MORGAN CITY HARBOR AND
TERMINAL DISTRICT

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1-3
BASIC FINANCIAL STATEMENTS	
Financial Statements:	
Statement of Net Position	5
Statement of Revenues, Expenses and Changes in Fund Net Position	6
Statement of Cash Flows	7
Notes to the Financial Statements	8-22
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the District's Proportionate Share of the Collective Total OPEB Liability	24
Notes to the Required Supplementary Information	25
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Cost of Sales and Services	27
Schedule of General and Administrative Expenses	28
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*	30-31
Summary Schedule of Prior Year Findings	32
Schedule of Findings and Responses	33
Management's Corrective Action Plan for Current Year Findings	34

DARNALL SIKES & FREDERICK
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

1201 Brashear Avenue, Suite 301
Morgan City, LA 70380

P 985-384-6264
F 985-384-8140

DSFCPAS.COM

OTHER LOCATIONS:
Lafayette Eunice Abbeville

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2021, 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.

Other Matters

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 24 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.

Other 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 basic financial 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 17, 2021, 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 17, 2021

BASIC FINANCIAL STATEMENTS

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

Statement of Net Position
June 30, 2021

ASSETS AND DEFERRED OUTTFLOWS OF RESOURCES	
Current assets:	
Cash and cash equivalents	$ 5,587,532
Receivables:	
Accounts	21,309
Prepaid items	207,133
Other assets	10,206
Total current assets	5,826,180
Capital assets:	
Nondepreciable	3,819,046
Depreciable, net of accumulated depreciation	24,934,451
Total capital assets	28,753,497
Deferred outflows of resources	53,202
Total assets and deferred outflows of resources	$ 34,632,879
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
Accounts payable	$ 62,883
Other accrued liabilities	10,997
Long-term liabilities, due within one year:	
Compensated absences	3,735
Portion due after one year:	
Deposits	125
Other postemployment benefit obligations	223,306
Total liabilities	301,046
Deferred inflows of resources	106,278
Net investment in capital assets	28,753,497
Unrestricted	5,472,058
Total net position	34,225,555
Total liabilities, deferred inflows of resources and net position	$ 34,632,879

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, 2021

Operating revenues:	
Charges for services	
Rentals	$ 1,156,931
Other revenues	56,261
Total operating revenues	1,213,192
Operating expenses:	
Cost of sales and services	43,197
General and administrative	1,414,294
Depreciation	1,437,346
Total operating expenses	2,894,837
Operating loss	(1,681,645)
Nonoperating revenues	
Ad valorem taxes	1,375,524
Intergovernmental revenue	36,801
Interest earnings	17,378
Gain on sale of property held for resale	34,792
Total nonoperating revenues	1,464,495
Change in net position	(217,150)
Net position, beginning	34,442,705
Net position, ending	$ 34,225,555

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, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 1,280,871
Payments to suppliers for goods and services	(1,307,189)
Payments to employees	(348,142)
Net cash used by operating activities	(374,460)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Ad valorem taxes	1,375,524
Intergovernmental	36,801
Net cash provided by noncapital financing activities	1,412,325
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(641,677)
Net cash used by capital and related financing activities	(641,677)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from the sale of property held for resale	1,634,792
Interest received	17,378
Net cash provided by investing activities	1,652,170
Net increase in cash and cash equivalents	2,048,358
Cash and cash equivalents -- July 1, 2020	3,539,174
Cash and cash equivalents -- June 30, 2021	$ 5,587,532
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ (1,681,645)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	1,437,346
Decrease in accounts receivable	67,679
Decrease in prepaid expenses	4,435
Increase in deposits	(10,000)
Decrease in accounts payable	(178,123)
Decrease in retainage payable	(7,557)
Decrease in payroll related payables	(6,595)
Total adjustments	1,307,185
Net cash used by operating activities	$ (374,460)

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

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 Statue 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.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2021. See Note 11 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.

See Note 11 for additional information related to deferred outflows of resources and deferred inflows of resources related to OPEB.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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, 2021 totaled $5,587,532 and the bank balance was $5,594,127. Federal deposit insurance covered $517,561 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 $5,888,901. 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, 2021, 4.48 mills were authorized and dedicated to the District.

Total taxes collected were $1,375,524 for the year ended June 30, 2021.

NOTE 4 INTERGOVERNMENTAL REVENUES

Intergovernmental revenues for the year ended June 30, 2021 consisted of the following:

State of Louisiana:	
Revenue Sharing	$ 36,801

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, 2021, 2020, and 2019 were $23,514, $23,490, and $23,230, respectively.

