

CITY OF MORGAN CITY, LOUISIANA

Financial Report

Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

The Honorable Lee Dragna, Mayor and
the Honorable Members of the City Council
City of Morgan City, Louisiana

Report on the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the City of Morgan City, Louisiana (hereinafter "City"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents.

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City, as of December 31, 2021, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Business-Type Activities, Each Major Fund and the Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the City, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse and Unmodified 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 City, 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 adverse and unmodified audit opinions.

Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The effects of not including the City's legally separate component units on the aggregate discretely presented component units have not been determined.

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 City'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 City'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 City'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 budgetary comparison schedules, schedule of employer's share of net pension liability/asset, schedule of employer pension contributions, and the schedule of changes in total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 statement. We do not express an opinion or provide any assurance on the budgetary comparison schedules, schedule of employer's share of net pension liability/asset, schedule of employer pension contributions, schedule of changes in total OPEB liability and related ratios, and notes to required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The City has omitted 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 to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are 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 basic financial statements of the City's primary government. The justice system funding schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of the City's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule 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 justice system funding schedule on page 107 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the supplementary budgetary comparison schedules, combining nonmajor fund and

fund type financial statements, and other financial information as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financials statement do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022 on our consideration of the City's internal control over financial reporting and 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 City'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 City's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
June 27, 2022

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MORGAN CITY, LOUISIANA

Statement of Net Position
December 31, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 7,284,957	\$ 1,045,571	\$ 8,330,528
Investments	2,531,721	-	2,531,721
Receivables, net	313,272	3,352,144	3,665,416
Due from other governmental units	2,042,872	8,430	2,051,302
Internal balances	(721,636)	721,636	-
Inventory	56,450	1,249,474	1,305,924
Prepaid expenses	94,371	291,150	385,521
Total current assets	<u>11,602,007</u>	<u>6,668,405</u>	<u>18,270,412</u>
Noncurrent assets:			
Restricted assets	-	3,395,239	3,395,239
Capital assets			
Land and construction in progress	1,810,835	6,068,463	7,879,298
Other, net of accumulated depreciation	65,202,823	16,949,953	82,152,776
Net pension asset	86,987	-	86,987
Total noncurrent assets	<u>67,100,645</u>	<u>26,413,655</u>	<u>93,514,300</u>
Total assets	<u>78,702,652</u>	<u>33,082,060</u>	<u>111,784,712</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to -			
Bond refunding	-	12,349	12,349
Net pension liability	2,151,501	430,897	2,582,398
OPEB liability	1,746,518	745,656	2,492,174
Asset retirement obligation	-	800,000	800,000
Total deferred outflows of resources	<u>3,898,019</u>	<u>1,988,902</u>	<u>5,886,921</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	1,101,852	2,469,835	3,571,687
Unearned revenue	1,553,787	-	1,553,787
Long-term liabilities:			
Due within one year:			
Capital lease obligation	51,841	55,679	107,520
Bonds and government obligation contract payables	496,861	968,874	1,465,735
Due in more than one year:			
Accrued liabilities	637,016	314,895	951,911
Net pension liability	8,307,050	2,937,161	11,244,211
OPEB liability	6,248,807	2,629,238	8,878,045
Asset retirement obligation	-	1,605,000	1,605,000
Customers' deposits payable	-	954,289	954,289
Capital lease obligation	119,082	103,206	222,288
Bonds and government obligation contract payables	256,987	4,420,115	4,677,102
Total liabilities	<u>18,773,283</u>	<u>16,458,292</u>	<u>35,231,575</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to -			
Net pension liability	4,866,905	989,483	5,856,388
OPEB liability	625,140	248,738	873,878
Total deferred inflows of resources	<u>5,492,045</u>	<u>1,238,221</u>	<u>6,730,266</u>
NET POSITION			
Net investment in capital assets	66,088,887	17,470,542	83,559,429
Restricted for:			
Capital projects	1,159,020	-	1,159,020
Debt service	393,824	3,395,239	3,789,063
Other purposes	4,037,421	-	4,037,421
Unrestricted (deficit)	<u>(13,343,809)</u>	<u>(3,491,332)</u>	<u>(16,835,141)</u>
Total net position	<u>\$ 58,335,343</u>	<u>\$ 17,374,449</u>	<u>\$ 75,709,792</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF MORGAN CITY, LOUISIANA

Statement of Activities
Year Ended December 31, 2021

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		Total
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 5,881,332	\$ 1,738,964	\$ 152,733	\$ -	\$ (3,989,635)	\$ -	\$ (3,989,635)
Culture and recreation	3,005,353	1,742,745	51,270	-	(1,211,338)	-	(1,211,338)
Public safety	6,539,993	549,654	971,578	19,500	(4,999,261)	-	(4,999,261)
Public works	2,409,899	157,686	46,557	-	(2,205,656)	-	(2,205,656)
Interest on long-term debt	25,328	-	-	-	(25,328)	-	(25,328)
Total governmental activities	<u>17,861,905</u>	<u>4,189,049</u>	<u>1,222,138</u>	<u>19,500</u>	<u>(12,431,218)</u>	<u>-</u>	<u>(12,431,218)</u>
Business-type activities:							
Electric, gas, and water	17,771,879	21,454,087	-	-	-	3,682,208	3,682,208
Sanitation and sewer	3,509,624	3,048,329	-	-	-	(461,295)	(461,295)
Interest on long-term debt	156,814	-	-	-	-	(156,814)	(156,814)
Total business-type activities	<u>21,438,317</u>	<u>24,502,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,064,099</u>	<u>3,064,099</u>
Total	<u>\$ 39,300,222</u>	<u>\$ 28,691,465</u>	<u>\$ 1,222,138</u>	<u>\$ 19,500</u>	<u>(12,431,218)</u>	<u>3,064,099</u>	<u>(9,367,119)</u>
General revenues:							
Taxes -							
Property taxes					2,471,983	-	2,471,983
Sales and use taxes					6,119,041	-	6,119,041
Licenses and permits					879,862	6,200	886,062
Donations					189,460		189,460
Grants and contributions not restricted to specific programs -							
Federal sources					475,326	-	475,326
State sources					184,386	-	184,386
Insurance proceeds					368,132	-	368,132
Interest and investment earnings					238,007	2,553	240,560
Miscellaneous					130,735	17,843	148,578
Gain on sale of capital assets					4,189	187,934	192,123
Transfers					2,144,473	(2,144,473)	-
Total general revenues and transfers					<u>13,205,594</u>	<u>(1,929,943)</u>	<u>11,275,651</u>
Change in net position					774,376	1,134,156	1,908,532
Net position - January 1, 2021					<u>57,560,967</u>	<u>16,240,293</u>	<u>73,801,260</u>
Net position - December 31, 2021					<u>\$ 58,335,343</u>	<u>\$ 17,374,449</u>	<u>\$ 75,709,792</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

General Fund

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Federal Grants Fund

The Federal Grants Fund accounts for receipts and subsequent expenditures of federal award programs.

CITY OF MORGAN CITY, LOUISIANA
Governmental Funds

Balance Sheet
December 31, 2021

	General	Federal Grants	Other Governmental Funds	Total
ASSETS				
Cash	\$ 1,601,044	\$ 1,529,491	\$ 3,415,785	\$ 6,546,320
Interest-bearing deposits	-	-	24,727	24,727
Investments	-	-	2,127,234	2,127,234
Receivables:				
Taxes	160,346	-	20,365	180,711
Accounts	107,047	-	143,967	251,014
Due from other funds	458,564	-	194,305	652,869
Due from other governmental units	739,449	-	1,122,713	1,862,162
Other	5,648	-	-	5,648
Inventory	56,450	-	-	56,450
Prepaid items	88,229	-	6,142	94,371
Advances to other funds	122,962	-	250,000	372,962
Total assets	\$ 3,339,739	\$ 1,529,491	\$ 7,305,238	\$ 12,174,468
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 333,921	\$ 14,130	\$ 264,250	\$ 612,301
Accrued liabilities	303,693	-	18,592	322,285
Due to other funds	33,331	673	859,012	893,016
Unearned revenue	-	1,514,387	40,118	1,554,505
Advances from other funds	743,993	-	122,962	866,955
Total liabilities	1,414,938	1,529,190	1,304,934	4,249,062
Deferred inflows of resources:				
Unavailable tax and grant revenues	62,597	-	544,213	606,810
Fund balances:				
Nonspendable	267,641	-	920,488	1,188,129
Restricted	-	301	5,057,083	5,057,384
Unassigned	1,594,563	-	(521,480)	1,073,083
Total fund balances	1,862,204	301	5,456,091	7,318,596
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,339,739	\$ 1,529,491	\$ 7,305,238	\$ 12,174,468

(continued)

CITY OF MORGAN CITY, LOUISIANA
Governmental Funds

Balance Sheet (continued)
December 31, 2021

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Total fund balances for governmental funds at December 31, 2021		\$ 7,318,596
Cost of capital assets:		
Land	\$ 1,810,835	
Capital assets, net of accumulated depreciation	<u>65,202,823</u>	67,013,658
Net pension asset		86,987
Deferred outflows related to-		
Net pension liability	2,151,501	
OPEB liability	<u>1,746,518</u>	3,898,019
Internal service funds are used by management to charge the costs of certain activities to individual funds.		1,034,522
Certain other assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds		606,810
Liabilities:		
Capital lease obligations	(170,923)	
Bonds and government obligation contract payables	(753,848)	
Accrued interest payable	(13,560)	
Compensated absences	(637,016)	
Net OPEB obligations payable	(6,248,807)	
Net pension liability	<u>(8,307,050)</u>	(16,131,204)
Deferred inflows related to-		
Net pension liability	(4,866,905)	
OPEB liability	<u>(625,140)</u>	<u>(5,492,045)</u>
Total net position of governmental activities at December 31, 2021		<u>\$ 58,335,343</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF MORGAN CITY, LOUISIANA
Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2021

	General	Federal Grants	Other Governmental Funds	Total
Revenues:				
Taxes	\$ 5,674,923	\$ -	\$ 2,925,018	\$ 8,599,941
Licenses and permits	879,862	-	-	879,862
Intergovernmental	706,416	475,326	657,596	1,839,338
Charges for services	80,296	-	1,517,814	1,598,110
Insurance dividends	248,455	-	-	248,455
Donations	-	-	162,047	162,047
Fines and forfeits	127,107	-	38,941	166,048
Interest	499	301	90,380	91,180
Net change in fair value of investments	-	-	146,127	146,127
Miscellaneous	196,645	-	20,609	217,254
Total revenues	<u>7,914,203</u>	<u>475,627</u>	<u>5,558,532</u>	<u>13,948,362</u>
Expenditures:				
Current -				
General government				
Administrative	2,429,802	-	105,691	2,535,493
Purchasing	243,470	-	-	243,470
Planning and zoning	355,380	-	-	355,380
Public safety	6,326,916	-	394,936	6,721,852
Public works				
Streets and drainage	1,140,405	232,650	640,903	2,013,958
Storm water	151,401	-	-	151,401
Cemetery	198,245	-	-	198,245
Culture and recreation	102,975	-	2,022,000	2,124,975
Capital outlay	277,301	24,532	367,131	668,964
Debt service -				
Principal retirement	42,008	-	480,770	522,778
Interest and fiscal charges	2,689	-	26,494	29,183
Total expenditures	<u>11,270,592</u>	<u>257,182</u>	<u>4,037,925</u>	<u>15,565,699</u>
Excess (deficiency) of revenues over expenditures	<u>(3,356,389)</u>	<u>218,445</u>	<u>1,520,607</u>	<u>(1,617,337)</u>
Other financing sources (uses):				
Capital lease proceeds	212,931	-	-	212,931
Insurance proceeds	119,610	-	-	119,610
Transfers in	3,897,500	-	1,347,056	5,244,556
Transfers out	(596,680)	(218,144)	(2,285,259)	(3,100,083)
Total other financing sources (uses)	<u>3,633,361</u>	<u>(218,144)</u>	<u>(938,203)</u>	<u>2,477,014</u>
Net changes in fund balances	276,972	301	582,404	859,677
Fund balances, beginning	<u>1,585,232</u>	<u>-</u>	<u>4,873,687</u>	<u>6,458,919</u>
Fund balances, ending	<u>\$ 1,862,204</u>	<u>\$ 301</u>	<u>\$ 5,456,091</u>	<u>\$ 7,318,596</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Year Ended December 31, 2021

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

Total net changes in fund balances at December 31, 2021 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 859,677
Cost of capital assets		668,964
Contribution revenues for contributed general capital assets		19,500
Depreciation expense		(2,824,738)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales) is to decrease net position		(18,336)
Principal payments		522,778
Changes in accrued interest		3,855
Proceeds from general obligation contracts are an other financing source in the funds but increases long-term liabilities in the statement of net position		(212,931)
Internal service funds are used by management to charge the costs of certain activities to individual funds		610,008
Revenues reported in the funds were previously reported in the statement of activities		(151,434)
Net change in OPEB obligation		(124,309)
Effects of recording net pension liability and deferred outflows and inflows of resources related to net pension liability:		
Decrease in pension expense	1,055,101	
Nonemployer contribution revenue	<u>366,241</u>	<u>1,421,342</u>
Total changes in net position at December 31, 2021 per Statement of Activities		<u>\$ 774,376</u>

The accompanying notes are an integral part of the basic financial statements.

**MAJOR PROPRIETARY FUNDS
(ENTERPRISE FUNDS)**

Electric, Gas and Water Utility Fund

To account for the provision of electric, gas and water services to residents of the City. All activities necessary to provide such services to residents are accounted for in this fund, including but not limited to, administration, operations, and maintenance.

Sanitation and Sewer Utility Fund

To account for the provision of sanitation and sewer services to residents of the City. All activities necessary to provide such services to residents are accounted for in this fund, including, but not limited to, administration, operations, and maintenance.

CITY OF MORGAN CITY, LOUISIANA

Proprietary Funds

Statement of Net Position

December 31, 2021

	Enterprise Funds			Internal Service Funds
	Electric, Gas, and Water	Sanitation and Sewer	Totals	
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 382,639	\$ 606,074	\$ 988,713	\$ 770,769
Investments	-	-	-	404,487
Receivables, net	2,923,033	437,541	3,360,574	56,610
Due from other funds	423,123	67,643	490,766	97,504
Inventory	1,158,515	90,959	1,249,474	-
Prepaid expenses	193,323	97,827	291,150	-
Total current assets	<u>5,080,633</u>	<u>1,300,044</u>	<u>6,380,677</u>	<u>1,329,370</u>
Noncurrent assets:				
Restricted assets -				
Cash and interest-bearing deposits	1,337,444	1,680,783	3,018,227	-
Investments	377,012	-	377,012	-
Loans to other funds	493,993	4,257,056	4,751,049	-
Capital assets				
Land and construction in progress	5,767,992	300,471	6,068,463	-
Other, net of accumulated depreciation	11,215,794	5,731,046	16,946,840	3,113
Total noncurrent assets	<u>19,192,235</u>	<u>11,969,356</u>	<u>31,161,591</u>	<u>3,113</u>
Total assets	<u>24,272,868</u>	<u>13,269,400</u>	<u>37,542,268</u>	<u>1,332,483</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to -				
Bond refunding	12,349	-	12,349	-
Net pension liability	351,646	79,251	430,897	-
OPEB liability	555,799	189,857	745,656	-
Asset retirement obligation	-	800,000	800,000	-
Total deferred outflows of resources	<u>919,794</u>	<u>1,069,108</u>	<u>1,988,902</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	2,140,885	238,855	2,379,740	93,849
Accrued liabilities	65,904	-	65,904	75,949
Due to other funds	100,558	117,130	217,688	130,435
Capital lease obligation	51,426	4,253	55,679	-
Payable from restricted assets -				
Revenue bonds	714,874	254,000	968,874	-
Accrued interest payable	29,103	-	29,103	-
Total current liabilities	<u>3,102,750</u>	<u>614,238</u>	<u>3,716,988</u>	<u>300,233</u>
Noncurrent liabilities:				
Accrued liabilities	200,734	92,441	293,175	-
Loans from other funds	4,257,056	-	4,257,056	-
Net pension liability	2,356,118	581,043	2,937,161	-
OPEB liability	1,944,922	684,316	2,629,238	-
Asset retirement obligation	-	1,605,000	1,605,000	-
Capital lease obligation	90,720	12,486	103,206	-
Payable from restricted assets -				
Revenue bonds	2,108,984	2,311,131	4,420,115	-
Customers' deposits payable	954,289	-	954,289	-
Total noncurrent liabilities	<u>11,912,823</u>	<u>5,286,417</u>	<u>17,199,240</u>	<u>-</u>
Total liabilities	<u>15,015,573</u>	<u>5,900,655</u>	<u>20,916,228</u>	<u>300,233</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to -				
Net pension liability	763,907	225,576	989,483	-
OPEB liability	188,010	60,728	248,738	-
Total deferred inflows of resources	<u>951,917</u>	<u>286,304</u>	<u>1,238,221</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	14,017,782	3,449,647	17,467,429	3,113
Restricted for debt service	1,714,456	1,680,783	3,395,239	-
Unrestricted (deficit)	(6,507,066)	3,021,119	(3,485,947)	1,029,137
Total net position	<u>\$ 9,225,172</u>	<u>\$ 8,151,549</u>	<u>\$ 17,376,721</u>	<u>\$ 1,032,250</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Proprietary Funds

Statement of Net Position (continued)
December 31, 2021

Reconciliation of the Proprietary Funds Statement of Net Position to the
Government-wide Statement of Net Position

Net position at December 31, 2021	\$ 17,376,721
Internal service funds are used by management to charge the costs of certain activities to individual funds.	<u>(2,272)</u>
Total net position of business-type activities at December 31, 2021	<u>\$ 17,374,449</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF MORGAN CITY, LOUISIANA
Proprietary Funds

Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended December 31, 2021

	Enterprise Funds			Internal Service Funds
	Electric, Gas, and Water	Sanitation and Sewer	Totals	
Operating revenues:				
Charges for services -				
Customers	\$ 20,784,967	\$ 2,914,252	\$23,699,219	\$ -
Other	584,120	55,277	639,397	170,000
Insurance premiums	-	-	-	2,252,591
Total operating revenues	<u>21,369,087</u>	<u>2,969,529</u>	<u>24,338,616</u>	<u>2,422,591</u>
Operating expenses:				
Personnel services	2,626,498	865,907	3,492,405	167,621
Autos and trucks	24,011	-	24,011	-
Supplies and materials	557,697	76,931	634,628	2,212
Fuel cost	11,529,104	-	11,529,104	-
Contractual services	742,294	1,635,132	2,377,426	7,805
Repairs and maintenance	1,192,645	363,253	1,555,898	1,142
Other charges	127,338	25,059	152,397	878
Depreciation	882,381	453,431	1,335,812	163
Insurance claim loss	-	-	-	1,642,650
Total operating expenses	<u>17,681,968</u>	<u>3,419,713</u>	<u>21,101,681</u>	<u>1,822,471</u>
Operating income (loss)	<u>3,687,119</u>	<u>(450,184)</u>	<u>3,236,935</u>	<u>600,120</u>
Nonoperating revenues (expenses):				
Interest income	361	2,186	2,547	73
Interest and fiscal charges	(117,006)	(39,808)	(156,814)	-
Gain on sale of capital assets	187,933	-	187,933	-
Other	-	17,843	17,843	-
Total nonoperating revenues (expenses)	<u>71,288</u>	<u>(19,779)</u>	<u>51,509</u>	<u>73</u>
Income (loss) before transfers	3,758,407	(469,963)	3,288,444	600,193
Transfers, net	<u>(3,400,000)</u>	<u>1,255,527</u>	<u>(2,144,473)</u>	<u>-</u>
Change in net position	358,407	785,564	1,143,971	600,193
Net position, beginning	<u>8,866,765</u>	<u>7,365,985</u>	<u>16,232,750</u>	<u>432,057</u>
Net position, ending	<u>\$ 9,225,172</u>	<u>\$ 8,151,549</u>	<u>\$17,376,721</u>	<u>\$ 1,032,250</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Proprietary Funds

