

**MORGAN CITY HARBOR AND
TERMINAL DISTRICT**

FINANCIAL REPORT

Year Ended June 30, 2025

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1-4
BASIC FINANCIAL STATEMENTS	
Financial Statements:	
Statement of Net Position	6
Statement of Revenues, Expenses and Changes in Fund Net Position	7
Statement of Cash Flows	8
Notes to the Financial Statements	9-25
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the District's Proportionate Share of the Collective Total OPEB Liability	27
Notes to the Required Supplementary Information	28
SUPPLEMENTARY INFORMATION	
Schedule of Cost of Sales and Services	30
Schedule of General and Administrative Expenses	31
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 <i>Government Auditing Standards</i>	33-34
Summary Schedule of Prior Year Findings	35
Schedule of Findings and Responses	36
Management's Corrective Action Plan for Current Year Findings	37

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, 2025, 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, 2025, 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 the 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of 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 22, 2025, 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 22, 2025

BASIC FINANCIAL STATEMENTS

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

Statement of Net Position
June 30, 2025

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets:

Cash and cash equivalents	\$ 7,063,971
Receivables:	
Accounts	84,993
Lease	2,693,770
Intergovernmental - state	1,435,906
Intergovernmental - federal	2,835
Prepaid items	253,322
Other assets	<u>206</u>
Total current assets	11,535,003

Capital assets:

Nondepreciable	6,705,276
Depreciable, net of accumulated depreciation and amortization	<u>58,100,224</u>
Total capital assets	64,805,500

Deferred outflows of resources

42,625

Total assets and deferred outflows of resources

\$ 76,383,128

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Accounts payable	\$ 938,722
Retainage payable	264,447
Other accrued liabilities	21,051
Long-term liabilities, due within one year:	
Compensated absences	22,767
Lease liability	102,809
Portion due after one year:	
Deposits	125
Other postemployment benefit obligations	220,657
Compensated absences	40,883
Lease liability	<u>389,341</u>
Total liabilities	2,000,802

Deferred inflows of resources:

Deferred inflows of resources: other postemployment benefits	33,834
Deferred inflows of resources: leases	<u>2,422,932</u>
Total deferred inflows of resources	2,456,766

Net investment in capital assets

64,313,350

Unrestricted

7,612,210

Total net position

71,925,560

Total liabilities, deferred inflows of resources and net position

\$ 76,383,128

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, 2025

Operating revenues:	
Charges for services	
Rentals	\$ 1,294,185
Other revenues	<u>91,071</u>
Total operating revenues	1,385,256
Operating expenses:	
Cost of sales and services	40,055
General and administrative	1,952,322
Depreciation and amortization	<u>2,513,550</u>
Total operating expenses	<u>4,505,927</u>
Operating loss	(3,120,671)
Nonoperating revenues (expense)	
Ad valorem taxes	1,479,439
Intergovernmental revenue	6,453,169
Interest earnings	439,142
Interest expense	<u>(21,290)</u>
Total nonoperating revenues (expense)	<u>8,350,460</u>
Change in net position	5,229,789
Net position, beginning, as restated	<u>66,695,771</u>
Net position, ending	<u>\$ 71,925,560</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, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 1,409,628
Payments to suppliers for goods and services	(545,938)
Payments to employees	<u>(627,838)</u>
Net cash provided by operating activities	235,852

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES**

Ad valorem taxes	1,479,439
Intergovernmental	<u>5,221,611</u>
Net cash provided by noncapital financing activities	6,701,050

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

Payments on lease liability	(120,527)
Acquisition and construction of capital assets	<u>(7,212,755)</u>
Net cash used by capital and related financing activities	(7,333,282)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>439,142</u>
Net cash provided by investing activities	<u>439,142</u>
Net increase in cash and cash equivalents	42,762

Cash and cash equivalents -- July 1, 2024	<u>7,021,209</u>
Cash and cash equivalents -- June 30, 2025	<u>\$ 7,063,971</u>

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

Operating loss	\$ (3,120,671)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	2,513,550
Compensated absences expense	13,917
Decrease in accounts receivable	24,372
Decrease in prepaid expenses	4,209
Increase in accounts payable	544,635
Increase in retainage payable	264,448
Decrease in payroll related payables	<u>(8,608)</u>
Total adjustments	<u>3,356,523</u>
Net cash provided by operating activities	<u>\$ 235,852</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

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)

A maximum of 30 days of sick leave can be carried over into future years. Sick time is not a compensable item upon an employee's retirement or termination. See Note 7 for further details.

