,320,801
Marshalling yard	256,826	-	-	256,826
Railroad spur	<u>1,000,823</u>	<u>-</u>	<u>-</u>	<u>1,000,823</u>
Total capital assets being depreciated and amortized	43,710,901	1,331,151	-	45,042,052
Less accumulated depreciation for:				
Right to use lease - property	(98,188)	(98,188)	-	(196,376)
Furniture and fixtures	(1,191,338)	(75,100)	-	(1,266,438)
GEOC Building	(1,871,332)	(292,961)	-	(2,164,293)
Wharf	(3,128,853)	(112,521)	-	(3,241,374)
Dock	(6,284,535)	(310,706)	-	(6,595,241)
Sheet piling	(720,000)	(30,000)	-	(750,000)
Land improvements	(5,044,563)	(495,971)	-	(5,540,534)
Leasehold improvements	(352,137)	(42,044)	-	(394,181)
Marshalling yard	(147,681)	(6,421)	-	(154,102)
Railroad spur	<u>(547,091)</u>	<u>(25,021)</u>	<u>-</u>	<u>(572,112)</u>
Total accumulated depreciation	<u>(19,385,718)</u>	<u>(1,488,933)</u>	<u>-</u>	<u>(20,874,651)</u>
Capital assets, being depreciated, net	<u>24,325,183</u>	<u>(157,782)</u>	<u>-</u>	<u>24,167,401</u>
Capital assets, net	<u>\$ 29,462,614</u>	<u>\$ 3,581,179</u>	<u>\$(1,317,330)</u>	<u>\$ 31,726,463</u>

Depreciation and amortization charged to expense was \$1,390,745 and \$98,188, respectively, for the year ended June 30, 2023.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 7 CHANGES IN SHORT-TERM DEBT OBLIGATIONS

The following is a summary of the short-term debt obligation transactions during the year:

	<u>Balance at July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2023</u>	<u>Due Within One Year</u>
Compensated absences	<u>\$ 3,735</u>	<u>\$ 22,231</u>	<u>\$ (22,231)</u>	<u>\$ 3,735</u>	<u>\$ 3,735</u>

NOTE 8 CHANGES IN LONG-TERM DEBT OBLIGATIONS

The following is a summary of the long-term debt obligation transactions during the year:

	<u>Balance at July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2023</u>	<u>Due Within One Year</u>
Other post- employment benefits	<u>\$ 246,353</u>	<u>\$ 27,708</u>	<u>\$ (80,268)</u>	<u>\$ 193,793</u>	<u>\$ -</u>

NOTE 9 LEASE OBLIGATIONS

The District's current lease agreements are summarized as follows:

	<u>Commencement Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Total Lease Liability</u>	<u>Balance at June 30, 2023</u>
Property	January 1, 2020	Annual	\$ 120,526	3.60%	<u>\$ 981,877</u>	<u>\$ 687,174</u>
Total lease agreements					<u>\$ 981,877</u>	<u>\$ 687,174</u>

A lease agreement with H & B Young Foundation for property located on Young Road. The agreement began January 1, 2020 for a term of 10 years and is cancellable, by any party, at any time. The District will not acquire the property at the end of the term.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 9 LEASE OBLIGATIONS (CONTINUED)

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 95,788	\$ 24,738	\$ 120,526
2025	99,236	21,290	120,526
2026	102,809	17,717	120,526
2027	106,510	14,016	120,526
2028	110,344	10,182	120,526
2029-2030	<u>172,487</u>	<u>8,304</u>	<u>180,791</u>
	<u>\$ 687,174</u>	<u>\$ 96,247</u>	<u>\$ 783,421</u>

NOTE 10 SUBLEASE

The District subleased office spaces on the 800 Youngs Road property to Brice Civil Constructors, Inc. and American Integration Contractors for the lease term. The sublease requires that 10% of rental income received for the calendar year be remitted to H & B Young Foundation. The District received \$18,923 in lease revenue related to this property for the period.

NOTE 11 LESSOR AGREEMENTS

The District's current lessor agreements are summarized as follows:

	Commencement Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Receivable	Balance at June 30, 2023
Property	Various	Monthly	\$ 618,050	3.6-4.2%	\$ 4,800,979	\$ 3,269,961
Building	Various	Various	367,234	3.6-4.2%	<u>478,443</u>	<u>190,777</u>
Total lease agreements					<u>\$ 5,279,422</u>	<u>\$ 3,460,738</u>

Property - A lease agreement with Halliburton Energy Services for railcar storage property. The agreement began February 1, 2019 for a term of 5 years.