Statement of Revenues, Expenses, and Changes in Fund Net Position (continued)
Year Ended December 31, 2021

Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Net Position to the Statement of Activities

Total changes in net position at December 31, 2021 per Statement of Revenues, Expenditures and Changes in Fund Net Position	\$ 1,143,971
Internal service funds are used by management to charge the costs of certain activities to individual funds.	<u>(9,815)</u>
Total changes in net position at December 31, 2021 per Statement of Activities	<u>\$ 1,134,156</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF MORGAN CITY, LOUISIANA
Proprietary Funds

Statement of Cash Flows
Year Ended December 31, 2021

	Enterprise Funds			Internal Service Funds
	Electric, Gas, and Water	Sanitation and Sewer	Totals	
Cash flows from operating activities:				
Receipts from customers	\$ 20,543,168	\$ 2,924,618	\$ 23,467,786	\$ -
Receipts from interfund services provided	-	-	-	2,426,431
Payments to suppliers	(13,370,822)	(1,866,727)	(15,237,549)	(1,630,411)
Payments to employees	(2,848,986)	(913,935)	(3,762,921)	(167,621)
Net cash provided by operating activities	<u>4,323,360</u>	<u>143,956</u>	<u>4,467,316</u>	<u>628,399</u>
Cash flows from noncapital financing activities:				
Receipts from other funds	456,973	1,255,527	1,712,500	-
Other receipts	-	17,843	17,843	-
Payments of meter deposits	24,018	-	24,018	-
Payments to other funds	(3,400,000)	(192,413)	(3,592,413)	57,547
Net cash provided (used) by noncapital financing activities	<u>(2,919,009)</u>	<u>1,080,957</u>	<u>(1,838,052)</u>	<u>57,547</u>
Cash flows from capital and related financing activities:				
Acquisition of property, plant and equipment	(361,367)	(635,282)	(996,649)	-
Proceeds from sales of assets	280,000	-	280,000	-
Interest and fiscal charges paid	(104,659)	(39,808)	(144,467)	-
Principal paid on bonds	(702,681)	(247,000)	(949,681)	-
Principal paid on capital leases	24,820	-	24,820	-
Net cash used by capital and related financing activities	<u>(863,887)</u>	<u>(922,090)</u>	<u>(1,785,977)</u>	<u>-</u>
Cash flows from investing activities:				
Interest received on investments	(107,780)	2,186	(105,594)	(399,994)
Net increase in cash and cash equivalents	432,684	305,009	737,693	285,952
Cash and cash equivalents, beginning	<u>1,287,399</u>	<u>1,981,848</u>	<u>3,269,247</u>	<u>484,817</u>
Cash and cash equivalents, ending	<u>\$ 1,720,083</u>	<u>\$ 2,286,857</u>	<u>\$ 4,006,940</u>	<u>\$ 770,769</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Proprietary Funds

Statement of Cash Flows (continued)
Year Ended December 31, 2021

	Enterprise Funds			Internal Service Funds
	Electric, Gas, and Water	Sanitation and Sewer	Totals	
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 3,687,119	\$ (450,184)	\$ 3,236,935	\$ 600,120
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	882,381	453,431	1,335,812	163
Pension expense, net of nonemployer contributions	(465,150)	(96,416)	(561,566)	-
OPEB expense	175,001	11,874	186,875	-
Amortization of asset retirement obligation	-	125,000	125,000	-
Changes in current assets and liabilities:				
Accounts receivable	(765,246)	(26,788)	(792,034)	3,840
Inventory	(61,964)	(9,064)	(71,028)	-
Prepaid expenses	20,746	5,303	26,049	-
Accounts payable	836,664	112,409	949,073	58,808
Accrued liabilities	13,809	18,391	32,200	(34,532)
Net cash provided by operating activities	<u>\$ 4,323,360</u>	<u>\$ 143,956</u>	<u>\$ 4,467,316</u>	<u>\$ 628,399</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:				
Cash and cash equivalents, beginning of period -				
Cash - unrestricted	\$ 257,331	\$ 469,652	\$ 726,983	\$ 484,817
Cash - restricted	1,030,068	1,512,196	2,542,264	-
Total cash and cash equivalents	<u>1,287,399</u>	<u>1,981,848</u>	<u>3,269,247</u>	<u>484,817</u>
Cash and cash equivalents, end of period -				
Cash - unrestricted	382,639	606,074	988,713	770,769
Cash - restricted	1,337,444	1,680,783	3,018,227	-
Total cash and cash equivalents	<u>1,720,083</u>	<u>2,286,857</u>	<u>4,006,940</u>	<u>770,769</u>
Net increase in cash and cash equivalents	<u>\$ 432,684</u>	<u>\$ 305,009</u>	<u>\$ 737,693</u>	<u>\$ 285,952</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF MORGAN CITY, LOUISIANA
Fiduciary Activities

Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2021

	<u>Police Pension and Relief Trust</u>
Contributions:	
Interest	<u>137</u>
Deductions:	
Benefits	1,248
Refunds	<u>24,909</u>
Total deductions	<u>26,157</u>
Change in net position	(26,020)
Net position, beginning	<u>26,020</u>
Net position, ending	<u><u>\$ -</u></u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The City of Morgan City (City) was incorporated under charter in 1871. Effective June 8, 1987, the City adopted a Home Rule Charter and operates under an elected Mayor-Council, administrative/legislative form of government. The City's operations include police and fire protection, streets and drainage, parks and recreation, certain social services (including urban redevelopment and housing) and general administration services. The City owns and operates two enterprise activities: a utilities system which generates and distributes electricity and provides gas and water services and a utilities system which provides sanitation and sewer services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513, the *Louisiana Governmental Audit Guide* and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies.

A. Financial Reporting Entity

Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, as amended, established criteria for determining which component units should be considered part of the City for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the City to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority, but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if the data of the organization is not included because of the nature or significance of the relationship.

Based on the application of the above criteria, entities that were determined to be component units of the City, but have not been included in these financial statements, include the City Court of the City of Morgan City and the Ward Six Marshal of the Parish of St. Mary. Each of these entities issues their own separate financial statements. Complete financial statements for each of the individual component units may be obtained from the City's administrative offices.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The City's officials are also responsible for appointing the members of certain boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. Such related organizations include the Housing Authority of the City of Morgan City.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity and distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The funds of the City are classified into various categories. The emphasis on fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Governmental funds are those through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

The City has presented the following major governmental funds:

General Fund

The General Fund is the general operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund.

Federal Grants

The Federal Grants Fund accounts for receipts and subsequent expenditures of federal award programs.

Proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. 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 the fund's ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City has presented the following major proprietary funds:

Electric, Gas and Water Utility Fund

The Electric, Gas and Water Utility Fund is used to account for the provision of electric, gas and water services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Sanitation and Sewer Utility Fund

The Sanitation and Sewer Utility Fund is used to account for the provision of garbage collection and debris removal, and sewerage collection and treatment, including the operation and maintenance of the sewerage treatment facility, sewerage pumping stations and collection lines.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Additionally, the City reports the following fund types:

Governmental Funds –

Special revenue funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally or otherwise restricted to expenditures for specific purposes.

Debt service funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital projects funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Permanent funds

Permanent funds are used to account for resources that are legally restricted to the extent that only the earnings, and not principle, may be used as support for the programs.

Proprietary Funds –

Internal service funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The cost of these services is allocated to the appropriate function/program (general government; culture and recreation; public safety; public works; electric, gas, and water; and sanitation and sewer) in the statement of activities.

Fiduciary Activities –

Pension trust funds

The pension trust fund is used to account for assets held by the City for defined benefits or other post-employment benefits. As of December 31, 2021, there are no surviving beneficiaries of the plan, and the assets have been refunded to the contributing entity, the City.

The City's fiduciary activities are presented in the fiduciary financial statements. This fund is not incorporated into the government-wide statements.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets, deferred outflows of resources, liabilities, and deferred inflows or resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

Cash, interest-bearing deposits, and investments

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the City. Interest-bearing deposits are stated at cost, which approximates market.

Under state law, the City may deposit funds with a fiscal agent 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 City may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principle offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

Investments are stated at fair market value as determined by quoted market prices or other observable inputs. If quoted market prices are not available, fair value is estimated by determining the fair value of investments possessing similar yield, maturity, and repayment and risk characteristics. At December 31, 2021, there were no investments whose fair values were required to be estimated. Gains or losses on sales of investments are recognized using the specific identification method. The calculation of realized gains and losses is independent of the calculation of the net change in fair value of investments. Realized gains and losses on investments that were held in more than one calendar year and sold in the current year were included as a change in fair value of investments reported in the prior year and the current year.

For the purpose of the proprietary fund statement of cash flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds”. Short-term interfund loans are reported as “interfund receivables and payables”. Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds”. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Uncollectible amounts due for receivables are charged off at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible accounts receivable was made due to immateriality.

Inventory and prepaids

Inventory is valued at the lower of cost (first-in, first-out) or market and consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed or used. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "spendable financial resources" even though they are a component of net current assets.

Prepaids record payments to vendors that benefit future reporting periods and are also reported on the consumption basis.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$1,000 or more for capitalizing assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the asset's estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	25-40 years
Equipment	4-20 years
Utilities systems and improvements	25-30 years
Infrastructure	20-75 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Restricted assets

Restricted assets include cash and interest-bearing deposits that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Deferred outflows of resources

The City reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. A deferred outflow of resources reported in this year's financial statements is a deferred amount arising from the refunding of enterprise fund bonds. This deferred refunding amount is being amortized over the remaining life of the refunding bonds as part of interest expense. The City also reports deferred outflows of resources related to its net pension liability, OPEB obligations, and asset retirement obligations.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of compensated absences payable, bonds payable, capital lease obligations, other post-employment benefits payable, and utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Compensated absences

Vacation is provided to all full-time employees and is earned based on length of service. Employees with one to five complete years of service earn two calendar weeks (ten working days). Employees with six to ten complete years of service earn two calendar weeks plus two additional working days (twelve working days). Employees with over ten complete years earn three calendar weeks plus one additional day for each year over ten years of employment not to exceed thirty calendar days. Vacation is recorded as an expenditure of the period in which it is paid. Vacation must be taken in the year earned and cannot be carried over. Sick leave is earned by employees based upon length of service. For example, employees with one to ten years of service earn fourteen days sick leave per year. Employees with over ten years earn fourteen days plus one additional day for each year of employment over ten years up to twenty-two days. Sick leave is cumulative from year to year. Unused sick leave, at the termination of employment by either retirement or separation, shall be paid according to a specific schedule as set forth in the City's employee leave policy. The schedule sets forth that employees with zero to nine years of employment shall receive payment for none of their accumulated unused sick leave upon separation. Employees with ten to nineteen years of service

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

shall receive payment for 33 percent of their accumulated unused sick leave up to a maximum of 60 days. Employees with twenty to twenty-four years of service shall receive 66 percent of their accumulated unused sick leave up to a maximum of 90 days. Employees with at least 25 years of service shall receive 100 percent of their accumulated unused sick leave up to a maximum of 120 days. Upon the death of an employee eligible for retirement, the designated beneficiary of the employee shall receive one-half of the accrued sick leave due to the employee.

Compensated absences are measured at the present value and have historically been liquidated by the fund in which the liability was incurred. In accordance with GASBS No. 16, liabilities for compensated absences are estimated based on hours remaining and pay rates in effect at the balance sheet date. During the year ended December 31, 2021, the City became obligated to payout approximately \$133,000 of termination benefits.

Deferred inflows of resources

The City's governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in fund balance that applies to a future period. The City will not recognize the related revenues until a future event occurs. One type of deferred inflow occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the City's fiscal year) under the modified accrual basis of accounting, which qualifies for reporting in this category. The City also reports deferred inflows of resources related to its net pension liability and OPEB obligations in its government-wide and proprietary fund financial statements.

Equity classifications

Government-wide financial statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – consists of net position 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 – all other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

Fund financial statements

Proprietary fund equity is classified the same as in the government-wide statements. Governmental fund equity is classified as fund balance. Fund balance for the City's governmental funds is displayed depicting the relative strength of the spending constraints placed on the purposes

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

for which resources can be used. In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal action of the City Council. The Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Council members.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent may be established by the City Council or an official designated for that purpose by the City Council.
- e. Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Council members have provided otherwise in its commitment or assignment actions.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also included all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the governmental funds' financial statements, expenditures are classified by character. In the proprietary funds', as operating or nonoperating.

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual government funds have been eliminated.

F. Pensions

For purposes of measuring the net pension liability/asset, deferred outflows or resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System of Louisiana, the Municipal and State Police Retirement System of Louisiana, the Firefighters' Retirement System, the Louisiana Parochial Employees' Retirement System, and Parochial Employees' Retirement System of Louisiana, and additions to/deductions from each retirement system's fiduciary net position have been determined on the same basis as they are reported by each plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the City 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 City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2021, the City has cash and interest-bearing deposits (book balances) totaling \$11,348,755 as follows:

Cash and interest-bearing deposits	\$ 11,315,177
Certificates of deposit	<u>33,578</u>
Total	<u>\$ 11,348,755</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2021 totaling \$11,662,168 are secured as follows:

Federal deposit insurance	\$ 1,133,262
Uninsured and collateralized with securities	<u>10,528,906</u>
Total federal deposit insurance and pledged securities	<u>\$11,662,168</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be recovered or the City will not be able to recover collateral securities that are in the possession of an outside party. The City does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At December 31, 2021, deposits in the amount of \$10,528,906 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent but not the City's name.

(3) Investments

State law allows the investment in direct United States Treasury obligations; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies or U.S. Government instrumentalities, which are federally sponsored; direct security repurchase agreements of any federal book entry only securities guaranteed by the U.S. Government; time certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, savings accounts or shares of savings and loan associations and savings banks; certain account of federally of state chartered credit unions; certain mutual or trust fund institutions; certain guaranteed investment contracts; and investment grade commercial paper of domestic United States corporation.

As of December 31, 2021, the City had the following investments and maturities (in years):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>
LAMP	\$ 1,029,132	\$ 1,029,132
Mutual funds	<u>1,879,601</u>	<u>1,879,601</u>
Total	<u>\$ 2,908,733</u>	<u>\$ 2,908,733</u>

Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investment. The City's investment policy conforms to state law, as described above, which has no provision for custodial risk.

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy conforms to state law, which does not include a policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Credit risk is defined as the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The types of investments allowed by state law ensure that the City is not exposed to credit risk.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with R.S. 33:2955. Separately issued financial statements for LAMP available at www.lamppool.com.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 60 days as of December 31, 2021.
- Foreign currency risk: Not applicable to 2a7-like pools.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

In accordance with GASB Statement No. 31, the City recognizes the net increase (decrease) in the fair value of its investments. For the year ended December 31, 2021, the fair value of the City's investments increased \$301,415. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Fair Value Measurements

To the extent available, the City’s investments are recorded at fair value as of December 31, 2021. GASB Statement No. 72, *Fair Value Measurements and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The City measures its investments using fair value guidelines established by GASB 72, which recognizes a three-tiered fair value hierarchy as follows:

- Level 1-quoted prices for identical investments in active markets
- Level 2-observable inputs other than quoted market prices
- Level 3-unobservable inputs

The City’s investments in LAMP are measured using observable inputs other than quoted market prices (Level 2 inputs). The investments in LAMP are valued using quoted market prices of the underlying investment of LAMP on a weekly basis and the value of the position in the external pool is the same as the net asset value of the pool shares.

The City’s investments in mutual funds are measured using quoted prices for identical investments in active markets (Level 1 inputs). The investments in mutual funds are valued using quoted market prices of the underlying investment on a recurring basis. The City’s investments are redeemable on demand.

(4) Restricted Assets

Certain proceeds of the City’s utility revenue bonds, as well as resources set aside for their repayment, are classified as restricted on the balance sheet because their use is limited by applicable bond covenants. Restricted assets consisted of the following at December 31, 2021:

	<u>Business-Type Activities</u>		<u>Total</u>
	<u>Cash and Interest-Bearing Deposits</u>	<u>Investments</u>	
Proprietary fund-			
Electric, Gas and Water			
Revenue bond sinking	\$ 390,592	\$ -	\$ 390,592
Revenue bond reserve	983	108,017	109,000
Capital additions and contingencies	945,869	268,995	1,214,864
Sanitation and Sewer			
Revenue bond sinking	243,218	-	243,218
Revenue bond reserve	792,912	-	792,912
Revenue bond construction	644,653	-	644,653
	<u>\$ 3,018,227</u>	<u>\$ 377,012</u>	<u>\$ 3,395,239</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The “revenue bond sinking” account is used to segregate resources accumulated for debt service payments over the next twelve months. The “revenue bond reserve” account is used to report resources set aside to make up potential future deficiencies in the revenue bond sinking account. The “capital additions and contingencies” account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The “revenue bond construction” account is used to report those proceeds of the revenue refunding bonds that are restricted for use in construction.

(5) Receivables and Due from other Governmental Units

At December 31, 2021, the City has receivables and amounts due from other governmental units totaling \$5,716,718 as follows:

Receivable Class	Governmental Activities	Business-Type Activities	Total
Taxes:			
Ad valorem	\$ 180,711	\$ -	\$ 180,711
Sales and use	1,202,698	-	1,202,698
Intergovernmental:			
Federal	605,331	8,430	613,761
State	17,355	-	17,355
St. Mary Parish	5,375		5,375
City Court of Morgan City	31,402	-	31,402
Accounts	307,624	3,352,144	3,659,768
Other	5,648	-	5,648
	<u>\$ 2,356,144</u>	<u>\$ 3,360,574</u>	<u>\$ 5,716,718</u>

Ad Valorem Taxes and Tax Calendar

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The City bills and collects its own property taxes using the assessed value determined by the St. Mary Parish Assessor.

For the year ended December 31, 2021, taxes of 18.07 mills were levied on property with assessed valuations totaling \$134,123,929 and were dedicated as follows:

Purpose	Mill
General government	16.07
Auditorium maintenance	2.00

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The Auditorium Maintenance Tax is dedicated to paying the maintenance and other such expenses of the Morgan City Municipal Auditorium.

Total taxes levied in 2021 were \$2,423,621.

(6) Interfund Receivables/Payables

Interfund receivables/payables at December 31, 2021 are as follows:

Receivable Fund	Payable Fund						Total
	Governmental Activities			Business-Type Activities			
	General	Federal Grants	Nonmajor Governmental	Electric, Gas and Water	Sanitation and Sewer	Internal Service	
Governmental Activities:							
General	\$ -	\$ 673	\$ 305,719	\$ 11,772	\$ 9,965	\$ 130,435	\$ 458,564
Nonmajor Governmental	20,827	-	173,478	-	-	-	194,305
Business-Type Activities:							
Electric, Gas and Water	-	-	355,958	-	67,165	-	423,123
Sanitation and Sewer	-	-	23,857	43,786	-	-	67,643
Internal Service	12,504	-	-	45,000	40,000	-	97,504
Total	<u>\$ 33,331</u>	<u>\$ 673</u>	<u>\$ 859,012</u>	<u>\$ 100,558</u>	<u>\$ 117,130</u>	<u>\$ 130,435</u>	<u>\$ 1,241,139</u>

These balances resulted from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur; (b) transactions are recorded in the accounting system; and (c) payments between funds are made.