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

NOTE 6 CAPITAL ASSETS

A summary of changes in capital assets and depreciation for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets not being depreciated:				
Land	$ 3,578,674	$ -	$ -	$ 3,578,674
Construction in progress	450,480	15,000	(225,108)	240,372
Total capital assets not being depreciated	4,029,154	15,000	(225,108)	3,819,046
Capital assets being depreciated:				
Furniture and fixtures	1,389,323	10,139	-	1,399,462
GEOC Building	11,177,569	6,100	-	11,183,669
Wharf	4,905,623	-	-	4,905,623
Dock	8,990,864	171,045	-	9,161,909
Sheet piling	1,200,000	-	-	1,200,000
Land improvements	11,750,136	664,501	-	12,414,637
Leasehold improvements	1,320,801	-	-	1,320,801
Marshalling yard	256,826	-	-	256,826
Railroad spur	1,000,823	-	-	1,000,823
Total capital assets being depreciated	41,991,965	851,785	-	42,843,750
Less accumulated depreciation for:				
Furniture and fixtures	(963,825)	(141,700)	-	(1,105,525)
GEOC Building	(1,285,867)	(292,504)	-	(1,578,371)
Wharf	(2,903,811)	(112,521)	-	(3,016,332)
Dock	(5,656,327)	(319,269)	-	(5,975,596)
Sheet piling	(660,000)	(30,000)	-	(690,000)
Land improvements	(4,103,176)	(467,371)	-	(4,570,547)
Leasehold improvements	(267,059)	(42,539)	-	(309,598)
Marshalling yard	(134,839)	(6,421)	-	(141,260)
Railroad spur	(497,049)	(25,021)	-	(522,070)
Total accumulated depreciation	(16,471,953)	(1,437,346)	-	(17,909,299)
Capital assets, being depreciated, net	25,520,012	(585,561)	-	24,934,451
Capital assets, net	$29,549,166	$ (570,561)	$ (225,108)	$28,753,497

Depreciation charged to expense was $1,437,346 for the year ended June 30, 2021.

NOTE 7 CHANGES IN SHORT-TERM DEBT OBLIGATIONS

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

	Balance at July 1, 2020	Additions	Reductions	Balance at June 30, 2021	Due Within One Year
Compensated absences	$ 3,735	$ 19,089	$ (19,089)	$ 3,735	$ 3,735

NOTE 8 CHANGES IN LONG-TERM DEBT OBLIGATIONS

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

	Balance at July 1, 2020	Additions	Reductions	Balance at June 30, 2021	Due Within One Year
Other post-employment benefits	$ 301,573	$ 14,122	$ (92,389)	$ 223,306	$ -

NOTE 9 OPERATING LEASE REVENUES

The District's revenues include the leasing of land and improvements under cancelable operating 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 District also leases facilities and office space to tenants under non-cancelable operating leases with terms of five to twenty years.

The following is a schedule by years of future minimum rentals under the leases at June 30, 2021:

Year Ending June 30,	
2022	$ 843,525
2023	692,586
2024	643,155
2025	594,326
2026	594,975
Thereafter	2,056,993
	$ 5,425,560

NOTE 10 LEASE EXPENSE COMMITMENTS

The District leases land and buildings under non-cancelable operating leases. Total costs for such leases were $137,167 for the year ended June 30, 2021. The estimated future minimum lease payments for these leases are as follows:

Year Ending June 30,	Amount
2022	$ 136,603
2023	136,603
2024	136,603
2025	136,603
2026	136,603
Thereafter	478,111
	$ 1,161,126

NOTE 11 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, 2021, 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.

NOTE 11 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 $12,562 for the year ended June 30, 2021.

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.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

At June 30, 2021, the District reported a liability of $223,306 for its proportionate share of the total OPEB liability. The OPEB liability was measured as of July 1, 2020, 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, 2020, the District's proportion was 0.0042%.

For the year ended June 30, 2021, the District recognized OPEB expense of $2,500. As of June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Outflows of Resources	Inflows of Resources
Changes of assumptions	$ -	$ 52,584
Differences between expected and actual experience	40,640	53,694
Employer contributions subsequent to the measure date	12,562	-
Total	$ 53,202	$ 106,278

Deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date of $12,562 will be recognized as a reduction of the OPEB liability in the year ended June 30, 2022. 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:	
2022	$ (11,622)
2023	(14,144)
2024	(26,568)
2025	(13,304)
Total	$ (65,638)