A lease agreement with Intermoor, Inc. for Youngswood Yard property. The agreement began January 1, 2020 for a term of 10 years.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 11 LESSOR AGREEMENTS (CONTINUED)

A lease agreement with St. Mary Parish Levee District for land on the Governmental Operations and Emergency Center property. The agreement began August 1, 2022 for a term of 4 years.

Building – A lease agreement with St. Mary Levee District for office space in the Governmental Operations and Emergency Center. The agreement began August 1, 2021 for a term of 5 years.

A lease agreement with the United States Coast Guard for office space in the Governmental Operations and Emergency Center. The agreement began October 1, 2021 for a term of one year with the option to renew for an additional one year term, not to extend beyond September 30, 2028. An annual 2% escalation shall be authorized at the commencement of any option exercised, per the lease agreement.

A lease agreement with the United States Coast Guard for space at the boat house located at the Port of Morgan City. The agreement began October 1, 2022 for a term of one year with the option to renew for an additional one year term, not to extend beyond September 30, 2025. An annual 3% escalation shall be authorized at the commencement of any option exercised, per the lease agreement.

A lease agreement with Brice Civil Constructors, Inc for office spaces located at 800 Youngs Road. The agreement began March 1, 2022 for a term of one year with 4 successive 1 year options to renew. The annual lease payment will be adjusted by the same percentage as the Consumer Price Index for any option exercised, per the lease agreement.

The assets will remain with the District at the end of the terms.

Future payments due to the District under lease agreement and related interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 600,307	\$ 125,162	\$ 725,469
2025	503,295	103,011	606,306
2026	521,430	84,876	606,306
2027	504,464	66,087	570,551
2028	519,375	47,925	567,300
2029-2030	<u>811,867</u>	<u>39,084</u>	<u>850,951</u>
	<u>\$ 3,460,738</u>	<u>\$ 466,145</u>	<u>\$ 3,926,883</u>

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 12 SHORT-TERM LEASE REVENUES

The District's revenues include the leasing of land and improvements under cancelable short-term leases. The leases are accounted for using the operating method whereby the amount of revenue recognized in each accounting period is equivalent to the amount of rent receivable according to the provisions of the lease.

The following is a schedule by years of future minimum rentals under the leases at June 30, 2023:

<u>Year Ending June 30,</u>	
2024	<u>\$ 80,088</u>

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS

The District provides post-employment health care and life insurance benefits for substantially all employees if they reach normal retirement age while working for the District. These benefits for retirees and similar benefits for active employees are provided through a self-insured/self-funded plan. At June 30, 2023, the District had two retirees and three employees receiving health benefits through the Office of Group Benefits.

Plan Description

Employees may participate in the State of Louisiana's Other Postemployment Benefit Plan (OPEB Plan), a multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The State administers the plan through the Office of Group Benefits (OGB). Louisiana Revised Statute 42:801-883 assigns the authority to establish and amend benefit provisions of the plan. The OGB does not issue a publicly available financial report of the OPEB Plan; however, it is included in the State of Louisiana Comprehensive Annual Financial Report (CAFR). A copy of the CAFR may be obtained on the Office of Statewide Reporting and Accounting Policy's website at www.doa.louisiana.gov/osrap. No assets are accumulated in a trust that meets the criteria in paragraph four of Governmental Accounting Standards Board (GASB) Statement No. 75 to pay related benefits.

Benefits Provided

The OPEB plan provides benefits such as: death benefits, life insurance, disability, and long-term care that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment. The OPEB plan does not provide termination benefits or termination payments for sick leave.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Contributions

The contribution requirements of plan members and the District are established and may be amended by Louisiana Revised Statute 42:801-883. The OPEB Plan is currently funded on a pay-as-you-go basis through a combination of retiree and District contributions. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving post-employment benefits. The retirees contribute to the cost of their post-employment benefits based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. Contributions to the OPEB Plan from the District were \$10,118 for the year ended June 30, 2023.