The following interfund balances are not expected to be repaid in the short term and are reported as interfund advances/loans at December 31, 2021:

Receivable Fund	Payable Fund			Total
	Governmental Activities		Business-Type Activities	
	General	Nonmajor Governmental	Electric, Gas and Water	
Governmental Activities:				
General Fund	\$ -	\$ 122,962	\$ -	\$ 122,962
Nonmajor Governmental	250,000	-	-	250,000
Business-Type Activities:				
Electric, Gas and Water	493,993	-	-	493,993
Sanitation and Sewer	-	-	4,257,056	4,257,056
Total	<u>\$ 743,993</u>	<u>\$ 122,962</u>	<u>\$ 4,257,056</u>	<u>\$ 5,124,011</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(7) Capital Assets

Capital asset activity for the governmental activities for the year ended December 31, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 1,810,835	\$ -	\$ -	\$ 1,810,835
Capital assets, being depreciated				
Buildings	12,862,948	-	(18,540)	12,844,408
Improvements other than buildings	17,580,269	180,398	(6,866)	17,753,801
Infrastructure	102,501,589	128,678	-	102,630,267
Equipment	7,280,606	379,388	(381,449)	7,278,545
Total capital assets being depreciated	<u>140,225,412</u>	<u>688,464</u>	<u>(406,855)</u>	<u>140,507,021</u>
Less accumulated depreciation for:				
Buildings	(7,143,708)	(284,961)	18,540	(7,410,129)
Improvements other than buildings	(10,377,073)	(591,464)	4,958	(10,963,579)
Infrastructure	(49,500,371)	(1,612,981)	-	(51,113,352)
Equipment	(5,846,827)	(335,332)	365,021	(5,817,138)
Total accumulated depreciation	<u>(72,867,979)</u>	<u>(2,824,738)</u>	<u>388,519</u>	<u>(75,304,198)</u>
Total capital assets, being depreciated, net	<u>67,357,433</u>	<u>(2,136,274)</u>	<u>(18,336)</u>	<u>65,202,823</u>
Governmental Activities Capital Assets, net	<u>\$ 69,168,268</u>	<u>\$ (2,136,274)</u>	<u>\$ (18,336)</u>	<u>\$ 67,013,658</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The capital asset activity for the business-type activities for the year ended December 31, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated				
Land	\$ 11,290	\$ -	\$ -	\$ 11,290
Construction in progress	<u>5,569,261</u>	<u>487,912</u>	<u>-</u>	<u>6,057,173</u>
Total capital assets not being depreciated	<u>5,580,551</u>	<u>487,912</u>	<u>-</u>	<u>6,068,463</u>
Capital assets, being depreciated				
Buildings	131,194	-	-	131,194
Infrastructure and related equipment				
Electric power generation and transmission	34,758,481	7,921	(17,983,384)	16,783,018
Gas distribution	8,867,130	28,960	-	8,896,090
Water treatment and distribution	16,738,409	27,610	-	16,766,019
Wastewater collection and treatment	18,258,429	364,977	-	18,623,406
Sanitation	3,451,879	8,054	-	3,459,933
Other equipment and furniture	<u>3,155,128</u>	<u>85,131</u>	<u>-</u>	<u>3,240,259</u>
Total capital assets being depreciated	<u>85,360,650</u>	<u>522,653</u>	<u>(17,983,384)</u>	<u>67,899,919</u>
Less accumulated depreciation for:				
Buildings	(101,668)	(2,376)	-	(104,044)
Infrastructure and related equipment				
Electric power generation and transmission	(28,355,667)	(449,148)	17,891,318	(10,913,497)
Gas distribution	(8,565,701)	(40,563)	-	(8,606,264)
Water treatment and distribution	(11,879,053)	(302,992)	-	(12,182,045)
Wastewater collection and treatment	(13,900,905)	(410,048)	-	(14,310,953)
Sanitation	(1,998,074)	(43,029)	-	(2,041,103)
Other equipment and furniture	<u>(2,704,241)</u>	<u>(87,819)</u>	<u>-</u>	<u>(2,792,060)</u>
Total accumulated depreciation	<u>(67,505,309)</u>	<u>(1,335,975)</u>	<u>17,891,318</u>	<u>(50,949,966)</u>
Total capital assets, being depreciated, net	<u>17,855,341</u>	<u>(813,322)</u>	<u>(92,066)</u>	<u>16,949,953</u>
Business-Type Activities Capital Assets, net	<u>\$ 23,435,892</u>	<u>\$ (325,410)</u>	<u>\$ (92,066)</u>	<u>\$ 23,018,416</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Depreciation was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 168,634
Culture and recreation	635,392
Public Safety	218,941
Public Works	199,196
Infrastructure	<u>1,602,575</u>
Total depreciation expense - governmental activities	<u>\$2,824,738</u>
Business-Type Activities:	
Electric, gas and water	\$ 882,381
Sanitation and sewer	453,431
Central garage	<u>163</u>
Total depreciation expense - business-type activities	<u>\$1,335,975</u>

The City has acquired multiple public safety and public works vehicles under the provisions of capital lease agreements in the amount of \$425,636 as disclosed in Note 9. The capital lease activity for the governmental and business-type activities for the year ended December 31, 2021 was as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Public Safety:		
Gross asset	163,680	-
Depreciation	40,920	-
Accumulated depreciation	40,920	-
Public Works:		
Gross asset	49,251	212,705
Depreciation	910	33,549
Accumulated depreciation	910	53,343

Rentals payments of \$42,008 and \$24,820 became due during the year ended December 31, 2021 for the governmental activities and business-type activities, respectively.

During the year ended December 31, 2020, the City implemented GASBS No. 83, *Certain Asset Retirement Obligations*. In December 1986, the City completed construction of a water waste treatment plant on property owned by the H&B Young Foundation (H&B). The lease agreement with H&B included provisions requiring the premises be cleared of all structures, buildings, improvements, installation, machinery, and other property constructed or placed by City. The City is also required to leave the leased premises in a safe condition, free and clear of debris and trash and in as near the same condition as of the date of the original lease disclosed in Note 15A.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The provisions of the agreement between the City and H&B require the recognition of an asset retirement obligation (ARO) in accordance with GASBS No. 83. City engineers estimate that the necessary procedures will cost approximately \$1,605,000 and that the treatment plant should have an estimated useful life of 75 years. The City has recognized an ARO liability of \$1,605,000 and a deferred outflow of resources for this liability. During fiscal year 2021, the City recognized amortization expense of \$20,000 to amortize the deferred outflows of resources over the life of the treatment plant. An expense of \$105,000 was also incurred to account for an increase in the original estimate of \$1,500,000.

(8) Short-Term Debt

During the year, the City issued Revenue Anticipation Notes, not to exceed \$1,600,000, to supplement the costs of operations due to temporary cash flow deficiencies. On December 31, 2021, \$1,600,000 of this line remained unused. The following is a summary of short term debt activity for the year ended December 31, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Revenue anticipation notes	\$ -	\$ 375,000	\$ (375,000)	\$ -	\$ -

(9) Long-Term Debt and Other Long-Term Liabilities

During year ended December 31, 2021, the following changes occurred in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated absences	\$ 637,016	\$ 615,249	\$ (615,249)	\$ 637,016	\$ -
Direct placements					
Sales tax bonds, series 2012	915,000	-	(450,000)	465,000	465,000
Direct borrowings					
Government obligation contract	319,618	-	(30,770)	288,848	31,861
Capital lease obligations	-	212,931	(42,008)	170,923	51,841
	<u>\$ 1,871,634</u>	<u>\$ 828,180</u>	<u>\$ (1,138,027)</u>	<u>\$ 1,561,787</u>	<u>\$ 548,702</u>
Business-Type Activities:					
Compensated absences	\$ 269,084	\$ 68,251	\$ 68,351	\$ 268,984	\$ -
Direct placements					
Water revenue bonds	1,025,000	-	(90,000)	935,000	90,000
Sewer revenue bonds	2,812,131	-	(247,000)	2,565,131	254,000
Utility revenue refunding bonds	1,130,000	-	(560,000)	570,000	570,000
Excess revenue note	1,371,539	-	(52,681)	1,318,858	54,874
Asset retirement obligation	1,500,000	105,000	-	1,605,000	-
Capital lease obligations	120,036	76,381	(37,532)	158,885	55,679
	<u>\$ 8,227,790</u>	<u>\$ 249,632</u>	<u>\$ (918,862)</u>	<u>\$ 7,421,858</u>	<u>\$ 1,024,553</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The City issues bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City also issues bonds where the income derived from the acquired or constructed assets are pledged to pay debt service. During the year ended December 31, 2019, the City entered into a government obligation contract to purchase a fire truck. The fire truck is collateral to secure the outstanding direct borrowing of \$319,618. Bonds and government obligation contracts outstanding at December 31, 2021 are summarized as follows:

Governmental Activities -

\$4,000,000 Sales Tax Bonds, Series 2012 due in annual installments of \$340,000 to \$465,000 through March 1, 2022; interest at 2.14 percent; secured by an irrevocable pledge and dedication of proceeds of a special three-tenths (3/10%) sales and use tax.	\$ 465,000
\$350,000 Government Obligation Contract due in installments of \$30,382 to \$40,657 through June 1, 2029; interest at 3.519%; secured by a lien on equipment.	<u>288,848</u>
Total	<u>\$ 753,848</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Business-Type Activities-

Utility Revenue Refunding Bonds:

\$4,980,000 Utility Revenue Refunding Bonds, Series 2013, due in annual installments of \$305,000 to \$570,000 through December 1, 2022; interest at 1.81 percent.

\$ 570,000

Excess Revenue Bonds:

\$1,470,667 Excess Note, Series 2018, due in annual installments of \$109,792 through June 28, 2038; interest at 4.164 percent, secured by and payable from the excess of annual revenues of the City above statutory, necessary and usual charges in each of the fiscal years during which the Notes are outstanding.

\$ 1,318,858

Water Revenue Bonds:

\$1,750,000 Water Revenue Bonds, Series 2009B, due in annual installments of \$60,000 to \$120,000 through December 1, 2030; interest at 3.45 percent.

\$ 935,000

Sewer Revenue Bonds:

\$1,234,000 Sewer Revenue Bonds, Series 2009A, due in annual installments of \$45,000 to \$85,000 through December 1, 2030; interest at 2.95 percent.

\$ 661,000

\$3,766,000 Sewer Revenue Bonds, Series 2010, due in annual installments of \$172,000 to \$206,000 through December 1, 2031; interest at .45 percent.

1,904,131

Total sewer revenue bonds:

\$ 2,565,131

The annual requirements to amortize all bonded debt and government obligation contracts outstanding as of December 31, 2021, are as follows:

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Governmental Activities						
Direct Borrowings and Direct Placements						
Year Ending December 31,	Sales Tax Bonds		Government Obligation		Total	
	Series 2012		Contract		Principal	Interest
	Principal	Interest	Principal	Interest		
2022	465,000	4,976	31,861	10,238	496,861	15,214
2023	-	-	32,990	9,108	32,990	9,108
2024	-	-	34,159	7,939	34,159	7,939
2025	-	-	35,370	6,728	35,370	6,728
2026	-	-	36,623	5,745	36,623	5,745
2027-2031	-	-	117,845	8,451	117,845	8,451
	<u>\$ 465,000</u>	<u>\$ 4,976</u>	<u>\$ 288,848</u>	<u>\$ 48,209</u>	<u>\$ 753,848</u>	<u>\$ 53,185</u>

Business-Type Activities						
Direct Placements						
Year Ending December 31,	Sewer Revenue Bonds					
	Series 2009A		Series 2010		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	65,000	19,500	189,000	8,568	254,000	28,068
2023	65,000	17,582	191,000	7,718	256,000	25,300
2024	70,000	15,664	192,000	6,858	262,000	22,522
2025	70,000	13,600	194,000	5,994	264,000	19,594
2026	71,000	11,534	196,000	5,122	267,000	16,656
2027-2031	320,000	24,042	942,131	12,198	1,262,131	36,240
	<u>\$ 661,000</u>	<u>\$ 101,922</u>	<u>\$ 1,904,131</u>	<u>\$ 46,458</u>	<u>\$ 2,565,131</u>	<u>\$ 148,380</u>

Year Ending December 31,	Refunding Bonds					
	Utility Revenue Refunding Bonds		Water Revenue Refunding Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	570,000	10,318	90,000	27,582	660,000	37,900
2023	-	-	95,000	24,928	95,000	24,928
2024	-	-	95,000	22,125	95,000	22,125
2025	-	-	100,000	19,322	100,000	19,322
2026	-	-	105,000	16,372	105,000	16,372
2027-2031	-	-	450,000	33,925	450,000	33,925
	<u>\$ 570,000</u>	<u>\$ 10,318</u>	<u>\$ 935,000</u>	<u>\$ 144,254</u>	<u>\$ 1,505,000</u>	<u>\$ 154,572</u>

Year Ending December 31,	Excess Revenue Note Series 2018	
	Principal	Interest
2022	54,874	54,917
2023	57,159	52,632
2024	59,539	50,252
2025	62,019	47,773
2026	64,601	45,191
2027-2031	365,667	183,292
2032-2036	448,408	100,550
2037-2041	206,591	12,991
	<u>\$ 1,318,858</u>	<u>\$ 547,598</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The City has pledged future utility revenues, of every nature, earned or derived, net of operating expenses to repay the outstanding principal balances of the sewer revenue, water revenue and utility revenue refunding bonds totaling \$4,070,131 at December 31, 2021. The sewer revenue bonds were issued in December 2009 and August 2010; water revenue bonds, December 2009; and utility revenue bonds, June 2013. Proceeds from the bonds provided financing for improvements to the City’s sewerage collection and treatment facility, water treatment facility, and certain electrical upgrades. The principal and interest on the bonds are payable solely from the net revenues of the City’s utility systems. Payments on the revenue bonds continue through the year 2031. Annual payments of principal and interest are expected to require approximately 15% of net revenues. Principal and interest paid for the current year and total net revenues were \$978,370 and \$4,572,534 respectively.

The various bond indentures contain significant limitations and restrictions as to annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverage (see Note 10). The City is in compliance with all such significant limitations and restrictions at December 31, 2021.

The City has acquired multiple public safety and public works vehicles under the provisions of capital lease agreements. These agreements are not subject to renewal and there are no purchase options. The following is a schedule of future minimum lease payments under capital lease obligations together with the present value of the net minimum lease payments as of December 31, 2021:

<u>Year ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
2022	\$ 51,841	\$ 57,053	\$ 108,894
2023	51,841	65,832	117,673
2024	51,401	60,978	112,379
2025	10,604	14,153	24,757
2026	5,236	4,565	9,801
Total minimum lease payments	170,923	202,581	373,504
Less: amount representing interest	-	(43,696)	(43,696)
Present value of net minimum lease payments	<u>\$ 170,923</u>	<u>\$ 158,885</u>	<u>\$ 329,808</u>

(10) Flow of Funds; Restrictions on Use – Utilities Revenues

Under the terms of the bond indentures on outstanding Utilities System bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Utilities System are pledged and dedicated to the retirement of said bonds and are to be set aside into the following special funds:

Each month, there will be set aside into a fund called the “Revenue Bond Sinking Fund” an amount constituting 1/12 of the next maturing principal payment and 1/6 of the next maturing installment of interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

There shall also be set aside into a “Revenue Bond Reserve Fund” an amount equal to 1/2 of the highest bond service requirement in any future bond year. Such amount may be used only for the payment of maturing bonds and interest for which sufficient funds are not on deposit in the Revenue Bond Sinking Fund and as to which there would otherwise be default.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Funds will also be set aside into a “Depreciation and Contingencies Fund” in an amount equal to 5 percent of the gross revenues of the Utilities system for the preceding month, excluding fuel adjustment. Funds may be used for the making of extensions, additions, improvements, renewals and replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. However, a balance of \$250,000 must be maintained for the making of emergency repairs or replacements.

All revenue received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

(11) Dedication of Proceeds and Flow of Funds – Sales and Use Taxes

The City collects sales taxes under sales tax levies as follows:

A. Proceeds of a 1% sales and use tax levied by the City in 1966 (2021 collections \$1,982,802; 2020 collections \$1,726,896; 2019 collections \$1,698,126) are accounted for in the General Fund and are dedicated to the following purposes:

Construction, acquisition, maintenance, and repair of streets; capital improvements; public works and buildings including fixtures and equipment; payment of all obligations which have been or may be issued; paying or supplementing salaries of all municipal employees; operation of recreational facilities; and acquisition, maintenance, and operating expenses of equipment.

B. Proceeds of a 3/4% sales and use tax levied by the City in 1973 (2021 collections \$1,773,159; 2020 collections \$1,536,043; 2019 collections \$1,513,585) are accounted for in the Pollution Abatement Fund – a special revenue fund – and are authorized for the following usage:

Construction, acquisition, extension, improvement, operation and maintenance of solid waste collection and disposal facilities, sewers and sewerage disposal works and other facilities for pollution control and abatement in St. Mary Parish; and to pay debt service requirements on bonds issued for sewerage or solid waste collection purposes.

C. Proceeds of a 3/10% sales and use tax levied by the City in 1981 (2021 collections \$886,106; 2020 collections \$794,696; 2019 collections \$721,895) are accounted for in the General Fund and are dedicated as follows:

For any lawful purpose of the City as established by the then current budgets of the City adopted in compliance with law.

D. Proceeds of a 1/2% sales and use tax levied by the City in 2000 (2021 collections \$591,016; 2020 collections \$511,888; 2019 collections \$504,404) are accounted for in the General Fund and are dedicated to the following purposes:

For any lawful law enforcement purpose including operating and maintaining the police department, upgrading equipment, salaries and other law enforcement department expenditures.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

E. Proceeds of a 3/10% sales and use tax levied by the City 2011 (2021 collections \$885,958; 2020 collections \$794,468; 2019 collections \$721,704) are accounted for in the Road and Royalty Fund and are dedicated to the following purposes:

For the purpose of paying the cost of constructing, improving, resurfacing, maintaining and providing street drainage for public streets, alleys, sidewalks and public wharves, and acquiring equipment therefore, and for making all necessary payments in connection with bonds or other obligations issued for the above stated purpose.

(12) Retirement Commitments

Eligible employees of the City participate in one of five cost-sharing multiple-employer public employee retirement systems (PERS), which are controlled and administered by a separate board of trustees. These retirement systems provide retirement disability and death benefits to plan members and their beneficiaries. Pertinent information relative to each plan follows:

A. Municipal Employees' Retirement System of Louisiana (MERS)

Plan Description: The Municipal Employees' Retirement System of Louisiana (MERS) was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns and cities within the state, which did not have their own retirement system and which elected to become members of the System. The City participates in Plan A of MERS.

Eligibility Requirements: Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in MERS with exceptions as outlined in the statutes.

Any person eligible for membership whose first employment making him eligible for membership in MERS occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of the system as a condition of employment.

Retirement Benefits: Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-11:1785. The following brief description of the plan and its benefits is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any member of Plan A who was hired before January 1, 2013 can retire providing the member meets one of the following criteria:

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.
3. Any age with twenty (20) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. An additional regular retirement benefit can be received for any city marshal or deputy city marshal. See plan booklet for further details.