Change in Accounting Principles

The District adopted GASB Statement No. 101, *Compensated Absences*, for the year ended June 30 2025. This standard revised the accounting and reporting guidance for compensated absences. As the result of implementing this standard, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of June 30, 2024 by \$45,998. The decrease results from including sick time that was previously excluded in compensated absences calculations. The compensated absences balance was increased accordingly by this change as of June 30, 2024. See Note 16 for details of restatement.

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, 2025. See Note 12 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 12 for additional information related to deferred outflows of resources and deferred inflows of resources related to OPEB.

See Note 10 for additional information related to deferred outflows of resources related to leases.

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)

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.
- 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 8-10 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 22, 2025, the date the financial statements were available to be issued.

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

Notes to the Financial Statements

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, 2025 totaled \$7,063,971 and the bank balance was \$7,058,686. Federal deposit insurance covered \$405,796 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 \$11,563,460. Cash and interest-bearing deposits are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit 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, 2025, 4.45 mills were authorized and dedicated to the District.

Total taxes collected were \$1,479,439 for the year ended June 30, 2025.

NOTE 4 INTERGOVERNMENTAL REVENUES

Intergovernmental revenues for the year ended June 30, 2025 consisted of the following:

State of Louisiana:	
Revenue Sharing	\$ 34,826
Capital Outlay	6,385,970
Federal Government:	
Port Security Grant	<u>32,373</u>
	<u>\$ 6,453,169</u>

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

Notes to the Financial Statements

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.

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, 2025, 2024, and 2023 were \$41,415, \$29,169, and \$26,500, respectively.

(The remainder of this page is intentionally left blank.)

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, 2025 is as follows:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets not being depreciated or amortized:				
Land	\$ 4,048,627	\$ -	\$ -	\$ 4,048,627
Construction in progress	<u>1,110,604</u>	<u>7,140,552</u>	<u>(5,594,507)</u>	<u>2,656,649</u>
Total capital assets not being depreciated or amortized	5,159,231	7,140,552	(5,594,507)	6,705,276
Capital assets being depreciated and amortized:				
Right to use lease - property	834,596	-	-	834,596
Furniture and fixtures	1,417,478	72,203	-	1,489,681
GEOC Building	11,183,669	-	-	11,183,669
Wharf	4,905,623	-	-	4,905,623
Dock	35,960,964	-	-	35,960,964
Sheet piling	1,200,000	-	-	1,200,000
Land improvements	13,740,453	-	-	13,740,453
Leasehold improvements	7,174,352	5,594,507	-	12,768,859
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	77,674,784	5,666,710	-	83,341,494
Less accumulated depreciation for:				
Right to use lease - property	(294,564)	(98,188)	-	(392,752)
Furniture and fixtures	(1,301,667)	(38,355)	-	(1,340,022)
GEOC Building	(2,457,254)	(292,961)	-	(2,750,215)
Wharf	(3,353,895)	(112,520)	-	(3,466,415)
Dock	(7,197,961)	(1,163,888)	-	(8,361,849)
Sheet piling	(780,000)	(30,000)	-	(810,000)
Land improvements	(6,067,762)	(494,878)	-	(6,562,640)
Leasehold improvements	(516,961)	(251,318)	-	(768,279)
Marshalling yard	(160,523)	(6,421)	-	(166,944)
Railroad spur	<u>(597,133)</u>	<u>(25,021)</u>	<u>-</u>	<u>(622,154)</u>
Total accumulated depreciation	<u>(22,727,720)</u>	<u>(2,513,550)</u>	<u>-</u>	<u>(25,241,270)</u>
Capital assets, being depreciated, net	<u>54,947,064</u>	<u>3,153,160</u>	<u>-</u>	<u>58,100,224</u>
Capital assets, net	<u>\$60,106,295</u>	<u>\$10,293,712</u>	<u>\$ (5,594,507)</u>	<u>\$64,805,500</u>

Depreciation and amortization charged to expense was \$2,415,362 and \$98,188, respectively, for the year ended June 30, 2025.

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

Notes to the Financial Statements

NOTE 7 CHANGES IN LONG-TERM DEBT OBLIGATIONS

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

	Balance, as restated, at July 1, 2024	Additions	Reductions	Balance at June 30, 2025	Due Within One Year
Compensated absences	\$ 49,733	\$ 58,876	\$ (44,959)	\$ 63,650	\$ 22,767
Other postemployment benefits	<u>191,818</u>	<u>35,889</u>	<u>(7,050)</u>	<u>220,657</u>	<u>-</u>
	<u>\$ 241,551</u>	<u>\$ 94,765</u>	<u>\$ (52,009)</u>	<u>\$ 284,307</u>	<u>\$ 22,767</u>

NOTE 8 LEASE OBLIGATIONS

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

	Commencement Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance at June 30, 2025
Property	January 1, 2020	Annual	\$ 120,527	3.60%	\$ 981,877	\$ 492,150
Total lease agreements					<u>\$ 981,877</u>	<u>\$ 492,150</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.