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Index	2.8%
Salary Increases	Consistent with the pension valuation assumptions
Discount Rate	2.66 % based on the S&P 20-Year Municipal Bond Index Rate
Healthcare Cost Trend	4.5% - 6.75%
Mortality Rates	For 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. For 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.
Mortality Rates (continued)	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 actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2019 to December 31, 2020.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Discount Rate

The discount rate used to measure the total OPEB liability was 2.66%. 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 2.66% in the July 1, 2020 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 1.66	Current Discount Rate 2.66	1% Increase 3.66
Proportionate Share of the Collective Total OPEB Liability	$ 259,227	$ 223,306	$ 194,679

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	$ 196,132	$ 223,306	$ 258,248

NOTE 12 BOARD OF COMMISSIONERS

Members of the Morgan City Harbor and Terminal District board of commissioners at June 30, 2021:

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

No compensation was paid to these individuals during the year.

NOTE 13 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, 2021. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

NOTE 14 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, 2021 follows:

Purpose	Amount
Salary	$ 140,491
Benefits - insurance	19,811
Benefits - retirement	13,762
Benefits - mileage	1,305
Car allowance	6,600
Special meals	234
Total	$ 182,203

NOTE 15 PROPERTY HELD FOR RESALE

In July 2017, the District purchased a vessel for $1,600,000 with the intention to outfit it with dredge equipment. However, prior to equipping the vessel with the dredge equipment, the District decided to not continue with the project. The vessel was not placed into service and was held for resale. As of September 11, 2020, the vessel was declared surplus property and sold for $1,634,792.

NOTE 16 COVID-19 PANDEMIC

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. The World Health Organization has characterized COVID-19 as a pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, taxpayers, employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition of operations is uncertain.

NOTE 17 SUBSEQUENT EVENTS

In April and May of 2021, $5,000 and $5,000, respectively were paid as deposits on the purchase of two pieces of land. As of December 17, 2021, one purchase was finalized on October 14, 2021.

In July 2021, the District paid a $75,000 settlement in relation to litigation on the design failure of a completed project. The litigation and settlement occurred subsequent to year end with no accrual deemed necessary at June 30, 2021.

The District has evaluated subsequent events through December 17, 2021, the date the financial statements were available to be issued.

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

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, 2021

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%

*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 2.79% to 2.66% during the July 1, 2020 valuation.
-Baseline per capita costs were updated to reflect 2020 claims and enrollment for the prescription drug costs and retiree contributions were updated based on 2021 premiums. 2020 medical claims and enrollment experience were reviewed but not included in the projection of expected 2021 plan costs. Due to the COVID-19 pandemic, we do not believe this experience is reflective of what we can expect in future years.
-The salary scale assumptions were revised for the Louisiana State Employees' Retirement System and the Teachers' Retirement System of Louisiana.
-Medical participation rates, life participation rates, the age difference between future retirees and their spouses, medical eligibility rates, and medical plan election percentages have all been updated based on a review of OPEB experience from July 1, 2017 through June 30, 2020.

OTHER

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, 2021

Dock expenses:		
Security	$	12,005
Contracted services		11,144
Equipment rental		2,219
Fuel		3,259
Repairs and maintenance		14,570
Total cost of sales and services	$	43,197

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, 2021

Accounting	$ 21,500
Advertising	13,610
Bank charges	647
Car allowance	15,000
Cell phone allowance	5,112
Parish pension deduction	47,004
Computer maintenance	14,032
Professional services	299,697
Dues and subscriptions	21,045
GEOC Building	157,235
Marketing and promotions	5,269
Insurance	136,692
Internet charges	1,223
Janitorial	3,300
Pest control	645
Permits and licenses	100
Office supplies	6,418
Postage	584
Lease expense	137,167
Repairs and maintenance	152,317
Salaries and benefits	341,547
Telephone	4,665
Conference and travel	4,889
Utilities	24,596
Total general and administrative expenses	$ 1,414,294

See independent auditor's report.

INTERNAL CONTROL,

COMPLIANCE, AND

OTHER INFORMATION

DARNALL SIKES & FREDERICK
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

1201 Brashear Avenue, Suite 301
Morgan City, LA 70380

P 985-384-6264
F 985-384-8140

DSFCPAS.COM

OTHER LOCATIONS:
Lafayette Eunice Abbeville

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, 2021, 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 17, 2021.

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.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of 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 17, 2021

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, 2021

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, 2021

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, 2021.

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, 2021.

MANAGEMENT LETTER

This section is not applicable for the fiscal year ended June 30, 2021.

Part 2: Findings and Questioned Costs Relating to Federal Programs

At June 30, 2021, 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, 2021

There were no findings noted during the audit.