Employer contributions are based on plan premiums and the employer contribution percentage. This percentage is based on the date of participation in an OGB plan (before or after January 1, 2002) and employee years of service at retirement. Employees with continuous OGB medical coverage starting before January 1, 2002 pay approximately 25% of the cost of coverage in retirement. Employees with an OGB medical participation start (or re-start) date after December 31, 2001 pay a percentage of the total retiree contribution rate based on the following schedule:

Service	Retiree Share	State Share
Under 10 years	81%	19%
10 - 14 years	62%	38%
15 - 19 years	44%	56%
20+ years	25%	75%

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life, and Employee Accidental Death and Dismemberment coverage, which is underwritten by The Prudential Insurance Company of America. The total premium is approximately \$1 per thousand dollars of coverage of which the employer pays one-half of the premium. Maximum coverage is capped at \$50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with accidental death and dismemberment coverage ceasing at age 70 for retirees.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the District reported a liability of \$193,793 for its proportionate share of the total OPEB liability. The OPEB liability was measured as of July 1, 2022, and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the total OPEB liability was based on a projection of the District's total OPEB liability relative to the projected total OPEB liability of all participating employers, actuarially determined. As of July 1, 2022, the District's proportion was 0.0042%.

For the year ended June 30, 2023, the District recognized OPEB benefit of \$9,562. As of June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 5,307	\$ 70,412
Differences between expected and actual experience	20,914	25,434
Employer contributions subsequent to the measure date	<u>10,844</u>	<u>-</u>
Total	<u>\$ 37,065</u>	<u>\$ 95,846</u>

Deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date of \$10,844 will be recognized as a reduction of the OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

Year ending June 30:	
2024	\$ (33,201)
2025	(19,938)
2026	(7,543)
2027	<u>(8,943)</u>
Total	<u>\$ (69,625)</u>

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.4%
Salary Increases	Consistent with the pension valuation assumptions
Discount Rate	4.09% based on the S&P 20-Year Municipal Bond Index Rate
Healthcare Cost Trend	4.5% - 7.00%
Mortality Rates	<p>For General active lives, the RP-2014 Blue Collar Employee Table, adjusted by 0.978 for males and 1.144 for females, projected on a fully generational basis by Mortality Improvement Scale MP-2018.</p> <p>For General healthy retiree lives, the RP-2014 Blue Collar Healthy Annuitant Table, adjusted by 1.280 for males and RP-2014 White Collar Healthy Annuitant Table, adjusted by 1.417 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2018.</p> <p>For Public Safety active lives, the RP-2014 Blue Collar Employee Table, adjusted by 1.005 for males and 1.129 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2018.</p> <p>For Public Safety healthy retiree lives, the RP-2014 Blue Collar Healthy Annuitant Table, adjusted by 1.185 for males and 1.017 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2018.</p> <p>For disabled retiree lives, the RP-2000 Disabled Retiree Mortality Table, adjusted by 1.009 for males and 1.043 for females, not projected with mortality improvement. The mortality tables used for Public Safety participants have been updated since the last valuation to align with the LASERS pension valuation.</p>

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2021 to December 31, 2022.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at contractually required rates. Based on this assumption and as the OPEB Plan is unfunded, the OPEB Plan's fiduciary net position was not projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was determined using a discount rate that reflects the 20-year tax exempt municipal bond yield or index rate.

The discount rate used to measure the total OPEB liability increased to 4.09% in the July 1, 2022 valuation.

Sensitivity of the District's Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective total OPEB liability, as well as what the District's proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Proportionate Share of the Collective Total OPEB Liability	3.09	4.09	5.09
	<u>\$ 220,698</u>	<u>\$ 193,793</u>	<u>\$ 171,867</u>

Sensitivity of the District's Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the District's proportionate share of the collective total OPEB liability, as well as what the District's proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Proportionate Share of the Collective Total OPEB Liability	173,105	193,793	219,698
	<u>\$ 173,105</u>	<u>\$ 193,793</u>	<u>\$ 219,698</u>

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 14 BOARD OF COMMISSIONERS

Members of the Morgan City Harbor and Terminal District board of commissioners at June 30, 2023:

Peter Orlando
Deborah Garber
Joseph Cain
Ben Adams
Adam Mayon
Troy Lombardo
Steven Cornes
Matthew Tycer
Matthew Glover

No compensation was paid to these individuals during the year.