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ 102,809	\$ 17,717	\$ 120,526
2027	106,510	14,016	120,526
2028	110,344	10,182	120,526
2029	114,317	6,210	120,527
2030	<u>58,170</u>	<u>2,095</u>	<u>60,265</u>
	<u>\$ 492,150</u>	<u>\$ 50,220</u>	<u>\$ 542,370</u>

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

Notes to the Financial Statements

NOTE 9 SUBLEASE

The District subleased office spaces on the 800 Youngs Road property to Brice Civil Constructors, Inc. through March 2025 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 \$6,498 in lease revenue related to this property for the period.

NOTE 10 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, 2025
Property	Various	Monthly	\$ 655,577	3.6-5.0%	\$ 4,945,939	\$ 2,598,086
Building	Various	Various	364,987	3.6-5.0%	<u>479,377</u>	<u>95,684</u>
Total lease agreements					<u>\$ 5,425,316</u>	<u>\$ 2,693,770</u>

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

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.

A lease agreement with Halliburton Energy Services for railcar storage property. The agreement began February 1, 2024 for a term of 5 years.

A lease agreement with Econcrete, Inc for Youngswood Yard Property. The agreement began February 1, 2025 for a term of 2 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.

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

Notes to the Financial Statements

NOTE 10 LESSOR AGREEMENTS (CONTINUED)

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 St. Mary Levee District for space at the boat house located at the Port of Morgan City. The agreement began April 1, 2024 for a term of one year with the option to renew for an additional one year term.

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
2026	\$ 681,225	\$ 102,898	\$ 784,123
2027	589,017	75,810	664,827
2028	576,984	53,093	630,077
2029	572,751	31,169	603,920
2030	<u>273,793</u>	<u>9,857</u>	<u>283,650</u>
	<u>\$ 2,693,770</u>	<u>\$ 272,827</u>	<u>\$ 2,966,597</u>

NOTE 11 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, 2025:

<u>Year Ending June 30,</u>	
2026	<u>\$ 5,181</u>

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

Notes to the Financial Statements

NOTE 12 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, 2025, the District had two retirees and four 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.

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 \$7,050 for the year ended June 30, 2025.

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

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

Notes to the Financial Statements

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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.

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

At June 30, 2025, the District reported a liability of \$220,657 for its proportionate share of the total OPEB liability. The OPEB liability was measured as of July 1, 2024, 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, 2024, the District's proportion was 0.0042%.

For the year ended June 30, 2025, the District recognized OPEB benefit of \$4,564. As of June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 13,156	\$ 26,306
Differences between expected and actual experience	20,284	7,528
Employer contributions subsequent to the measure date	9,185	-
Total	\$ 42,625	\$ 33,834

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

Notes to the Financial Statements

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date of \$9,185 will be recognized as a reduction of the OPEB liability in the year ended June 30, 2025. 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:	
2026	\$ (3,614)
2027	(5,015)
2028	4,161
2029	<u>4,074</u>
Total	<u>\$ (394)</u>

Actuarial Assumptions

The total OPEB liability in the July 1, 2024 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	3.93% based on the Bond Buyer 20 index rate
Healthcare Cost Trend	4.5% - 8.5%
Mortality Rates	For General active lives, the PubG-2010 Employee Table adjusted by 1.055 for males and 1.034 for females, projected from 2020 on a fully generational basis by Mortality Improvement Scale MP-2021. For General healthy retiree lives, the PubG-2010 Retiree Table, adjusted by 1.215 for males and 1.277 for females, projected from 2020 on a fully generational basis by Mortality Improvement Scale MP-2021. For General disabled retiree lives, the RP-2000 Disabled Retiree Mortality Table, adjusted by 0.936 for males and 1.065 for females, not projected with mortality improvement. For Public Safety active lives, the PubS-2010 Below Median Retiree Table, adjusted by 1.050 for males and 0.974 for females, projected from 2020 on a fully generational basis Mortality Improvement Scale MP-2021.