Any member of Plan A Tier 2 can retire providing he meets one of the following:

1. Age 67 with seven (7) or more years of creditable service
2. Age 62 with ten (10) or more years of creditable service
3. Age 55 with thirty (30) or more years of creditable service
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Any city marshal or deputy city marshal shall receive an additional regular benefit computed on supplemental marshal's earnings. See Plan Booklet for further details.

Survivor Benefits: Upon death of any member of Plan A with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and/or minor children as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death and who leaves a surviving spouse, will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Deferred Retirement Option Plan (DROP) Benefits: In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the Board of Trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Disability Benefits: For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of (1) an amount equal to three percent of his final compensation multiplied by his years of credible service, but not less than forty-five percent of his final compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

Cost of Living Increases: MERS is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows MERS to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Deferred Benefits: Both plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Employer Contributions: Contributions for all members are established by statute. Member contributions are at 10% of earnable compensation for Plan A. The contributions are deducted from the member's salary and remitted by the participating municipality

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2021, the actual employer contribution rate was 29.5% for Plan A.

Non-Employer Contributions: According to state statute, MERS also receives one-fourth (1/4) of 1% of ad valorem taxes within the respective parishes except for Orleans. MERS also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At December 31, 2021, the City reported liabilities in its government-wide financial statements of \$3,447,972 and \$2,937,161 in its governmental activities and its business-type activities, respectively, for its proportionate share of the net pension liabilities of MERS. The net pension liabilities were measured as of June 30, 2021 and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed on each of the retirement systems as of that date. Under each retirement system, the City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the City's proportional share of MERS was 2.295569%, which was a decrease of 0.098946% from its proportion measured as of June 30, 2020.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

For the year ended December 31, 2021, the City recognized pension expense of \$323,410 and \$275,498 in its governmental activities and business-type activities, respectively, related to its participation in MERS.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to MERS from the following sources:

	Governmental Activities		Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,243	\$ 39,429	\$ 1,058	\$ 33,587
Changes in Assumption	126,003	-	107,336	-
Net difference between projected and actual earnings on pension plan investments	-	971,470	-	827,548
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	150,669	-	128,347
Employer contributions subsequent to the measurement date	378,590	-	322,503	-
	<u>\$ 505,836</u>	<u>\$ 1,161,567</u>	<u>\$ 430,897</u>	<u>\$ 989,483</u>

The \$701,093 reported as deferred outflows of resources related to pensions resulting from City contributions to MERS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Governmental Activities	Business-Type Activities	Total
2022	\$ (205,742)	\$ (175,263)	\$ (381,005)
2023	(249,281)	(212,351)	(461,632)
2024	(250,453)	(213,348)	(463,801)
2025	(328,845)	(280,127)	(608,972)
	<u>\$ (1,034,321)</u>	<u>\$ (881,089)</u>	<u>\$ (1,915,410)</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Actuarial Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future.

The actuarial assumptions used in the June 30, 2021 valuation was based on the results of an experience study, for the period July 1, 2013 through June 30, 2018.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

	Municipal Employees' Retirement System (MERS) Plan A
Valuation Date	June 30, 2021
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years
Investment rate of return	6.85%, net of pension plan investment expense, including inflation
Inflation rate	2.5%
Projected salary increases, including inflation and merit increases:	
-1 to 4 years of service	6.4%
-More than 4 years of service	4.5%
Annuity and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The investment rate of return was 6.85%, which was a 0.1% decrease from the rate used as of June 30, 2020. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	53%	2.31%
Public fixed income	38%	1.65%
Alternatives	<u>9%</u>	<u>0.39%</u>
Totals	<u>100%</u>	<u>4.35%</u>
Inflation		<u>2.60%</u>
Expected Arithmetic Nominal Return		<u>6.95%</u>

The discount rate used to measure the total pension liability was 6.85%, which was a 0.1% decrease from the rate used as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate: The following presents the net pension liability of the participating employers calculated using the discount rate of 6.85%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2021:

	Changes in Discount Rate:		
	<u>MERS - Plan A</u>		
	1% Decrease	Current Discount Rate	1% Increase
Net Pension Liability	<u>\$ 9,456,707</u>	<u>\$ 6,385,133</u>	<u>\$ 3,790,762</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The City recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended December 31, 2021, the City recognized revenue as a result of support received from the non-employer contributing entities of \$171,295 for its participation in MERS.

Payables to the Pension Plan: The City recorded accrued liabilities to MERS for the year ended December 31, 2021 primarily due to the accrual for payroll at the end of the fiscal year. The amounts due are included in the fiduciary fund statement liabilities under the amounts reported as accounts payable. The balance due to MERS as of December 31, 2021 is \$135,433.

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for MERS available at www.mersla.com.

B. Municipal and State Police Retirement System of Louisiana (MPERS)

Plan Description: The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in MPERS is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, provided he or she does not have to pay social security and providing he or she meets the statutory criteria. MPERS provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through MPERS in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

The Municipal Police Employees' Retirement System of Louisiana issues a stand-alone report on their financial statements. Access to the audit report can be found on the System's website: www.lampers.org or on the Louisiana Legislative Auditor's website, www.la.state.la.us.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of MPERS for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are 3.33% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of MPERS and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of MPERS for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are 3% (generally) and 2.5%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under conditions outlined in state statute, benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater. If deceased member had less than 10 years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments (COLA): The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

Deferred Retirement Option Plan (DROP): A member is eligible to enter DROP when he is eligible for regular retirement based on the member's sub plan participation. Upon filing the application for the program, the employee's active membership in the system is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is 36 months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership in the system shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the system's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the system's investment portfolio return or a money market investment return. This could result in negative earnings rate being applied to the account.

If the member elects the money market investment return option, the funds are transferred to a government money market account and earn interest at the money market rate.

Initial Benefit Option Plan: In 1999, the State Legislature authorized MPERS to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

Employer Contributions: Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay.

For the year ended June 30, 2021, the employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 33.75% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 33.75% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than poverty guidelines issued by the United States Department of Health and Human Services were 36.25% and 7.5%, respectively.

Non-Employer Contributions: MPERS also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended June 30, 2021, and excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At December 31, 2021, The City reported liabilities in its government-wide financial statements of \$2,940,644 in its governmental activities for its proportionate share of the net pension liabilities of MPERS. The net pension liabilities were measured as of June 30, 2021 and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed on each of the retirement systems as of that date. Under each retirement system, the City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the City's proportional share of MPERS was 0.551659%, which was an increase of 0.036906% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the City recognized pension expense of \$272,699 in its governmental activities related to its participation in MPERS.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to MPERS from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 90,563
Changes in Assumption	325,661	83,884
Net difference between projected and actual earnings on pension plan investments	-	1,373,049
Changes in proportion and differences between employer contributions and proportionate share of contributions	270,217	311,617
Employer contributions subsequent to the measurement date	<u>262,270</u>	<u>-</u>
	<u>\$ 858,148</u>	<u>\$ 1,859,113</u>

Deferred outflows of resources of \$262,270 related to pension resulting from City contributions subsequent to the measurement date will be recognized as an adjustment to the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	
2022	\$ (255,913)
2023	(200,860)
2024	(333,415)
2025	<u>(473,047)</u>
	<u>\$ (1,263,235)</u>

Actuarial Methods and Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The actuarial assumptions used in the June 30, 2021 valuation were based on the assumptions used in the June 30, 2021 actuarial funding valuation and were based on the results of an actuarial experience study for the period of July 1, 2014 through June 30, 2019. In cases where benefit structures were changed after the study period, assumptions were based on the estimates of future experience.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

	Municipal Police Employees' Retirement System (MPERS)	
Valuation Date	June 30, 2021	
Actuarial cost method	Entry Age Normal	
Actuarial cost assumptions:		
Expected remaining service lives	4 years	
Investment rate of return	6.750%, net of investment expense	
Inflation rate	2.50%	
Projected salary increases including inflation and merit	Yrs of Service	Salary Growth
	1-2	12.30%
	Above 2	4.70%
Mortality	<p>For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p>	
Cost of Living Adjustments	<p>The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.</p>	

The investment rate of return was 6.75%, which was a .2% decrease from the rate used as of June 30, 2020.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019 and review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	Long-Term <u>Expected Portfolio Real Rate of Return</u>
Equity	55.5%	3.47%
Fixed Income	30.5%	0.59%
Alternative	<u>14.0%</u>	<u>1.02%</u>
Totals	<u>100%</u>	<u>5.08%</u>
Inflation		<u>2.22%</u>
Expected Nominal Return		<u>7.30%</u>

The discount rate used to measure the total pension liability was 6.75%, which was a .2% decrease from the rate used as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.75%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Changes in Discount Rate:		
	MPERS		
	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability	<u>\$ 5,125,078</u>	<u>\$ 2,940,644</u>	<u>\$ 1,117,379</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The City recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended December 31, 2021, the City recognized revenue as a result of support received from the non-employer contributing entities of \$123,281 for its participation in MPERS.

Payables to the Pension Plan: The City recorded accrued liabilities to MPERS for the year ended December 31, 2021 primarily due to the accrual for payroll at the end of the fiscal year. The amounts due are included in the fiduciary fund statement liabilities under the amounts reported as accounts payable. The balance due to MPERS as of December 31, 2021 is \$54,511.

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for MPERS available at www.lampers.org.

C. Firefighters' Retirement System (FFRS)

Plan Description: The Firefighters' Retirement System is a cost-sharing multiple-employer defined benefit pension plan established by Act 434 of 1979 to provide retirement, disability and survivor benefits to firefighters in Louisiana.

Eligibility Requirements: Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980, shall become a member as a condition of employment. Members in FFRS consist of full-time firefighters, eligible employees of the retirement system, or any person in a position as defined in the municipal fire and police civil service system that earns at least \$375 per month, excluding state supplemental pay, and is employed by a fire department of any municipality, parish, or fire district of the state of Louisiana, except for Orleans Parish and the City of Baton Rouge.

No person who has attained age 50 or over shall become a member of FFRS unless the person becomes a member by reason of merger or unless FFRS received an application for membership before the applicant attained the age of 50. No person who has not attained the age of 18 shall become a member of FFRS.

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of FFRS, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with FFRS, or for any other purpose in order to attain eligibility or increase the amount of service credit in FFRS.

Retirement Benefits: Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions.

Benefits are payable over the retirees' lives in the form of a monthly annuity. A member may elect an unreduced benefit or any of seven options at retirement.

See R.S. 11 :2256(A) for additional details on retirement benefits.

Disability Benefits: A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11 :2258(B).

Death Benefits: Benefits shall be payable to the surviving eligible spouse or designated beneficiary of a deceased member as specified in R.S. 11 :2256(B) & (C).

Deferred Retirement Option Plan (DROP): After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

Upon commencement of participation in DROP, employer and employee contributions to FFRS cease. The monthly retirement benefit that would have been payable is paid into the member's DROP account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are in addition to his regular monthly benefit.

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to FFRS. No withdrawals may be made from the DROP account until the participant retires.

Initial Benefit Option Plan: Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

Cost of Living Adjustments (COLAs): Under the provisions of R.S. 11:246 and 11 :2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, FFRS must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase based on a formula equal to up to \$1 times the total number of years of credited service accrued at retirement or at death of the member or retiree plus the number of years

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

since retirement or since death of the member or retiree to the system's fiscal year end preceding the payment of the benefit increase. If there are not sufficient funds to fund the benefit at the rate of one dollar per year for such total number of years, then the rate shall be reduced in proportion to the amount of funds that are available to fund the cost-of living adjustment.

Contributions: Contribution requirements for employers, non-employer contributing entities, and employees are established and may be amended in accordance with Title 11 and Title 22 of the Louisiana Revised Statutes.

Employer Contributions: Employer contributions are actuarially determined each year. For the year ended June 30, 2021, employer and employee contributions for members above the poverty line were 32.25% and 10%, respectively. The employer and employee contribution rates for those members below the poverty line were 34.25% and 8%, respectively.

Non-Employer Contributions: FFRS also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2021 and were excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At December 31, 2021, The City reported liabilities in its government-wide financial statements of \$1,814,739 in its governmental activities for its proportionate share of the net pension liabilities of the System. The net pension liabilities were measured as of June 30, 2021 and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed on each of the retirement systems as of that date. Under each retirement system, the City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the City's proportional share of the System was 0.512081%, which was an increase of 0.010428% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the City recognized pension expense of \$69,414 in its governmental activities related to its participation in the System.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to the Firefighters' Retirement System from the following sources:

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 25,898	\$ 162,968
Changes in Assumption	393,241	-
Net difference between projected and actual earnings on pension plan investments	-	1,101,290
Changes in proportion and differences between employer contributions and proportionate share of contributions	53,108	378,964
Employer contributions subsequent to the measurement date	<u>228,171</u>	<u>-</u>
	<u>\$ 700,418</u>	<u>\$ 1,643,222</u>

The \$228,171 reported as deferred outflows of resources related to pensions resulting from City contributions to the System subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	
2022	\$ (289,287)
2023	(282,379)
2024	(339,721)
2025	(330,147)
2026	35,902
2027	<u>34,657</u>
	<u>\$ (1,170,975)</u>

Actuarial Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

For each year, the actuary determines the reasonable range of the actuarial valuation interest rate, an expected long-term portfolio rate of return and standard deviation based upon the System's target asset allocation and a thirty-year time horizon. These rates were based on an analysis of the System's portfolio along with expected long-term rates of return, standard deviations of return, and correlations between asset classes collected from a number of investment consulting firms in addition

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

to the System’s investment consultant, NEPC, L.L.C. Using these values and assuming that future portfolio returns are normally distributed, ten thousand trials of returns over the upcoming thirty years was performed. The results of these trials were organized into percentiles and a reasonable range equal to the 40th through 60th percentiles was set. For the fiscal year ended June 30, 2021, the reasonable range was set at 6.19% through 7.33% and the Board of Trustees elected to set the System’s assumed rate of return at 6.9% for Fiscal 2021. For the fiscal year ended June 30, 2020, the reasonable range was set at 5.99% through 7.06% and the Board of Trustees elected to set the System’s assumed rate of return at 7% for Fiscal 2020. The actuarial valuation interest rates selected by the board, which were within the reasonable range, were 6.9% and 7% for fiscal years 2021 and 2020, respectively.

The remaining actuarial assumptions utilized for this report for fiscal year 2021 are based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019, unless otherwise specified in this report. Additional details are given in the actuary’s complete Experience Reports for each period.

Actuarial Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

	<u>Firefighters' Retirement System</u>
Valuation Date	June 30, 2021
Actuarial cost method	Entry Age Normal
Actuarial cost assumptions:	
Expected remaining service lives	7 years
Investment rate of return	6.90% per annum (net of investment expenses, including inflation)
Inflation rate	2.50% per annum
Projected salary increases	14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases
Cost of Living Adjustments (COLAs)	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The investment rate of return was 6.9%, which was a .1% decrease from the rate used as of June 30, 2020.

For the June 30, 2020 valuation, assumptions for mortality rates were based on the following:

- For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.
- For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.
- For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.
- In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP-2019 scale.

The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. The actuary's method incorporates information from multiple consultants and investments firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The change integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

The June 30, 2021, estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation as of January 2021 and the G.S. Curran & Company Consultant Average study for 2021. The Consultant Average Study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long-term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. Subsequent to the actuary's calculation of the long term expected real rate of return in January 2021, the Board voted to amend the target asset allocation. These changes include an increase to target weight in public equity, a decrease in the target weight in fixed income, and the inclusion of a target weight in private real assets. The changes to the target asset allocation are reflected in the table below. The System's long-term assumed rate of inflation of 2.5% was used in this process for the fiscal year ended June 30, 2021.

Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2021, are summarized in the following table:

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

As of June 30, 2021:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rates of Return
Equity:		
U.S. Equity	27.50%	5.86%
Non-U.S. Equity	11.50%	6.44%
Global Equity	10.00%	6.40%
Emerging Market Equity	7.00%	8.64%
Fixed Income		
U.S. Core Fixed Income	18.00%	0.97%
U.S. TIPS	3.00%	0.40%
Emerging Market Debt	5.00%	2.75%
Multi-Asset Strategies:		
Global Tactical Asset Allocation	0.00%	4.17%
Risk Parity	0.00%	4.17%
Alternatives:		
Private Equity	9.00%	9.53%
Real Estate	6.00%	5.31%
Real Assets	<u>3.00%</u>	***
	<u>100%</u>	

***Subsequent to the actuary's calculation of the long term expected real rate of return in January 2021, the Board voted to amend the target asset allocation (which included a target weight in private real assets).

The discount rate used to measure the total pension liability was 6.9%, which was a .1% decrease from the rate used as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at the actuarially-determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate: The following presents the net pension liability of the participating employers calculated using the discount rate of 6.9%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of June 30, 2021.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

	Changes in Discount Rate: Firefighters' Retirement System		
		Current	
	1% Decrease	Discount Rate	1% Increase
	5.9%	6.9%	7.9%
Net Pension Liability	\$ 3,481,444	\$1,814,739	\$ 424,726

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The City recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended December 31, 2021, the City recognized revenue as a result of support received from the non-employer contributing entities of \$146,290 for its participation in FFRS.

Payables to the Pension Plan: The City recorded accrued liabilities to the System for the year ended December 31, 2021 primarily due to the accrual for payroll at the end of the fiscal year. The amounts due are included in the fiduciary fund statement liabilities under the amounts reported as accounts payable. The balance due to the System as of December 31, 2021 is \$37,182.

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the System available at www.lafirefightersret.com.

D. Louisiana State Employees' Retirement System (LASERS)

The Court's judge participates in the Louisiana State Employees' Retirement System (LASERS). LASERS is a cost-sharing multiple-employer defined benefit pension plan established by Section 401 of Title 11 of the Louisiana Revised Statutes (LA R.S. 11:401) to provide retirement allowances and other benefits to eligible officers, employees, and their beneficiaries. The employer pensions schedules for the Louisiana State Employees' Retirement System are prepared using the accrual basis of accounting.

Benefits Provided: The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement: The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Our rank-and-file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service, at age 55 upon completing 25 years of credible service, and at age 60 upon completing 10 years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1% accrual rate based on all years of service as a judge.

Members of the Harbor Police Retirement System who were members prior to July 1, 2014, may retire after 25 years of creditable service at any age, 12 years of creditable service at age 55, 20 years of creditable service at age 45, and 10 years of creditable service at age 60. Average compensation for the plan is the member's average annual earned compensation for the highest 36 consecutive months of employment, with a 3.33% accrual rate.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification.

Deferred Retirement Benefits: The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

For members who are in the Harbor Police Plan, the annual DROP Interest Rate is the three-year average (calculated as the compound average of 36 months) investment return of the plan assets for the period ending the June 30th immediately preceding that given date. The average rate so determined is to be reduced by a "contingency" adjustment of 0.5%, but not to below zero. DROP interest is forfeited if member does not cease employment after DROP participation.

Disability Benefits: Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching retirement age, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation or 100% of the final average compensation if the injury was the result of an intentional act of violence.

Members of the Harbor Police Retirement System who become disabled may receive a non-line of duty disability benefit after five years or more of credited service. Members age 55 or older may receive a disability benefit equivalent to the regular retirement benefit. Under age 55, the disability benefit is equal to 40% of final average compensation. Line of duty disability benefits are

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

equal to 60% of final average compensation, regardless of years of credited service or 100% of final average compensation if the injury was an intentional act of violence. If the disability benefit retiree is permanently confined to a wheelchair, or, is an amputee incapable of serving as a law enforcement officer, or the benefit is permanently legally binding, there is no reduction to the benefit if the retiree becomes gainfully employed.