NOTE 15 RISK MANAGEMENT

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 has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The District is insured up to policy limits for each of the above risks. There were no significant changes in coverages, retentions, or limits during the year ended June 30, 2023. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years. The District is currently in pending litigation with no foreseen amounts due or received, therefore, no accrual deemed necessary at June 30, 2023.

NOTE 16 COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

A detail of compensation, benefits, and other payments made to Agency Head, Raymond “Mac” Wade, for the year ended June 30, 2023 follows:

Purpose	Amount
Salary	\$ 159,316
Benefits - insurance	21,341
Benefits - retirement	15,606
Benefits - mileage	3,768
Car allowance	7,500
Travel	202
Special meals	633
Total	\$ 208,366

REQUIRED SUPPLEMENTARY INFORMATION

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Schedule of District's Proportionate Share of the Collective Total OPEB Liability
For the Year Ended June 30, 2023

<u>Fiscal Year*</u>	<u>Percentage of the Collective Total OPEB Liability</u>	<u>Proportionate Share of the Collective Total OPEB Liability</u>	<u>Employer's Covered Employee Payroll</u>	<u>Proportionate Share of the Collective Total OPEB Liability as a % of Covered Employee Payroll</u>
2018	0.0047%	\$ 254,708	\$ 225,321	113%
2019	0.0065%	\$ 355,439	\$ 225,321	158%
2020	0.0060%	\$ 301,573	\$ 225,321	134%
2021	0.0042%	\$ 223,306	\$ 225,321	99%
2022	0.0042%	\$ 246,353	\$ 229,527	107%
2023	0.0042%	\$ 193,793	\$ 229,527	84%

*The amounts presented for each fiscal year were determined as of the prior fiscal year ended.

This schedule is intended to show information for 10 years. Additional years will be presented as they become available.

See independent auditor's report and accompanying notes to the required supplementary information.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Notes to the Required Supplementary Information

NOTE 1 OTHER POSTEMPLOYMENT BENEFITS PLAN

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph four, to pay related benefits.

NOTE 2 CHANGES OF BENEFIT TERMS

There were no changes of benefit terms for the OPEB Plan during any of the years presented.

NOTE 3 CHANGES OF ASSUMPTIONS

- The discount rate changed from 2.18% to 4.09% during the July 1, 2022 valuation.
- Baseline per capita costs were updated to reflect 2022 claims and enrollment.
- Medical plan election percentages were updated based on the coverage elections of recent retirees.
- The withdrawal assumption for LASERS Wildlife participants and the mortality rate assumptions for LASERS Public Safety participants have been updated.

**SUPPLEMENTARY
INFORMATION**

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Schedule of Cost of Sales and Services
For the Year Ended June 30, 2023

Dock expenses:		
Security	\$	18,000
Contracted services		12,375
Equipment rental		1,280
Fuel		10,660
Repairs and maintenance		<u>8,605</u>
Total cost of sales and services	\$	<u><u>50,920</u></u>

See independent auditor's report.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Schedule of General and Administrative Expenses
For the Year Ended June 30, 2023

Accounting	\$	26,500
Advertising		24,612
Bank charges		497
Car allowance		17,100
Cell phone allowance		5,112
Parish pension deduction		44,198
Computer maintenance		1,604
Professional services		338,055
Dues and subscriptions		21,798
GEOC Building		158,362
Marketing and promotions		19,852
Insurance		186,808
Internet charges		1,471
Janitorial		3,300
Pest control		540
Office supplies		8,151
Postage		306
Lease expense		7,062
Repairs and maintenance		212,396
Salaries and benefits		385,872
Telephone		6,314
Conference and travel		26,899
Utilities		<u>37,970</u>
Total general and administrative expenses	\$	<u>1,534,779</u>

See independent auditor's report.

**INTERNAL CONTROL,
COMPLIANCE, AND
OTHER INFORMATION**



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

To the Board of Commissioners
Morgan City Harbor and Terminal District
Morgan City, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Morgan City Harbor and Terminal District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 19, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
December 19, 2023

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2023

There were no findings noted during the prior year audit.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Schedule of Findings and Responses
For the Year Ended June 30, 2023

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unmodified opinion has been issued on the Morgan City Harbor and Terminal District's (the District's) financial statements as of and for the year ended June 30, 2023.