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

Notes to the Financial Statements

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Mortality Rates (continued) For Public Safety healthy retiree lives, the PubS-2010 Below Median Retiree Table, adjusted by 1.049 for males and 1.020 for females, projected from 2020 on a fully generational basis by Mortality Improvement Scale MP-2021.
For Public Safety disabled retiree lives, the RP-2000 Disabled Retiree Mortality Table, adjusted by 0.978 for males and 1.002 for females, not projected with mortality improvement.
For survivors, the PubG-2010 Contingent Survivor Table, adjusted by 1.264 for males and 1.326 for females, projected from 2020 on a fully generational basis by Mortality Improvement Scale MP-2021.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2023.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.93%. 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 decreased to 3.93% in the July 1, 2024 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:

	1% Decrease	Current Discount Rate	1% Increase
	2.93	3.93	4.93
	<hr/>	<hr/>	<hr/>
Proportionate Share of the Collective Total OPEB Liability	\$ <u>252,665</u>	\$ <u>220,657</u>	\$ <u>194,393</u>

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

Notes to the Financial Statements

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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:

	1% Decrease	Current Trend Rate	1% Increase
Proportionate Share of the Collective Total OPEB Liability	<u>\$ 194,353</u>	<u>\$ 220,657</u>	<u>\$ 253,577</u>

NOTE 13 BOARD OF COMMISSIONERS

Members of the Morgan City Harbor and Terminal District board of commissioners at June 30, 2025:

- Ben Adams
- Deborah Garber
- Joseph Cain
- Michael Wise
- Adam Mayon
- Troy Lombardo
- Steven Cornes
- Matthew Tycer
- Matthew Glover

No compensation was paid to these individuals during the year.

NOTE 14 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, 2025. 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, 2025.

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

Notes to the Financial Statements

NOTE 15 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, 2025 follows:

Purpose	Amount
Salary	\$ 181,472
Benefits - insurance	24,067
Benefits - retirement	18,147
Benefits - mileage	2,955
Car allowance	8,400
Conference travel	20
Special meals	<u>846</u>
Total	<u><u>\$ 235,907</u></u>

NOTE 16 PRIOR PERIOD ADJUSTMENT

As a result of the implementation of GASB Statement No. 101, the following items were restated:

Net position June 30, 2024	\$ 66,741,769
Adjustments:	
Compensated absences - vacation time	(5,120)
Compensated absences - sick time	<u>(40,878)</u>
Restated net position June 30, 2024	<u><u>\$ 66,695,771</u></u>
Compensated absences June 30, 2024	\$ 3,735
Adjustments:	
Compensated absences - vacation time	5,120
Compensated absences - sick time	<u>40,878</u>
Restated compensated absences June 30, 2024	<u><u>\$ 49,733</u></u>

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, 2025

Fiscal Year*	Percentage of the Collective Total OPEB Liability	Proportionate Share of the Collective Total OPEB Liability	Employer's Covered Employee Payroll	Proportionate Share of the Collective Total OPEB Liability as a % of Covered Employee Payroll
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%
2024	0.0041%	\$ 191,818	\$ 229,527	84%
2025	0.0042%	\$ 220,657	\$ 229,527	96%

*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 decreased from 4.13% based on the S&P Municipal Bond 20-Year High Grade Rate Index to 3.93% based on the Bond Buyer 20 Index during the July 1, 2024 valuation.
- Baseline per capita costs were updated to reflect 2024 claims and enrollment.
- The mortality, retirement, termination, disability, and salary increase rate assumptions for the LASERS groups 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, 2025

Dock expenses:		
Contracted services	\$	16,650
Equipment rental		1,800
Fuel		8,763
Repairs and maintenance		10,209
Supplies		<u>2,633</u>
Total cost of sales and services	\$	<u>40,055</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, 2025

Accounting	\$	26,500
Advertising		31,970
Bank charges		315
Car allowance		27,600
Cell phone allowance		7,668
Parish pension deduction		48,754
Computer maintenance		1,550
Professional services		435,776
Dues and subscriptions		22,478
GEOC Building		194,595
Marketing and promotions		22,254
Insurance		216,951
Internet charges		7,995
Janitorial		4,750
Pest control		1,455
Office supplies		11,681
Postage		776
Lease expense		7,665
Repairs and maintenance		191,178
Salaries and benefits		633,147
Telephone		6,025
Conference and travel		21,406
Utilities		<u>29,833</u>
Total general and administrative expenses	\$	<u>1,952,322</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, 2025, 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 22, 2025.

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 statements. 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 22, 2025

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, 2025

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, 2025

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, 2025.

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, 2025.

MANAGEMENT LETTER

This section is not applicable for the fiscal year ended June 30, 2025.

Part 2: Findings and Questioned Costs Relating to Federal Programs

At June 30, 2025, 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, 2025

There were no findings noted during the audit.