Survivor Benefits: Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011, who was in state service at the time of death, must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

A Hazardous Duty Services Plan member's surviving spouse and minor or handicapped or mentally incapacitated child or children are entitled to survivor benefits of 80% of the member's final average compensation if the member was killed in the line of duty. If the member dies in the line of duty as a result of an intentional act of violence, survivor benefits may be increased to 100% of the members final average compensation.

Non-line of duty survivor benefits of the Harbor Police Retirement System may be received after a minimum of five years of credited service. Survivor benefits paid to a surviving spouse without children are equal to 40% of final average compensation and cease upon remarriage. Surviving spouse with children under 18 benefits are equal to 60% of final average compensation, and cease upon remarriage, and children turning 18. No minimum service credit is required for line of duty survivor benefits which are equal to 60% of final average compensation to surviving spouse, or 100% of final average compensation if the injury was the result of an intentional act of violence regardless of children. Line of duty survivor benefits cease upon remarriage, and then benefit is paid to children under 18.

Permanent Benefit Increases/Cost-of-Living Adjustments: As fully described in Title 11 of the Louisiana Revised Statutes, LASERS allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Contributions: The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Each plan pays a separate actuarially-determined employer contribution rate. However, all assets of LASERS are used for the payment of benefits for

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

all classes of members, regardless of their plan membership. The rates for the year ended June 30, 2021 for the various plans are as follows:

Plan	Plan Status	Contributions Employer
Appellate Law Clerks	Closed	40.1%
Appellate Law Clerks hired on or after 7/01/06	Closed	40.1%
Alcohol Tobacco Control	Closed	38.1%
Bridge Police	Closed	38.5%
Bridge Police hired on or after 7/01/06	Closed	38.5%
Corrections Primary	Closed	38.7%
Corrections Secondary	Closed	43.0%
Harbor Police	Closed	12.1%
Hazardous Duty	Open	45.0%
Judges hired before 1/1/11	Closed	42.5%
Judges hired after 12/31/10	Closed	43.6%
Judges hired on or after 7/1/15	Open	43.6%
Legislators	Closed	36.5%
Optional Retirement Plan (ORP) before 7/01/06	Closed	40.1%
Optional Retirement Plan (ORP) on or after 7/01/06	Closed	40.1%
Peace Officers	Closed	40.9%
Regular Employees hired before 7/01/06	Closed	40.1%
Regular Employees hired on or after 7/01/06	Closed	40.1%
Regular Employees hired on or after 1/1/11	Closed	40.1%
Regular Employees hired on or after 7/1/15	Open	40.1%
Special Legislative Employees	Closed	38.5%
Wildlife Agents	Closed	50.5%
Aggregate Rate	-	40.6%

The agency's contractually required composite contribution rate for the year ended December 31, 2021 was 43.7% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year with an additional amount to finance any Unfunded Actuarial Accrued Liability.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2021, the City reported a liability of \$103,695 for its proportionate share of the LASERS net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension obligation was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the City's proportion was 0.00188%, which was an increase of 0.00006% from its proportion measured as of June 30, 2020.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

For the year ended December 31, 2021, the City recognized pension expense of \$6,783 in its governmental activities related to its participation in LASERS.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to LASERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 102	\$ -
Change of assumptions	2,540	-
Net differences between projected and actual earnings on pension plan investments	-	24,182
Change in proportion and differences between employer contributions and proportionate share of contributions	-	(1,925)
Employer contributions subsequent to the measurement date	<u>7,866</u>	<u>-</u>
Total	<u>\$ 10,508</u>	<u>\$ 22,257</u>

Deferred outflows of resources of \$7,866 related to pensions resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	
2022	\$ 371
2023	(3,726)
2024	(5,494)
2025	<u>(10,766)</u>
	<u>\$ (19,615)</u>

Contributions – Proportionate Share: Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the Schedule of Pension Amounts by Employer due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Actuarial Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

	<u>LASERS Retirement System</u>																		
Valuation Date	June 30, 2021																		
Actuarial Cost Method	Entry Age Normal																		
Expected Remaining Service Lives	2 years																		
Investment Rate of Return	7.40% per annum, net of investment expenses																		
Inflation Rate	2.3% per annum																		
Mortality Rates	Non-disabled members - The RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018. Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.																		
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five year (2014-2018) experience study of the System's members.																		
Salary Increases	Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increase ranges for specific types of members are:																		
	<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Member Type</u></th> <th style="text-align: center;"><u>Lower Range</u></th> <th style="text-align: center;"><u>Upper Range</u></th> </tr> </thead> <tbody> <tr> <td>Regular</td> <td style="text-align: center;">3.0%</td> <td style="text-align: center;">12.8%</td> </tr> <tr> <td>Judges</td> <td style="text-align: center;">2.6%</td> <td style="text-align: center;">5.1%</td> </tr> <tr> <td>Corrections</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">13.8%</td> </tr> <tr> <td>Hazardous Duty</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">13.8%</td> </tr> <tr> <td>Wildlife</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">13.8%</td> </tr> </tbody> </table>	<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>	Regular	3.0%	12.8%	Judges	2.6%	5.1%	Corrections	3.6%	13.8%	Hazardous Duty	3.6%	13.8%	Wildlife	3.6%	13.8%
<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>																	
Regular	3.0%	12.8%																	
Judges	2.6%	5.1%																	
Corrections	3.6%	13.8%																	
Hazardous Duty	3.6%	13.8%																	
Wildlife	3.6%	13.8%																	
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.																		

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The investment rate of return used in the actuarial valuation for funding purposes was 7.75%, recognizing an additional 35 basis points for gain-sharing. The net return available to fund regular pension plan benefits is 7.4%, which is the same as the discount rate and a .15% decrease from the rate used as of June 30, 2020. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.61% for 2021. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	-0.29%
Domestic equity	4.09%
International equity	5.12%
Domestic fixed income	0.49%
International fixed income	3.94%
Alternative investments	6.93%
Total Fund	5.81%

The discount rate used to measure the total pension liability was 7.4%, which was a .15% decrease from the discount rate used as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Employer's proportionate share of the Net Pension Liability calculated using the discount rate of 7.4%, as well as what the Employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	Changes in Discount Rate: LASERS Retirement System		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	6.4%	7.4%	8.4%
Net Pension Liability	<u>\$ 140,499</u>	<u>\$ 103,695</u>	<u>\$ 72,379</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Payables to the Pension Plan: The City recorded accrued liabilities to LASERS for the year ended December 31, 2021 primarily due to the accrual for payroll at the end of the fiscal year. The amounts due are included in the fiduciary fund statement liabilities under the amounts reported as accounts payable. The balance due to PERS as of December 31, 2021 is \$1,311.

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2020 Comprehensive Annual Financial Report at www.lasersonline.org.

E. Louisiana Parochial Employees' Retirement System (PERS)

The employer pension schedules for the Parochial Employees' Retirement System of Louisiana are prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed.

The City's court and marshal employees are covered under the Parochial Employees' Retirement System of Louisiana. Details concerning the plan are:

Plan Description: The Parochial Employees' Retirement System of Louisiana (the System) is a cost-sharing multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the state of Louisiana or any governing body or a parish which employs and pays persons serving the parish.

Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. Employees of the City are members of Plan A.

The Parochial Employees' Retirement System of Louisiana issues a stand-alone report on their financial statements. Access to the report can be found on the system's website, www.persla.org, or on the Louisiana Legislative Auditor's website, www.la.gov.

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to these appropriate statutes for more complete information.

Eligibility Requirements: All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Retirement Benefits: Any member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits: Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

Deferred Retirement Option Plan: Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits: For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to 3% of the member's final average compensation multiplied by his years of service, not to be less than 15, or three percent multiplied by years of service assuming continued service to age 60 for those members who are enrolled prior to January 1, 2007 and to age 62 for those members who are enrolled January 1, 2007 and later.

Cost of Living Increases: The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements.

In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Employer Contributions: According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2020, the actuarially determined contribution rate was 11.11% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2021 was 11.5% for Plan A.

Non-employer Contributions: According to state statute, the System also receives 1/4 of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. During the year ended December 31, 2021, the City recognized revenue as a result of support received from non-employer contributing entities of \$4,171 for its participation in the System.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At December 31, 2021, the City reported assets of \$86,987 for its proportionate share of the net pension assets of PERS, which was reported in the governmental activities. The net pension asset was measured as of December 31, 2020 and the total pension asset used to calculate the net pension obligation was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2020, the City's proportional share of PERS was 0.04961%, which was a decrease of 0.000346% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized pension expense of \$10,680 in its activities.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 21,178	\$ 10,382
Changes in Assumption	28,459	-
Net difference between projected and actual earnings on pension plan investments	-	169,773
Changes in proportion and differences between employer contributions and proportionate share of contributions	(342)	591
Employer contributions subsequent to the measurement date	<u>27,296</u>	<u>-</u>
	<u>\$ 76,591</u>	<u>\$ 180,746</u>

The \$27,296 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	
2022	\$ (36,300)
2023	(12,788)
2024	(54,626)
2025	<u>(27,737)</u>
	<u>\$ (131,451)</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Actuarial Assumptions: The net pension asset was measured as the portion of the present value of projected benefits to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2020 are as follows:

	Parochial Employees' Retirement System of Louisiana Plan A
Valuation Date	December 31, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.40%, net of investment expense, including inflation
Projected Salary Increases	4.75%
Expected Remaining Service Lives	4 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants
Inflation Rate	2.30%

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The discount rate used to measure the total pension asset was 6.4% for Plan A, which was a decrease from the rate used as of December 31, 2019. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, PERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The investment rate of return was 6.4% for Plan A, which was a decrease from the rate used as of December 31, 2019. The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7% for the year ended December 31, 2020.

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of December 31, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed Income	33%	0.86%
Equity	51%	3.36%
Alternative	14%	0.67%
Real Assets	<u>2%</u>	<u>0.11%</u>
Totals	<u>100%</u>	5.00%
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Return		<u>7.00%</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. As a result of this study, mortality for employees was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. In addition, mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. For Disabled annuitants mortality was set equal to the Pub-2010 Public Retirement Plan Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.

Sensitivity to Change in Discount Rate: The following presents the net pension asset of the participating employers calculated using the discount rate of 6.4%, as well as what the employers' net pension asset would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	Changes in Discount Rate:		
	PERS - Plan A		
	1% Decrease	Current Discount Rate	1% Increase
	5.4%	6.4%	7.4%
Net Pension Liability (Asset)	<u>\$ 182,386</u>	<u>\$ 86,987</u>	<u>\$ (312,581)</u>

Payables to the Pension Plan: The City recorded accrued liabilities to PERS for the year ended December 31, 2021 primarily due to the accrual for payroll at the end of the fiscal year. The amounts due are included in the fiduciary fund statement liabilities under the amounts reported as accounts payable. The balance due to PERS as of December 31, 2021 is \$6,208.

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the System available at www.persla.com.

F. Aggregate Net Pension Asset, Net Pension Liability, Deferred Outflows of Resources, Deferred Inflows of Resources, and Pension Expense

As detailed above, the City participates in five separate cost-sharing multiple employer defined benefit pension plans. The aggregate amounts for the City's participation in the Municipal Employees' Retirement System of Louisiana (MERS), the Municipal and State Police Retirement System of Louisiana (MPERS), the Firefighters' Retirement System (FFRS), the Louisiana Parochial Employees' Retirement System (LASERS), and Parochial Employees' Retirement System of Louisiana (PERS) are as follows:

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Employer's Proportionate Share of Net Pension Asset:

	Governmental Activities	Business-Type Activities	Total
PERS	\$ 86,987	\$ -	\$ 86,987

Employer's Proportionate Share of Net Pension Liability:

	Governmental Activities	Business-Type Activities	Total
MERS	\$ 3,447,972	\$ 2,937,161	\$ 6,385,133
MPERS	2,940,644	-	2,940,644
FFRS	1,814,739	-	1,814,739
LASERS	103,695	-	103,695
Total	<u>\$ 8,307,050</u>	<u>\$ 2,937,161</u>	<u>\$ 11,244,211</u>

Deferred Outflows of Resources:

	Governmental Activities	Business-Type Activities	Total
MERS	\$ 505,836	\$ 430,897	\$ 936,733
MPERS	858,148	-	858,148
FFRS	700,418	-	700,418
LASERS	10,508	-	10,508
PERS	76,591	-	76,591
Total	<u>\$ 2,151,501</u>	<u>\$ 430,897</u>	<u>\$ 2,582,398</u>

Deferred Inflows of Resources:

	Governmental Activities	Business-Type Activities	Total
MERS	\$ 1,161,567	\$ 989,483	\$ 2,151,050
MPERS	1,859,113	-	1,859,113
FFRS	1,643,222	-	1,643,222
LASERS	22,257	-	22,257
PERS	180,746	-	180,746
Total	<u>\$ 4,866,905</u>	<u>\$ 989,483</u>	<u>\$ 5,856,388</u>

Pension Expense:

	Governmental Activities	Business-Type Activities	Total
MERS	\$ 323,410	\$ 275,498	\$ 598,908
MPERS	272,699	-	272,699
FFRS	69,414	-	69,414
LASERS	6,783	-	6,783
PERS	10,680	-	10,680
Total	<u>\$ 682,986</u>	<u>\$ 275,498</u>	<u>\$ 958,484</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

G. Morgan City Police Pension and Relief Fund

In 1977, Morgan City policemen joined the State of Louisiana Municipal Police Employees' Retirement System. However, the City is still responsible for paying retirement benefits from City funds to eligible retired members, in accordance with the policies, terms, and rates of the Morgan City Police Pension and Relief Fund, a single – employer pension employees retirement system (PERS) which was in effect prior to joining the State System, until the retired member reaches the age of 50. Upon attaining age 50, retirement benefits will be paid exclusively by the state system. The City is obligated to pay pension benefits when they become payable to the retired employees. An actuarial study has not been performed to determine the City's unfunded pension benefit obligation. Generally accepted accounting principles require that the provision for pension expense be computed using an acceptable actuarial cost method.

As of December 31, 2021, there are no surviving beneficiaries of the plan entitled to pension benefits. The City's contributions to the Morgan City Police Pension and Relief Fund for the years ended December 31, 2020 and 2019 were \$27,582 and \$27,684, respectively.

(13) Other Postemployment Benefits

Effective with the fiscal year beginning January 1, 2018, the City implemented Government Accounting Standards Board Statement Number 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (GASB 75).

Plan description

The City provides certain continuing health care and life insurance benefits for its retired employees. The City's OPEB plan is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees and retirees' rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Life insurance coverage is available to retirees based on a blended rate (active and retired). The retiree pays 100% of the "cost" of the retiree life insurance, but it is based on this blended rate and is therefore an implied employer subsidy. Since GASB 75 requires the use of "unblended" rates, we have used the valuation mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

Benefits Provided

Medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. The employees are covered by one of several retirement systems: the Municipal Employees' Retirement System of Louisiana (MERS), whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service; the Municipal Police Retirement System of Louisiana (MPERS), whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

55 and 12 years of service; the Firefighters' Retirement System of Louisiana (FRS), whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service; the Parochial Employees' Retirement System of Louisiana (PERS), whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. The PERS eligibility provisions for employees hired on and after January 1, 2007. Retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service. There was also one employee covered by LASERS who was assumed to have the same retirement eligibility as MERS. The uniformed service employees with age 55 and 12 years of service eligibility were assumed to wait until age 60 and 20 years of service if not eligible sooner through one of the other formulas.

Under the postemployment benefit package, retirees may continue group coverages maintained prior to retirement. The City provides medical, dental, vision, and life insurance benefits for retirees.

Employees covered by benefit terms

At December 31, 2021, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits payments	49
Active employees	<u>178</u>
Total	<u><u>227</u></u>

The City's total OPEB liability of \$8,878,045 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.5% annually
Salary Increases, including inflation:	4.0% annually
Discount Rate:	2.12% annually (Beginning of Year to Determine ADC)
	2.06% annually (As of End of Year to Measurement Date)
Health Care Cost Trend Rate	5.5% annually for ten years, 4.5% thereafter
Mortality	SOA RP-2000 Table

The discount rate was based on the Bond Buyers' 20 year General Obligation Municipal Bond Index as of December 31, 2021, the measurement date at the end of the applicable measurement period.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2021.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Mortality rates for active employees were based on the RP-2000 table with 50%/50% unisex blend.

Changes in Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/2020	<u>\$ 7,971,772</u>
Charges for the year:	
Service cost	98,880
Interest	165,608
Differences between expected and actual experience	880,132
Changes in assumptions/inputs	81,782
Benefit payments	<u>(320,129)</u>
Net changes	<u>906,273</u>
Balance at 12/31/2021	<u>\$ 8,878,045</u>

Sensitivity of the total OPEB liability to changes in the discount rate.

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.06 percent) or 1-percentage-point higher (3.06 percent) than the current discount rate:

	1% Decrease 1.06	Discount Rate 2.06	1% Increase 3.06
Total OPEB Liability	<u>\$ 10,729,590</u>	<u>\$ 8,878,045</u>	<u>\$ 7,448,890</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5 percent) or 1-percentage-point higher (6.5 percent) than the current healthcare cost trend rates:

	1% Decrease 4.5	Trend Rate 5.5	1% Increase 6.5
Total OPEB Liability	<u>\$ 7,628,664</u>	<u>\$ 8,878,045</u>	<u>\$ 10,511,387</u>

For the year ended December 31, 2021, the City recognized an OPEB expense of \$489,164. At December 31, 2021, the City 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
Differences between expected and actual experience	\$ 954,021	\$ 373,088
Changes in assumptions or other inputs	<u>1,538,153</u>	<u>500,790</u>
Total	<u>\$ 2,492,174</u>	<u>\$ 873,878</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended <u>December 31:</u>	
2022	\$ 224,676
2023	224,676
2024	224,676
2025	224,676
2026	272,172
Thereafter	<u>447,420</u>
Total	<u>\$ 1,618,296</u>

(14) Related Parties

The City pays the salaries and benefits for the employees of the City Court of Morgan City and Ward Six Marshal of the Parish of St. Mary. For the year ended December 31, 2021, the City paid salaries and benefits to and for the Court Clerk, City Judge, Deputy Clerks, Probation Officers, Marshal, and Deputy Marshal as follows:

City Court of Morgan City	\$ 355,256
Ward Six Marshal of the Parish of St. Mary	<u>151,630</u>
Total	<u>\$ 506,886</u>

(15) Long-Term Operating Lease Commitments

The City leases land under operating lease agreements as follows:

- A. A lease commencing December 11, 1974, for land to be used for a sewerage treatment facility. The annual rental for the first ten years was \$29,664 per year, payable yearly in advance. The rental for the four ten-year renewal periods is fixed at ten percent of the appraised value of the leased premises. It is the City's intention to pay this rental from the Sanitation and Sewer Utility Fund. The City has exercised its option to renew the lease for an additional 10-year period ending December 11, 2024 at a rental of \$40,700 per year. The cost and carrying amount of the City's property on the leased land is \$6,488,257. Total accumulated depreciation on the treatment facility, included as wastewater collection and treatment in the schedule reported by major class, is \$6,431,571.
- B. A lease commencing December 1, 1983, for land to be used for the construction, maintenance and operation of a sewerage collection station with an annual rental of \$1,200. The rental is for a period of 40 years. The cost of the City's property on the leased land is \$1,212,044. Total accumulated depreciation on the collection stations, included as wastewater collection and treatment in the schedule reported by major class, is \$1,212,044.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31, 2021 are as follows:

Year Ended December 31,	Amount
2022	41,900
2023	41,900
2024	40,700
Total	<u>\$ 124,500</u>

Expenditures related to the leases totaled \$41,900 for the year ended December 31, 2021.