Deficiencies in Internal Control – Financial Reporting

Our consideration of internal control over financial reporting did not disclose any deficiencies in internal control which are required to be reported under *Government Auditing Standards*.

Material Noncompliance and Other Matters – Financial Reporting

There were no material instances of noncompliance noted during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended June 30, 2023.

MANAGEMENT LETTER

This section is not applicable for the fiscal year ended June 30, 2023.

Part 2: Findings and Questioned Costs Relating to Federal Programs

At June 30, 2023, Morgan City Harbor and Terminal District did not meet the requirements to have a single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; therefore, this section is not applicable.

MORGAN CITY HARBOR AND TERMINAL DISTRICT
PARISH OF ST. MARY, STATE OF LOUISIANA

Management's Corrective Action Plan for Current Year Findings
For the Year Ended June 30, 2023

There were no findings noted during the audit.



INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Morgan City Harbor and Terminal District and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA’s) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. The Morgan City Harbor and Terminal District’s (Entity’s) management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity’s operations.
 - i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
Written policies and procedures were obtained and address the functions noted above.
 - ii. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
Written policies and procedures were obtained and address the functions noted above.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
Written policies and procedures were obtained and address the functions noted above.
 - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties,

reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Written policies and procedures were obtained and address the functions noted above.

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

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions noted.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarter budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

No exceptions noted.

- iii. For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Not applicable.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Not applicable.

3) Bank Reconciliations

- A. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each account selected, and observe that:

Obtained listing of bank accounts from management and management's representation that the listing is complete.

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions noted.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions noted.

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

No exceptions noted.

4) Collections (excluding electronic fund transfers)

A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Obtained listing of deposit sites and management's representation that the listing is complete.

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Obtained listing of collection locations from management and management's representation that the listing is complete.

i. Employees that are responsible for cash collections do not share cash drawers/registers.

No exceptions noted.

ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

No exceptions noted.

iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions noted.

iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No exceptions noted.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

No exceptions noted.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

i. Observe that receipts are sequentially pre-numbered.

No exceptions noted.

ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted.

iii. Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

No exceptions noted.

- v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Listing of locations that process payments and management's representation that the listing is complete was obtained.

- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions noted.

- ii. At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

No exceptions noted.

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

No exceptions noted.

- v. Only employee/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic transfer (EFT), wire transfer, or some other electronic means.

No exceptions noted.

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- i. Observe that the disbursement whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity, and

No exceptions noted.

- ii. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B above, as applicable.

No exceptions noted.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Listing of active credit cards, bank debit cards, fuel cards, and P-cards, including the card numbers and the names of the persons who maintained possession of the cards, and management's representation that the listing is complete was obtained.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

No exceptions noted.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection.) For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions noted.

7) Travel and Travel-Related Expense Reimbursement

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Listing of all travel and travel-related expense reimbursements, and management's representation that the listing is complete was obtained.

- i. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
Not applicable.
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
No exceptions noted.
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
No exceptions noted.
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
No exceptions noted.

8) Contracts

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

Listing of all contracts in effect and management's representation that the listing is complete was obtained.

- i. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
No exceptions noted.
- ii. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
No exceptions noted.
- iii. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented.)
Not applicable.

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Listing of employees and management's representation that the listing is complete was obtained. Authorized salaries/pay rates traced to personnel files without exception.

- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:

- i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

- ii. Observe that supervisors approved the attendance and leave of the selected employees/officials.

No exceptions noted.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions noted.

- iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Not applicable.

- D. Obtain management's representation that employer and employee portions of third party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and associated forms have been filed, by required deadlines.

No exceptions noted.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year are required by R.S. 42:1170; and.
No exceptions noted.
 - ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
Not applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.
No exception noted.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
Not applicable.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).
Not applicable.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
No misappropriations of public funds and assets noted.
- B. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.
No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

- i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- iii. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

No terminated employees in current year.

14) Sexual Harassment

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

No exceptions noted.

B. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

No exceptions noted.

C. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;

Observed 100% of public servants in the agency have completed training requirements without exception.

- ii. Number of sexual harassment complaints received by the agency;

No sexual harassment complaints were received by the agency.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
Not applicable.
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
Not applicable.
- v. Amount of time it took to resolve each complaint.
Not applicable.

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

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

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

Darnall, Sikes & Frederick
(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
December 20, 2023