- C. Leases commencing during the year ended December 31, 2021 for public works vehicles have a term of 36 months with monthly payments of \$4,175 and \$3,345.

Minimum future rental payments under these operating leases having remaining terms in excess of one year as of December 31, 2021 are as follows:

Year Ended December 31,	Amount
2022	90,240
2023	90,240
2024	32,595
Total	<u>\$ 213,075</u>

Expenditures related to the leases totaled \$57,645 for the year ended December 31, 2021.

(16) Net Position

Net position is presented as net investments in capital assets, restricted, and unrestricted on the City's government-wide and proprietary funds statement of net position. A component of the City's net position is significantly affected by transactions that resulted in the recognition of deferred outflow of resources and deferred inflow of resources, and the difference between the deferred outflow of resources and deferred inflow of resources and the balance of the related asset or liability is significant. As discussed in Notes 7, 12 and 13, the City's recognition of an asset retirement obligation, net pension liability and OPEB obligations in accordance with GASBS Nos. 83, 68 and 75, respectively, significantly affected the City's unrestricted portion of net position as of December 31, 2021.

(17) Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

	General	Federal Grants	Other Governmental Funds	Total
Fund balances:				
Nonspendable -				
Permanent fund	\$ -	\$ -	\$ 664,346	\$ 664,346
Inventory	56,450	-	-	56,450
Prepaid items	88,229	-	6,142	94,371
Interfund loans	<u>122,962</u>	<u>-</u>	<u>250,000</u>	<u>372,962</u>
Total fund balances - nonspendable	<u>267,641</u>	<u>-</u>	<u>920,488</u>	<u>1,188,129</u>
Restricted for -				
Debt service	-	-	393,824	393,824
Capital improvements	-	-	626,139	626,139
Special programs	<u>-</u>	<u>301</u>	<u>4,037,120</u>	<u>4,037,421</u>
Total fund balances - restricted	<u>-</u>	<u>301</u>	<u>5,057,083</u>	<u>5,057,384</u>
Unassigned (deficit)	<u>1,594,563</u>	<u>-</u>	<u>(521,480)</u>	<u>1,073,083</u>
Total fund balances	<u>\$ 1,862,204</u>	<u>\$ 301</u>	<u>\$ 5,456,091</u>	<u>\$ 7,318,596</u>

(18) Interfund Transfers

Interfund transfers for the year ended December 31, 2021 are as follows:

Receiving Fund	Transferring Fund					Total
	Governmental Activities			Business-Type Activities		
	General	Federal Grants	Nonmajor Governmental	Electric, Gas and Water	Sanitation and Sewer	
Governmental Activities:						
General	\$ -	\$ -	\$ 47,500	\$ 3,400,000	\$ 450,000	\$ 3,897,500
Nonmajor governmental	596,680	-	750,376	-	-	1,347,056
Business-Type Activities:						
Sanitation and Sewer	<u>-</u>	<u>218,144</u>	<u>1,487,383</u>	<u>-</u>	<u>-</u>	<u>1,705,527</u>
	<u>\$ 596,680</u>	<u>\$ 218,144</u>	<u>\$ 2,285,259</u>	<u>\$ 3,400,000</u>	<u>\$ 450,000</u>	<u>\$ 6,950,083</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(19) Donor Restrictions

The H & B Young Fund, a charitable foundation, has made cash contributions to the City, for specific purposes, which will be administered under one fund called the Morgan City Young Fund, as special revenue fund. At December 31, 2021, the fund balances is restricted as follows:

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Bike Path Grant	2,000
Morgan City Municipal Auditorium	93,427
Beautification	6,415
Morgan City Police Department	6,001
Recreation Department	40,000
Feral Cat Project	2,977
	<u>\$ 150,820</u>

(20) Natural Gas Purchases

The City purchased natural gas for resale from Texas Gas Transmission, LLC during 2021 in the amount of \$606,932 pursuant to a natural gas sales and purchase contract.

(21) Louisiana Energy and Power Authority

In October 1982, the City entered into a power sales contract for electricity with Louisiana Energy and Power Authority (LEPA). LEPA, a political subdivision of the State of Louisiana, is to provide a 20 percent ownership interest in a power station for the generation and transmission of electric power for its members, one of which is the City. Each member is required to purchase its respective entitlement share of generated electricity. The aggregate entitlement shares of all members equal 100% of which the City's share is 21%. Each member is required to pay on a monthly basis for its entitlement share of power capability project energy scheduled by the member and its share of project energy-related costs.

The power sales contract will continue in effect for a period of 50 years or the date the agreement is terminated and settlement completed. However, in no event will the contract continue beyond July 1, 2032.

In October 1989, the following additional agreements became effective between the City of Morgan City and LEPA.

- A. The power supply agreement requires the City to purchase all electric power and energy from LEPA. Each month the City is billed a demand charge for billing demand and an energy charge for all energy used. For the fiscal year ended December 31, 2021, the City's demand and energy charges were \$2,990,125 and \$6,107,696 respectively. These costs are included in operating expenses – fuel costs in the Statement of Revenue, Expenses, and Changes in Fund Net Position – Proprietary Funds.
- B. The agreement for the purchase of Rodemacher Unit No. 2 dependable capacity requires the City to sell to LEPA the output from its entitlement share of project capability, as required to be purchased under the power sales contract dated October 1, 1982. During the year ended December 31, 2021, the City's entitlement share of power (capital) costs and energy (fuel) costs which was sold to LEPA was \$2,462,684 and \$12,047, respectively.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

In June 2013, The City entered into an additional power sales contract with LEPA in connection with the construction of LEPA Unit No. 1, an approximately 64MW, nominal, combined cycle combustion turbine electric generating unit to be located in Morgan City, Louisiana. The contract was effective on the date LEPA Unit No. 1 was placed into normal, continuous operation, and continues until the later of (i) the date the principal of and interest on all debt associated with the construction have been paid or funds have been set aside for their payment, or (ii) the earlier of (a) the date LEPA Unit No. 1 is no longer used and useful for the generation of electricity or (b) a date that is fifty (50) years from the date LEPA Unit No. 1 is placed into normal, continuous operation. During the year ended December 31, 2021, the City's entitlement share of power (capital) costs and energy (fuel) costs (proceeds) which was sold through MISO Energy Market was \$2,162,483 and \$(418,208), respectively.

Under the power sales agreement, each member agrees to purchase its respective entitlement share of the electricity generated and to pay for such purchases on a monthly basis. The City's share is approximately 16%. Each member also covenants and agrees that it will not issue bonds, notes or other evidences of indebtedness, or enter into any contract or agreement or incur any expenses, payable from or secured by revenues superior to or having a priority over the obligations to make payments under the power sales agreement.

(22) Contingencies

Pending Litigation

There are several lawsuits presently pending against the City as of December 31, 2021. In the suits pending, legal counsel and elected officials are of the opinion that any unfavorable outcome in these cases would be within the limits of the City's insurance coverage.

Risk Management

The City 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 City has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss.

The City is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended December 31, 2021. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

Self-Insurance Fund

During the fiscal year ended December 31, 2016, the City established a Self-Insurance Fund (internal service fund) to account for and finance its self-funded health insurance program. Under this program, the internal service fund provides coverage for up to a maximum of \$125,000 for each employee's health insurance claims. The City purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. For the fiscal year ended December 31, 2021, the City received \$42,030 of insurance recoveries for claims in excess of coverage and other rebates.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

All funds of the City participate in the program and make payments to the Self Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses. At December 31, 2021, the fund reported a fund balance of \$1,034,522. The claims liability of \$152,990 reported in the fund at December 31, 2021 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. At December 31, 2021, the claims liability is estimated based on a probability ratio considering actual subsequent claims payments. The carrying amount of liabilities for unpaid claims is \$93,849 at December 31, 2021. Changes in the fund's aggregate liabilities for claims for the prior fiscal year and current fiscal year were:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2020	267,316	1,573,838	(1,708,127)	133,027
2021	133,027	1,300,102	(1,280,139)	152,990

Environmental Compliance

The City operates a sewerage plant, which is regulated by the Department of Environmental Quality and the Environmental Protection Agency. In the opinion of the City's management, all applicable regulations have received full compliance; however, due to the complexity of the regulations, differing interpretations of the regulations by DEQ and/or the EPA may result in instances of noncompliance.

(23) Fund Deficits

The following individual fund deficits which are not apparent from the face of the combined financial statements require disclosure:

Special Revenue Funds:	
Emergency Management	373,321
Capital Project:	
Lake End Park Construction	17,619
Louisiana Capital Outlay	120,749
Sidewalk Assessment	10,418
Internal Service:	
Central Garage	2,272

The deficits in Emergency Management, Lake End Park Construction and Sidewalk Assessment funds are due to revenue recognition limitations under the modified accrual basis of accounting. The deficit will be funded by the collection of anticipated intergovernmental reimbursements, grant proceeds and/or interfund transfers and the recognition of those collections as revenue in subsequent periods.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The deficit in the Louisiana Capital Outlay Capital Projects Fund is due to expenditures incurred in excess of grant proceeds for the Lake House project. The deficit fund balance is scheduled to be reduced over time by revenues collected from rentals of the Lake Houses. During the year ended December 31, 2021, the deficit in this fund was reduced by \$25,013.

(24) Segment Information

The City maintains two enterprise funds with departments which provide electric, gas, water, mosquito control, sanitation, and sewer services.

Segment information for the year ended December 31, 2021 was as follows:

	Electric Department	Gas Department	Water Department	Mosquito Department	Sewer Department	Sanitation Department	Total Enterprise Funds
Operating revenues:	\$ 17,378,226	\$ 1,763,177	\$ 2,080,028	\$ 147,656	\$ 1,801,019	\$ 1,168,510	\$ 24,338,616
Operating expenses:							
Depreciation	531,679	28,414	317,287	5,001	410,402	43,029	1,335,812
Other	13,842,060	1,116,728	1,714,418	126,381	1,460,186	1,506,096	19,765,869
Total operating expenses	14,373,739	1,145,142	2,031,705	131,382	1,870,588	1,549,125	21,101,681
Operating income (loss)	3,004,487	618,035	48,323	16,274	(69,569)	(380,615)	3,236,935
Nonoperating income (expenses), net	57,743	5,703	7,129	713	(12,263)	(7,516)	51,509
Transfers, net	(2,754,000)	(272,000)	(340,000)	(34,000)	778,427	477,100	(2,144,473)
Change in net position	308,230	351,738	(284,548)	(17,013)	696,595	88,969	1,143,971
Net position, beginning	7,182,080	709,341	886,677	88,667	4,566,911	2,799,074	16,232,750
Net position, ending	\$ 7,490,310	\$ 1,061,079	\$ 602,129	\$ 71,654	\$ 5,263,506	\$ 2,888,043	\$ 17,376,721

A single revenue stream is not dedicated for the repayment of debt; therefore, the condensed financial information for the statement of net position and the statement of cash flows is not presented.

(25) Summary of Federal Grant Funding

The City recognized revenue and deferred inflows related to federal grants during the year ended December 31, 2021 as follows:

Funding Source	Assistance Listing/ Award Number	Revenues	Deferred Inflows
U.S. Department of the Treasury Passed through Louisiana Office of Homeland Security COVID-19- State and Local Fiscal Recovery Funds	21.027	\$ 475,326	\$ -
U.S. Department of Homeland Security Passed through Louisiana Office of Homeland Security Disaster Grants - Public Assistance - Presidentially Declared Disasters	PA-4080	21,823	41,003
Disaster Grants - Public Assistance - Presidentially Declared Disasters	PA-4458	209,860	378,117
Total		\$ 707,009	\$ 419,120

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(26) On-Behalf Payments of Salaries

During the year ended December 31, 2021, the State of Louisiana paid the City’s policemen and firemen \$254,701 and \$178,767, respectively, of supplemental pay, which is included in the accompanying financial statements as intergovernmental revenues and public safety expenses/expenditures.

(27) Compensation of City Officials

A detail of compensation paid to the Mayor and City Council for the year ended December 31, 2021 follows:

Mayor:		
Lee Dragna	\$	63,000
City Council:		
Ron Bias		9,600
Steve Domangue		9,600
Tim Hymel		9,600
Mark Stephens		9,600
Louis J. Tamporello, Jr.		9,600
		<hr/>
Total	\$	<u>111,000</u>

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to a political subdivision head. For the year ended December 31, 2021, payments made to Mayor Lee Dragna requiring disclosure are as follows:

Salary	\$	63,000
Benefits - Insurance		1,163
Benefits - Retirement		17,036
Car and cell phone allowance		6,050
		<hr/>
Total	\$	<u>87,249</u>

(28) Tax Abatements

The City is subject to certain property tax abatements granted by the Louisiana Board of Commerce and Industry ("LBCI"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the City may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). In addition, local governments have the authority to grant sales tax rebates to taxpayers pursuant to the Enterprise Zone Tax Rebate Program. For the year ended December 31, 2021, the City incurred abatements of ad valorem taxes through ITEP.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

ITEP is authorized by Article 7, Section 21(F) of the Louisiana Constitution. Companies qualifying as manufacturers can apply to the LBCI for a property tax exemption on all new property, as defined, used in the manufacturing process. Under ITEP, companies are required to promise to expand or build manufacturing facilities in Louisiana, with a minimum investment of \$5 million. The exemptions are granted for a 5 year term and are renewable for an additional 5 year term upon approval by LBCI. These state-granted abatements have resulted in reductions of property taxes, which the tax City administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fail to fulfill its commitments under the agreement. For the year ended December 31, 2021, \$29,609 in City ad valorem tax revenues were abated by the State of Louisiana through ITEP.

(29) Subsequent Events

Subsequent to year end, the City awarded a construction contract in the amount of approximately \$95,000.

In April of 2021, the City issued \$1,500,000 of Revenue Anticipation Note, Series 2022, with an interest rate of 5% payable through March 1, 2023. The City drew down on this note \$12,500 in the month of May 2021. The note is being used to pay current expenditures.

(30) Current Accounting Standards Scheduled to be Implemented

Following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the City's financial report:

GASB Statement 87, *Leases*. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as in intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after December 15, 2019. GASBS No. 95 postponed this statement by 18 months. The effects of implementation of its applicability on the City's financial statements has not yet been determined.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements (PPP)*. This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, *Leases*, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The provisions of GASB Statement No. 94 are effective for fiscal years beginning after June 15, 2022. The effect of implementation on the City's financial statements has not yet been determined.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The provisions of GASB Statement No. 96 are effective for fiscal years beginning after June 15, 2022. The effect of implementation on the City's financial statements has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule
Year Ended December 31, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 5,001,181	\$ 5,584,943	\$ 5,674,923	\$ 89,980
Licenses and permits	847,000	887,700	879,862	(7,838)
Intergovernmental	297,503	263,903	706,416	442,513
Charges for services	65,000	78,800	80,296	1,496
Fines and forfeits	137,000	122,000	127,107	5,107
Miscellaneous	260,154	417,691	445,599	27,908
Total revenues	<u>6,607,838</u>	<u>7,355,037</u>	<u>7,914,203</u>	<u>559,166</u>
Expenditures:				
General government				
Administrative	2,342,705	2,404,786	2,429,802	(25,016)
Purchasing	224,909	243,474	243,470	4
Planning and zoning	394,613	359,871	355,380	4,491
Public safety				
Police	3,599,927	3,733,014	3,856,205	(123,191)
Fire	2,342,046	2,266,088	2,470,711	(204,623)
Public works:				
Streets and drainage	1,250,589	1,137,058	1,140,405	(3,347)
Storm water	57,172	46,248	151,401	(105,153)
Cemetery	212,516	210,493	198,245	12,248
Culture and recreation	113,733	109,493	102,975	6,518
Capital outlay	18,500	44,163	277,301	(233,138)
Debt Service-				
Principal retirement	-	-	42,008	(42,008)
Interest and fiscal charges	1,500	2,700	2,689	11
Total expenditures	<u>10,558,210</u>	<u>10,557,388</u>	<u>11,270,592</u>	<u>(713,204)</u>
Deficiency of revenues over expenditures	<u>(3,950,372)</u>	<u>(3,202,351)</u>	<u>(3,356,389)</u>	<u>(154,038)</u>
Other financing sources (uses):				
Capital lease proceeds	-	-	212,931	212,931
Insurance claim proceeds	-	219,000	119,610	(99,390)
Transfers in	3,897,500	3,918,729	3,897,500	(21,229)
Transfers out	(747,100)	(593,000)	(596,680)	(3,680)
Total other financing sources	<u>3,150,400</u>	<u>3,544,729</u>	<u>3,633,361</u>	<u>88,632</u>
Net changes in fund balance	(799,972)	342,378	276,972	(65,406)
Fund balance, beginning	<u>1,585,232</u>	<u>1,585,232</u>	<u>1,585,232</u>	<u>-</u>
Fund balance, ending	<u>\$ 785,260</u>	<u>\$ 1,927,610</u>	<u>\$ 1,862,204</u>	<u>\$ (65,406)</u>

See notes to required supplementary information.

CITY OF MORGAN CITY, LOUISIANA
Special Revenue Fund
Federal Grants Fund

Budgetary Comparison Schedule
Year Ended December 31, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	-	344,650	475,326	130,676
Interest	-	-	301	301
Total revenues	-	344,650	475,627	130,977
Expenditures:				
Current -				
Public works:				
Streets and drainage	-	332,650	232,650	100,000
Capital outlay	-	12,000	24,532	(12,532)
Total expenditures	-	344,650	257,182	87,468
Excess of revenues over expenditures	-	-	218,445	218,445
Other financing uses:				
Transfers out	-	-	(218,144)	(218,144)
Net changes in fund balance	-	-	301	301
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ 301	\$ 301

See notes to required supplementary information.

CITY OF MORGAN CITY, LOUISIANA

Schedule of Employer's Share of Net Pension Liability/Asset
Year Ended December 31, 2021

Plan Year ended June 30,	Employer Proportion of the Net Pension Liability	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability / Asset
Municipal Employees' Retirement System					
2015	2.497060%	8,919,889	4,262,713	209.3%	66.18%
2016	2.452422%	10,051,767	4,089,843	245.8%	62.11%
2017	2.476861%	10,361,754	4,497,987	230.4%	62.49%
2018	2.384354%	9,872,842	4,353,148	226.8%	63.94%
2019	2.401089%	10,033,338	4,444,877	225.7%	64.68%
2020	2.394515%	10,352,467	4,584,312	225.8%	64.52%
2021	2.295569%	6,385,133	4,545,601	140.5%	77.82%
Municipal Police Employees' Retirement System					
2015	0.543149%	4,255,005	1,442,996	294.9%	70.73%
2016	0.606690%	5,686,395	1,691,539	336.2%	66.04%
2017	0.578721%	5,052,479	1,723,730	293.1%	66.04%
2018	0.568470%	4,805,880	1,672,737	287.3%	71.89%
2019	0.519875%	4,721,336	1,626,224	290.3%	71.01%
2020	0.514753%	4,757,517	1,583,273	300.5%	70.94%
2021	0.551659%	2,940,644	1,688,931	174.1%	84.09%
Firefighters' Retirement System					
2015	0.667852%	3,604,472	1,419,309	254.0%	72.45%
2016	0.645609%	4,222,867	1,453,375	290.6%	68.16%
2017	0.644369%	3,693,426	1,508,845	244.8%	73.55%
2018	0.532933%	3,065,472	1,266,825	242.0%	74.76%
2019	0.510815%	3,198,678	1,240,792	257.8%	73.96%
2020	0.501653%	3,477,233	1,249,891	278.2%	72.61%
2021	0.512081%	1,814,739	1,284,445	141.3%	86.78%
Louisiana State Employees' Retirement System					
2015	0.001940%	132,153	36,000	367.1%	62.66%
2016	0.002030%	159,564	36,000	443.2%	57.73%
2017	0.002040%	143,803	36,000	399.5%	62.54%
2018	0.001970%	134,216	36,000	372.8%	64.30%
2019	0.001890%	136,567	36,000	379.4%	62.90%
2020	0.001820%	150,443	36,000	417.9%	58.00%
2021	0.001880%	103,695	36,000	288.0%	72.80%
Louisiana Parochial Employees' Retirement System					
<u>Dec. 31,</u>					
2015	0.043433%	114,328	249,029	45.9%	92.23%
2016	0.043265%	89,105	256,587	34.7%	94.15%
2017	0.046876%	(34,794)	288,527	-12.1%	101.98%
2018	0.050204%	222,826	307,761	72.4%	88.86%
2019	0.049956%	2,352	326,246	0.7%	99.89%
2020	0.049610%	(86,987)	314,772	-27.6%	104.00%

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

See notes to required supplementary information.

CITY OF MORGAN CITY, LOUISIANA

Schedule of Employer Pension Contributions
Year Ended December 31, 2021

Fiscal Year ended Dec. 31,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
Municipal Employees' Retirement System					
2015	\$ 848,502	\$ 848,502	-	\$ 4,296,207	19.75%
2016	\$ 946,939	\$ 946,939	-	\$ 4,456,968	21.25%
2017	\$ 1,065,251	\$ 1,065,251	-	\$ 4,476,330	23.80%
2018	\$ 1,097,285	\$ 1,097,285	-	\$ 4,323,603	25.38%
2019	\$ 1,248,528	\$ 1,248,528	-	\$ 4,642,317	26.89%
2020	\$ 1,312,708	\$ 1,312,708	-	\$ 4,581,046	28.66%
2021	\$ 1,340,953	\$ 1,340,953	-	\$ 4,553,639	29.45%
Municipal Police Employees' Retirement System					
2015	\$ 475,053	\$ 475,053	-	\$ 1,549,775	30.65%
2016	\$ 524,720	\$ 524,720	-	\$ 1,706,780	30.74%
2017	\$ 537,637	\$ 537,637	-	\$ 1,713,852	31.37%
2018	\$ 521,109	\$ 521,109	-	\$ 1,656,873	31.45%
2019	\$ 529,975	\$ 529,975	-	\$ 1,636,818	32.38%
2020	\$ 545,453	\$ 545,453	-	\$ 1,643,183	33.19%
2021	\$ 568,016	\$ 568,016	-	\$ 1,670,008	34.01%
Firefighters' Retirement System					
2015	\$ 407,578	\$ 407,578	-	\$ 1,443,578	28.23%
2016	\$ 393,702	\$ 393,702	-	\$ 1,501,009	26.23%
2017	\$ 359,260	\$ 359,260	-	\$ 1,390,729	25.83%
2018	\$ 323,653	\$ 323,653	-	\$ 1,221,273	26.50%
2019	\$ 340,753	\$ 340,753	-	\$ 1,256,781	27.11%
2020	\$ 374,286	\$ 374,286	-	\$ 1,248,959	29.97%
2021	\$ 414,234	\$ 414,234	-	\$ 1,344,956	30.80%
Louisiana State Employees' Retirement System					
2015	\$ 14,328	\$ 14,328	-	\$ 36,000	39.80%
2016	\$ 13,698	\$ 13,698	-	\$ 36,000	38.05%
2017	\$ 14,058	\$ 14,058	-	\$ 36,000	39.05%
2018	\$ 14,436	\$ 14,436	-	\$ 36,000	40.10%
2019	\$ 14,850	\$ 14,850	-	\$ 36,000	41.25%
2020	\$ 15,285	\$ 15,285	-	\$ 36,000	42.46%
2021	\$ 15,732	\$ 15,732	-	\$ 36,000	43.70%
Louisiana Parochial Employees' Retirement System					
2016	\$ 31,063	\$ 31,063	-	\$ 256,587	12.11%
2017	\$ 36,066	\$ 36,066	-	\$ 288,527	12.50%
2018	\$ 35,395	\$ 35,395	-	\$ 307,761	11.50%
2019	\$ 37,518	\$ 37,518	-	\$ 326,246	11.50%
2020	\$ 38,631	\$ 38,631	-	\$ 314,772	12.27%
2021	\$ 40,590	\$ 40,590	-	\$ 222,823	18.22%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
See notes to required supplementary information.*

CITY OF MORGAN CITY, LOUISIANA

Schedule of Changes in Total OPEB Liability and Related Ratios
Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 98,880	\$ 88,159	\$ 92,445	\$ 107,717
Interest	165,608	222,088	242,768	226,094
Differences between expected and actual experience	880,132	(464,571)	294,105	(91,541)
Changes in assumptions or other inputs	81,782	179,579	1,800,375	(723,362)
Benefit payments	<u>(320,129)</u>	<u>(317,797)</u>	<u>(173,094)</u>	<u>(167,410)</u>
Net Change in Total OPEB Liability	<u>906,273</u>	<u>(292,542)</u>	<u>2,256,599</u>	<u>(648,502)</u>
Total OPEB Liability -beginning	<u>7,971,772</u>	<u>8,264,314</u>	<u>6,007,715</u>	<u>6,656,217</u>
Total OPEB Liability -ending	<u>\$ 8,878,045</u>	<u>\$ 7,971,772</u>	<u>\$ 8,264,314</u>	<u>\$ 6,007,715</u>
Covered Employee Payroll	<u>\$ 6,750,379</u>	<u>\$ 6,490,749</u>	<u>\$ 6,830,004</u>	<u>\$ 6,830,004</u>
Total OPEB Liability as a percentage of covered employee payroll	<u>131.52%</u>	<u>122.82%</u>	<u>121.00%</u>	<u>87.96%</u>

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

See notes to required supplementary information.

CITY OF MORGAN CITY, LOUISIANA

Notes to Required Supplementary Information

(1) Basis of Accounting

The budget for the General Fund is adopted on the modified accrual basis of accounting consistent with generally accepted accounting principles (GAAP).

(2) Budget and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At least ninety (90) days prior to the beginning of each fiscal year, the Mayor submits a proposed operating budget to the City Council.
2. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten (10) days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance at least fifteen (15) days prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfers of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the debt service and capital projects funds are adopted in total by fund type rather than by individual funds. Budgeted amounts are as originally adopted or as amended from time to time by the City Council.
8. Budgetary control is exercised at the fund level.

(3) Expenditures in Excess of Appropriations

Actual expenditures exceeded budgeted appropriations in the General Fund by \$713,204.

CITY OF MORGAN CITY, LOUISIANA

Notes to Required Supplementary Information (continued)

(4) Retirement Systems

A. Municipal Employees' Retirement System

Changes of benefit terms – There were no changes of benefit terms.

Changes of assumptions –

Plan Year ended June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2015	7.500%	7.500%	2.875%	3	5.000%
2016	7.500%	7.500%	2.875%	3	5.000%
2017	7.400%	7.400%	2.775%	3	5.000%
2018	7.275%	7.275%	2.600%	3	5.000%
2019	7.000%	7.000%	2.500%	3	4.5% - 6.5%
2020	6.950%	6.950%	2.500%	3	4.5% - 6.4%
2021	6.850%	6.850%	2.500%	3	4.5% - 6.4%

B. Municipal Police Employees' Retirement System

Changes of benefit terms – There were no changes of benefit terms.

Changes of assumptions –

Plan Year ended June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2015	7.500%	7.500%	2.875%	4	4.25% - 9.75%
2016	7.500%	7.500%	2.875%	4	4.25% - 9.75%
2017	7.325%	7.325%	2.700%	4	4.25% - 9.75%
2018	7.200%	7.200%	2.600%	4	4.25% - 9.75%
2019	7.125%	7.125%	2.500%	4	4.25% - 9.75%
2020	6.950%	6.950%	2.500%	4	4.70% - 12.30%
2021	6.750%	6.750%	2.500%	4	4.70% - 12.30%

C. Firefighters' Retirement System

Changes of benefit terms – There were no changes of benefit terms.

CITY OF MORGAN CITY, LOUISIANA

Notes to Required Supplementary Information (continued)

Changes of assumptions –

Plan Year ended June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2015	7.500%	7.500%	2.875%	7	4.75% - 15.0%
2016	7.500%	7.500%	2.875%	7	4.75% - 15.0%
2017	7.400%	7.400%	2.775%	7	4.75% - 15.0%
2018	7.300%	7.300%	2.700%	7	4.75% - 15.0%
2019	7.150%	7.150%	2.500%	7	4.5% - 14.75%
2020	7.000%	7.000%	2.500%	7	5.20% - 14.10%
2021	6.900%	6.900%	2.500%	7	5.20% - 14.10%

D. Louisiana State Employees' Retirement System

Changes of benefit terms – There were no changes of benefit terms.

Changes of assumptions –

Plan Year ended June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2015	7.750%	7.750%	3.000%	3	3.0% - 5.5%
2016	7.750%	7.750%	3.000%	3	3.0% - 5.5%
2017	7.700%	7.700%	2.750%	3	2.8% - 5.3%
2018	7.650%	7.650%	2.750%	3	2.8% - 5.3%
2019	7.600%	7.600%	2.500%	2	2.8% - 5.3%
2020	7.550%	7.550%	2.300%	2	2.6% - 5.1%
2021	7.400%	7.400%	2.300%	2	2.6% - 5.1%

E. Louisiana Parochial Employees' Retirement System

Changes of benefit terms – There were no changes of benefit terms.

Changes of assumptions –

Plan Year ended December 31,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2015	7.000%	7.000%	2.500%	4	5.250%
2016	7.000%	7.000%	2.500%	4	5.250%
2017	6.750%	6.750%	2.500%	4	5.250%
2018	6.500%	6.500%	2.400%	4	4.750%
2019	6.500%	6.500%	2.400%	4	4.750%
2020	6.400%	6.400%	2.300%	4	4.750%

CITY OF MORGAN CITY, LOUISIANA

Notes to Required Supplementary Information (continued)

(5) Other Postemployment Benefits

Changes in Benefit Terms- None

Changes in Assumptions- Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018	4.10%
2019	2.74%
2020	2.12%
2021	2.06%

No assets are accumulated in a trust that meets the criteria in GASBS No. 75, paragraph 4.

OTHER SUPPLEMENTARY INFORMATION

CITY OF MORGAN CITY, LOUISIANA

Justice System Funding Schedule - Receiving Entity
Year Ended December 31, 2021

	First Six Month Period Ended 6/30/2021	Second Six Month Period Ended 12/31/2021
Receipts From:		
City Court of Morgan City - Probation/Parole/Supervision Fees	\$ 7,981	\$ 7,875
City Court of Morgan City - Criminal Fines	47,120	65,999
City Court of Morgan City - Criminal Fines- Other	<u>1,818</u>	<u>820</u>
Total Receipts	<u>\$ 56,919</u>	<u>\$ 74,694</u>

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
Year Ended December 31, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Taxes:				
Ad valorem	\$ 2,076,757	\$ 2,237,122	\$ 2,214,999	\$ (22,123)
Sales	<u>2,924,424</u>	<u>3,347,821</u>	<u>3,459,924</u>	<u>112,103</u>
Total taxes	<u>5,001,181</u>	<u>5,584,943</u>	<u>5,674,923</u>	<u>89,980</u>
Licenses and permits:				
Liquor and beer licenses	25,000	25,000	24,115	(885)
Occupational licenses	775,000	775,000	766,510	(8,490)
Building permits	15,000	47,000	48,029	1,029
Chain store	7,000	9,300	9,413	113
Other	<u>25,000</u>	<u>31,400</u>	<u>31,795</u>	<u>395</u>
Total licenses and permits	<u>847,000</u>	<u>887,700</u>	<u>879,862</u>	<u>(7,838)</u>
Intergovernmental:				
State of Louisiana -				
Tobacco taxes	-	-	-	-
Beer taxes	16,000	16,000	18,586	2,586
Video poker	90,000	100,000	116,052	16,052
City Court	70,000	55,000	62,789	7,789
Police	10,000	16,000	15,981	(19)
Other	71,503	27,155	443,260	416,105
St. Mary Parish Council -				
Fire insurance tax	<u>40,000</u>	<u>49,748</u>	<u>49,748</u>	<u>-</u>
Total intergovernmental	<u>297,503</u>	<u>263,903</u>	<u>706,416</u>	<u>442,513</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues (continued)
Year Ended December 31, 2021

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Charges for services:				
Inspection fees	\$ 15,000	\$ 18,000	\$ 19,475	\$ 1,475
Petting Zoo	15,000	26,000	29,038	3,038
Probation fees	30,000	20,000	16,206	(3,794)
Police accident reports, etc.	5,000	14,800	15,577	777
Total charges for services	<u>65,000</u>	<u>78,800</u>	<u>80,296</u>	<u>1,496</u>
Fines and forfeits:				
Fines and forfeits	<u>137,000</u>	<u>122,000</u>	<u>127,107</u>	<u>5,107</u>
Total fines and forfeits	<u>137,000</u>	<u>122,000</u>	<u>127,107</u>	<u>5,107</u>
Miscellaneous:				
Property rentals	35,000	35,000	35,660	660
Cemetery lot sales	50,000	60,000	60,390	390
Insurance dividends	150,000	248,455	248,455	-
Notice fees	5,000	6,400	2,359	(4,041)
Subpoena collections	5,000	5,800	5,795	(5)
Interest earned	154	150	499	349
Sale of Fixed Assets	-	22,525	22,525	-
Other sources	15,000	39,361	69,916	30,555
Total miscellaneous	<u>260,154</u>	<u>417,691</u>	<u>445,599</u>	<u>27,908</u>
Total revenues	<u>\$ 6,607,838</u>	<u>\$ 7,355,037</u>	<u>\$ 7,914,203</u>	<u>\$ 559,166</u>

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
Year Ended December 31, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
GENERAL GOVERNMENT				
Administrative:				
Personnel services				
Salaries and wages-				
Administration	\$ 620,904	\$ 613,154	\$ 623,743	\$ (10,589)
City court	406,437	377,238	369,493	7,745
Payroll taxes	13,102	18,707	19,148	(441)
Hospitalization	305,507	270,932	268,675	2,257
Workers compensation	6,945	6,700	6,543	157
Retirement	126,710	215,545	217,337	(1,792)
Automobile allowance	15,000	15,750	15,750	-
Other allowances	3,300	3,775	3,575	200
	<u>1,497,905</u>	<u>1,521,801</u>	<u>1,524,264</u>	<u>(2,463)</u>
Supplies and materials-				
Vehicle expense	500	-	1,836	(1,836)
Miscellaneous	80,550	53,900	63,046	(9,146)
Office	25,100	20,350	17,100	3,250
Uniforms	1,800	2,500	2,439	61
	<u>107,950</u>	<u>76,750</u>	<u>84,421</u>	<u>(7,671)</u>
Contractual services-				
Engineering, inspection, zoning, civil defense, and public relations	5,000	2,500	2,649	(149)
Insurance and bonds	150,000	152,400	152,754	(354)
Professional fees	176,000	236,750	237,435	(685)
Subscriptions and publishing	16,000	17,500	17,863	(363)
Equipment rentals	1,000	150	100	50
Telephone	15,000	12,250	12,246	4
Community services	21,000	21,000	17,884	3,116
Travel and conventions	2,000	4,500	4,310	190
Utilities	300,000	285,000	299,766	(14,766)
Other	850	465	821	(356)
	<u>686,850</u>	<u>732,515</u>	<u>745,828</u>	<u>(13,313)</u>
Repairs and maintenance	<u>50,000</u>	<u>73,720</u>	<u>75,289</u>	<u>(1,569)</u>
Total administrative	<u>2,342,705</u>	<u>2,404,786</u>	<u>2,429,802</u>	<u>(25,016)</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Purchasing:				
Personnel services-				
Salaries	134,677	153,103	153,300	(197)
Payroll taxes	1,953	2,242	2,242	-
Hospitalization	28,765	29,815	29,825	(10)
Workers compensation	399	399	331	68
Retirement	40,403	40,403	40,574	(171)
Automobile allowances	4,200	3,000	3,000	-
Other allowances	1,200	1,100	1,100	-
	<u>211,597</u>	<u>230,062</u>	<u>230,372</u>	<u>(310)</u>
Supplies and materials -				
Miscellaneous	1,100	1,100	1,559	(459)
Office	2,000	1,000	1,024	(24)
	<u>3,100</u>	<u>2,100</u>	<u>2,583</u>	<u>(483)</u>
Contractual services-				
Equipment rentals	2,812	2,812	2,728	84
Telephone	1,800	1,800	1,808	(8)
Utilities	3,500	4,000	3,868	132
	<u>8,112</u>	<u>8,612</u>	<u>8,404</u>	<u>208</u>
Repairs and maintenance	<u>2,100</u>	<u>2,700</u>	<u>2,111</u>	<u>589</u>
Total purchasing	<u>224,909</u>	<u>243,474</u>	<u>243,470</u>	<u>4</u>
Planning and zoning:				
Personnel services-				
Salaries	229,061	213,753	213,753	-
Payroll taxes	3,321	3,321	3,164	157
Hospitalization	45,854	39,854	39,009	845
Workers compensation	8,859	7,938	7,771	167
Retirement	68,718	58,180	58,180	-
Automobile allowances	6,000	6,000	6,000	-
Other allowances	2,100	2,300	2,300	-
	<u>363,913</u>	<u>331,346</u>	<u>330,177</u>	<u>1,169</u>
Supplies and materials -				
Office	3,000	3,500	3,621	(121)
Vehicle expense	2,500	2,500	2,060	440
Miscellaneous	3,400	3,650	2,825	825
	<u>8,900</u>	<u>9,650</u>	<u>8,506</u>	<u>1,144</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Contractual services-				
Dues and subscriptions	1,000	1,000	939	61
Professional fees	1,000	75	75	-
Insurance Claims	-	-	-	-
Telephone	3,600	3,600	3,524	76
Utilities	3,000	2,500	2,427	73
Equipment rentals	1,200	4,200	4,602	(402)
Travel	1,000	500	239	261
Training	2,500	2,500	884	1,616
	<u>13,300</u>	<u>14,375</u>	<u>12,690</u>	<u>1,685</u>
Repairs and maintenance	<u>8,500</u>	<u>4,500</u>	<u>4,007</u>	<u>493</u>
Total planning and zoning	<u>394,613</u>	<u>359,871</u>	<u>355,380</u>	<u>4,491</u>
PUBLIC SAFETY				
Police:				
Personnel services-				
Salaries	1,813,489	1,939,097	2,204,985	(265,888)
Payroll taxes	29,950	31,150	32,142	(992)
Hospitalization	452,502	402,502	402,360	142
Pension and relief fund	14,982	14,982	-	14,982
Retirement - state plan	566,643	506,643	504,332	2,311
Retirement and unemployment	161,275	144,958	139,518	5,440
Subpoena expense	500	500	50	450
Automobile allowance	6,000	6,000	6,000	-
Other allowances	16,000	16,000	12,184	3,816
	<u>3,061,341</u>	<u>3,061,832</u>	<u>3,301,571</u>	<u>(239,739)</u>
Supplies and materials -				
Vehicle expense	150,184	168,480	127,915	40,565
Guns and ammunition	7,500	10,000	8,224	1,776
Miscellaneous	7,452	27,502	24,371	3,131
Office supplies	15,250	12,500	11,947	553
Uniforms and equipment	25,500	24,000	28,525	(4,525)
	<u>205,886</u>	<u>242,482</u>	<u>200,982</u>	<u>41,500</u>
Contractual services-				
Legal fees	1,000	-	1,741	(1,741)
Dog pound charges	30,000	27,000	27,450	(450)
Autopsy reports	15,000	-	14,725	(14,725)
Housing prisoners	25,000	28,000	31,890	(3,890)
Telephone	32,000	36,500	37,089	(589)
Insurance loss claims	50,000	135,000	33,092	101,908
Training schools and conventions	23,000	16,500	15,776	724
Utilities	55,000	55,000	55,352	(352)
Insurance	5,000	5,000	4,827	173
Other	5,300	5,300	3,277	2,023
	<u>241,300</u>	<u>308,300</u>	<u>225,219</u>	<u>83,081</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Repairs and maintenance	<u>91,400</u>	<u>120,400</u>	<u>128,433</u>	<u>(8,033)</u>
Total police	<u>3,599,927</u>	<u>3,733,014</u>	<u>3,856,205</u>	<u>(123,191)</u>
Fire:				
Personnel services-				
Salaries	1,257,039	1,250,652	1,441,795	(191,143)
Payroll taxes	19,694	19,694	19,613	81
Hospitalization	309,909	281,509	280,720	789
Workers compensation	116,195	93,400	93,399	1
Retirement	461,069	441,069	443,503	(2,434)
Automobile allowance	10,440	10,440	10,440	-
Other allowances	1,800	1,800	1,800	-
	<u>2,176,146</u>	<u>2,098,564</u>	<u>2,291,270</u>	<u>(192,706)</u>
Supplies and materials -				
Uniforms	8,000	8,000	8,904	(904)
Fire fighting equipment	20,000	15,224	16,674	(1,450)
Miscellaneous	12,500	14,500	15,156	(656)
Office	10,000	12,000	12,276	(276)
Small tools/supplies	1,750	2,400	1,550	850
Truck expense	14,000	14,500	15,137	(637)
Fire prevention supplies	5,000	-	992	(992)
	<u>71,250</u>	<u>66,624</u>	<u>70,689</u>	<u>(4,065)</u>
Contractual services-				
Insurance - volunteer fire department	1,400	1,400	1,448	(48)
Telephone	14,500	8,500	8,497	3
Training schools and conventions	19,750	16,500	16,270	230
Rentals	2,000	2,000	1,897	103
Utilities	20,000	15,500	15,426	74
Other	500	500	1,124	(624)
	<u>58,150</u>	<u>44,400</u>	<u>44,662</u>	<u>(262)</u>
Repairs and maintenance	<u>36,500</u>	<u>56,500</u>	<u>64,090</u>	<u>(7,590)</u>
Total fire	<u>2,342,046</u>	<u>2,266,088</u>	<u>2,470,711</u>	<u>(204,623)</u>
Total public safety	<u>5,941,973</u>	<u>5,999,102</u>	<u>6,326,916</u>	<u>(327,814)</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
PUBLIC WORKS				
Streets and drainage:				
Personnel services-				
Salaries	596,659	546,215	543,793	2,422
Payroll taxes	8,652	9,852	8,747	1,105
Hospitalization	122,368	107,368	105,294	2,074
Unemployment compensation	78,739	52,602	52,602	-
Retirement	153,771	132,771	132,355	416
Contract Labor	2,000	-	-	-
Automobile allowance	1,500	1,500	1,500	-
Other allowances	150	150	150	-
	<u>963,839</u>	<u>850,458</u>	<u>844,441</u>	<u>6,017</u>
Supplies and materials -				
Fill, shells, concrete, and asphalt	15,000	26,000	32,665	(6,665)
Vehicle expense	79,100	59,500	60,217	(717)
Uniforms	5,000	3,500	3,712	(212)
Supplies	3,500	2,000	2,126	(126)
Miscellaneous	68,250	43,200	45,961	(2,761)
Small tools	7,000	15,000	13,475	1,525
Chemicals	2,500	3,500	4,457	(957)
	<u>180,350</u>	<u>152,700</u>	<u>162,613</u>	<u>(9,913)</u>
Contractual services-				
Equipment rental	3,000	3,500	3,504	(4)
Insurance claims	5,000	1,000	1,335	(335)
Telephone	1,500	1,500	1,294	206
Training personnel	500	500	395	105
Utilities	3,000	3,000	2,574	426
Other	400	400	575	(175)
	<u>13,400</u>	<u>9,900</u>	<u>9,677</u>	<u>223</u>
Repairs and maintenance -				
Drainage pumps and systems	15,000	25,000	21,305	3,695
Trucks, equipment and buildings	78,000	99,000	102,369	(3,369)
	<u>93,000</u>	<u>124,000</u>	<u>123,674</u>	<u>326</u>
Total streets and drainage	<u>1,250,589</u>	<u>1,137,058</u>	<u>1,140,405</u>	<u>(3,347)</u>
Storm water:				
Personnel services-				
Salaries	20,247	20,247	19,712	535
Payroll taxes	294	294	202	92
Hospitalization	6,107	5,183	5,184	(1)
Retirement	6,074	6,074	5,792	282
	<u>32,722</u>	<u>31,798</u>	<u>30,890</u>	<u>908</u>
Contractual services-				
Licenses	500	500	-	500
Miscellaneous	16,950	11,950	9,773	2,177
Professional services	5,000	-	-	-
Training personnel	2,000	2,000	-	2,000
	<u>24,450</u>	<u>14,450</u>	<u>9,773</u>	<u>4,677</u>
Repairs and maintenance -	<u>-</u>	<u>-</u>	<u>110,738</u>	<u>(110,738)</u>
Total storm water	<u>57,172</u>	<u>46,248</u>	<u>151,401</u>	<u>(105,153)</u>

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Cemetery:				
Personnel services-				
Salaries	55,704	57,004	56,323	681
Payroll taxes	808	808	798	10
Hospitalization	18,278	18,278	19,101	(823)
Workers compensation	4,910	3,438	3,741	(303)
Retirement	16,351	15,000	14,829	171
	<u>96,051</u>	<u>94,528</u>	<u>94,792</u>	<u>(264)</u>
Supplies and materials -				
Gasoline and oil - truck	5,000	3,500	2,593	907
Uniforms	700	700	341	359
Office supplies	500	1,000	774	226
Miscellaneous	9,000	6,500	6,284	216
Chemicals	6,000	3,000	1,800	1,200
Small tools	3,000	2,000	1,644	356
	<u>24,200</u>	<u>16,700</u>	<u>13,436</u>	<u>3,264</u>
Contractual services-				
Equipment rental	1,500	500	150	350
Telephone	765	765	304	461
Utilities	8,000	8,000	7,212	788
	<u>10,265</u>	<u>9,265</u>	<u>7,666</u>	<u>1,599</u>
Repairs and maintenance	<u>82,000</u>	<u>90,000</u>	<u>82,351</u>	<u>7,649</u>
Total cemetery	<u>212,516</u>	<u>210,493</u>	<u>198,245</u>	<u>12,248</u>
Total public works	<u>1,487,555</u>	<u>1,362,001</u>	<u>1,490,051</u>	<u>13,578</u>
CULTURE AND RECREATION				
Petting zoo/ cypress park:				
Personnel services-				
Salaries	46,632	48,632	48,834	(202)
Payroll taxes	676	676	705	(29)
Hospitalization	18,248	18,248	17,424	824
Insurance Claims	-	-	390	(390)
Workers compensation	1,862	1,862	1,762	100
Retirement	13,990	14,250	14,239	11
	<u>81,408</u>	<u>83,668</u>	<u>83,354</u>	<u>314</u>
Supplies and materials -				
Miscellaneous	8,925	8,425	4,632	3,793
Petting zoo	11,000	8,000	7,714	286
Office supplies	500	500	184	316
Small tools/supplies	4,000	2,500	1,979	521
Special events	1,500	1,000	553	447
	<u>25,925</u>	<u>20,425</u>	<u>15,062</u>	<u>5,363</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Contractual services-				
Telephone	1,000	1,000	856	144
Utilities	4,000	4,000	3,703	297
	<u>5,000</u>	<u>5,000</u>	<u>4,559</u>	<u>441</u>
Repairs and maintenance	<u>1,400</u>	<u>400</u>	<u>-</u>	<u>400</u>
Total culture and recreation	<u>113,733</u>	<u>109,493</u>	<u>102,975</u>	<u>6,518</u>
CAPITAL OUTLAY				
General government :				
General administrative	1,800	11,800	58,294	(46,494)
Public safety :				
Police	12,000	23,260	186,784	(163,524)
Public works:				
Streets and drainage	<u>4,700</u>	<u>9,103</u>	<u>32,223</u>	<u>(23,120)</u>
Total capital outlay	<u>18,500</u>	<u>44,163</u>	<u>277,301</u>	<u>(233,138)</u>
DEBT SERVICE				
General Government:				
Principal retirement	-	-	42,008	(42,008)
Interest and fiscal charges	<u>1,500</u>	<u>2,700</u>	<u>2,689</u>	<u>11</u>
	<u>1,500</u>	<u>2,700</u>	<u>44,697</u>	<u>(41,997)</u>
Total expenditures	<u>\$ 10,558,210</u>	<u>\$ 10,557,388</u>	<u>\$ 11,270,592</u>	<u>\$ (713,204)</u>

CITY OF MORGAN CITY, LOUISIANA
Enterprise Fund
Electric, Gas, and Water Utility Fund

Budgetary Comparison Schedule - Revenues
Year Ended December 31, 2021

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
Operating revenues:			
Charges for services -			
Electric sales	\$ 15,866,077	\$ 16,905,089	\$ 1,039,012
Gas sales	1,650,001	1,716,447	66,446
Water sales	2,000,000	2,021,616	21,616
Mosquito control sales	140,000	141,815	1,815
Other	<u>355,000</u>	<u>584,120</u>	<u>229,120</u>
Total operating revenues	<u>20,011,078</u>	<u>21,369,087</u>	<u>1,358,009</u>
Nonoperating revenues (expenses):			
Interest income	380	361	(19)
Sale of fixed asset	280,000	187,933	(92,067)
Interest and fiscal charges	<u>(121,918)</u>	<u>(117,006)</u>	<u>4,912</u>
Total nonoperating expense	<u>158,462</u>	<u>71,288</u>	<u>(87,174)</u>
Total revenues	<u>\$ 20,169,540</u>	<u>\$ 21,440,375</u>	<u>\$ 1,270,835</u>

CITY OF MORGAN CITY, LOUISIANA
Enterprise Fund
Electric, Gas, and Water Utility Fund

Budgetary Comparison Schedule - Expenses
Year Ended December 31, 2021

	Budget	Actual	Variance - Favorable (Unfavorable)
Operating expenses:			
Electric generation -			
Fuel costs:			
LEPA - energy	\$7,927,642	\$7,932,047	\$ (4,405)
LEPA - demand	3,076,280	2,990,125	86,155
	11,003,922	10,922,172	81,750
Contractual services:			
Telephone	500	640	(140)
Utilities	35,000	33,347	1,653
	35,500	33,987	1,513
Depreciation	195,346	146,510	48,836
Total electric generation	11,234,768	11,102,669	132,099
Electric transmission and distribution -			
Personnel services:			
Salaries and wages	613,200	609,624	3,576
Payroll taxes	9,255	8,589	666
Hospitalization and life insurance	88,513	98,434	(9,921)
Workers compensation	16,798	15,852	946
Retirement	170,859	80,880	89,979
Other	3,400	3,400	-
	902,025	816,779	85,246
Supplies and materials:			
Auto and truck	15,000	15,348	(348)
Uniforms	4,000	4,085	(85)
Lamps and street lights	40,000	10,481	29,519
Office supplies	5,000	4,830	170
Training	3,300	3,300	-
Miscellaneous	13,100	13,784	(684)
Small tools and supplies	17,000	18,287	(1,287)
	97,400	70,115	27,285
Contractual services:			
Professional fees	500	205	295
Insurance	50	1,044	(994)
Equipment rental	39,846	33,192	6,654
Environmental monitoring	55,000	59,646	(4,646)
Telephone	3,000	2,842	158
Travel	1,625	1,548	77
Utilities	6,500	6,716	(216)
Other	250	-	250
	106,771	105,193	1,578

(continued)

CITY OF MORGAN CITY, LOUISIANA
Enterprise Fund
Electric, Gas, and Water Utility Fund

Budgetary Comparison Schedule - Expenses (continued)
Year Ended December 31, 2021

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Repairs and maintenance:			
Building	87,000	86,282	718
Equipment	106,500	135,611	(29,111)
Poles	25,000	5,688	19,312
Lines	100,000	99,147	853
Meters	10,000	7,832	2,168
Transformers	440,000	435,467	4,533
Maintenance agreements	30,000	48,065	(18,065)
	<u>798,500</u>	<u>818,092</u>	<u>(19,592)</u>
Depreciation	<u>278,689</u>	<u>378,497</u>	<u>(99,808)</u>
Total electric transmission and distribution	<u>2,183,385</u>	<u>2,188,676</u>	<u>(5,291)</u>
Water manufacturing -			
Personnel services:			
Salaries and wages	455,515	447,014	8,501
Payroll taxes	6,233	5,626	607
Hospitalization and life insurance	86,760	92,910	(6,150)
Workers compensation	21,880	20,866	1,014
Retirement	125,455	58,857	66,598
Other	2,200	2,200	-
	<u>698,043</u>	<u>627,473</u>	<u>70,570</u>
Supplies and materials:			
Auto and truck	5,600	3,658	1,942
Chemicals	220,000	282,336	(62,336)
Uniforms	2,000	2,083	(83)
Office supplies	2,000	1,572	428
Miscellaneous	2,600	1,228	1,372
Small tools and supplies	7,000	5,582	1,418
	<u>239,200</u>	<u>296,459</u>	<u>(57,259)</u>
Contractual services:			
Equipment rental	1,500	1,613	(113)
Utilities	115,000	121,821	(6,821)
Telephone	3,500	3,136	364
Training	2,000	1,193	807
Professional fees	7,000	6,698	302
Other	250	-	250
	<u>129,250</u>	<u>134,461</u>	<u>(5,211)</u>
Repairs and maintenance:			
Building	3,000	373	2,627
Equipment	23,000	25,490	(2,490)
Water tower	87,300	87,125	175
Pumping station and lines	3,000	4,972	(1,972)
	<u>116,300</u>	<u>117,960</u>	<u>(1,660)</u>
Depreciation	<u>242,514</u>	<u>247,898</u>	<u>(5,384)</u>
Total water manufacturing	<u>1,425,307</u>	<u>1,424,251</u>	<u>1,056</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Enterprise Fund
Electric, Gas, and Water Utility Fund

Budgetary Comparison Schedule - Expenses (continued)
Year Ended December 31, 2021

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Water distribution -			
Personnel services:			
Salaries and wages	130,759	126,960	3,799
Payroll taxes	1,565	1,847	(282)
Hospitalization and life insurance	26,761	23,143	3,618
Workers compensation	5,750	6,206	(456)
Retirement	31,370	14,890	16,480
Other	1,850	1,850	-
Training	3,000	1,715	1,285
	<u>201,055</u>	<u>176,611</u>	<u>24,444</u>
Supplies and materials:			
Auto and truck	2,500	(3,258)	5,758
Uniforms	2,500	2,450	50
Office expense	2,300	2,268	32
Miscellaneous	4,350	2,875	1,475
Small tools and supplies	12,800	13,341	(541)
Fill shells and concrete	15,000	12,593	2,407
	<u>39,450</u>	<u>30,269</u>	<u>9,181</u>
Contractual services:			
Insurance	-	130	(130)
Professional services	4,000	6,965	(2,965)
Rentals	1,500	1,150	350
Telephone	500	301	199
Utilities	5,000	4,856	144
Other	500	492	8
	<u>11,500</u>	<u>13,894</u>	<u>(2,394)</u>
Repairs and maintenance:			
Contract repairs	32,000	30,775	1,225
Repair parts - meters and lines	-	111	(111)
Towers and lines	42,000	102,858	(60,858)
	<u>74,000</u>	<u>133,744</u>	<u>(59,744)</u>
Depreciation	<u>85,367</u>	<u>68,446</u>	<u>16,921</u>
Total water distribution	<u>411,372</u>	<u>422,964</u>	<u>(11,592)</u>
Gas distribution -			
Personnel services:			
Salaries and wages	248,816	244,234	4,582
Payroll taxes	4,352	4,782	(430)
Hospitalization and life insurance	30,572	31,034	(462)
Workers compensation	5,938	5,335	603
Retirement	51,095	25,043	26,052
Other	4,050	4,050	-
	<u>344,823</u>	<u>314,478</u>	<u>30,345</u>
Supplies and materials:			
Auto and truck	22,545	18,662	3,883
Uniforms	2,000	2,578	(578)
Office supplies	1,000	428	572
Miscellaneous	19,600	21,293	(1,693)
Fill shells, asphalt and concrete	5,000	2,965	2,035
Small tools and supplies	4,000	7,858	(3,858)
	<u>54,145</u>	<u>53,784</u>	<u>361</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Enterprise Fund
Electric, Gas, and Water Utility Fund

Budgetary Comparison Schedule - Expenses (continued)
Year Ended December 31, 2021

	Budget	Actual	Variance - Favorable (Unfavorable)
Fuel costs:			
Gas purchased	600,000	606,932	(6,932)
Contractual services:			
Insurance	500	412	88
Training	2,000	284	1,716
Ads and publications	500	-	500
Consultant fees	37,500	13,771	23,729
Rentals	1,100	1,199	(99)
Service connections	5,000	-	5,000
Utilities	6,200	6,341	(141)
Other	2,600	1,000	1,600
	<u>55,400</u>	<u>23,007</u>	<u>32,393</u>
Repairs and maintenance:			
Lines, meters and equipment	45,000	32,776	12,224
Depreciation	37,177	27,882	9,295
Total gas distribution	<u>1,136,545</u>	<u>1,058,859</u>	<u>77,686</u>
General and administrative -			
Personnel services:			
Salaries and wages	410,347	403,131	7,216
Payroll taxes	5,591	5,872	(281)
Hospitalization and life insurance	97,279	104,464	(7,185)
Workers compensation	4,572	4,639	(67)
Retirement	108,064	51,653	56,411
Other	5,375	5,375	-
	<u>631,228</u>	<u>575,134</u>	<u>56,094</u>
Supplies and materials:			
Miscellaneous	73,500	76,547	(3,047)
Office supplies	10,000	7,962	2,038
Postage	10,000	8,047	1,953
Small tools and supplies	3,000	2,618	382
Truck and auto	12,600	13,294	(694)
Uniforms	2,000	2,041	(41)
	<u>111,100</u>	<u>110,509</u>	<u>591</u>
Contractual services:			
Equipment rentals	1,500	1,377	123
Insurance	300,000	286,774	13,226
Professional fees	125,050	131,328	(6,278)
Telephone	3,250	3,339	(89)
Utilities	6,500	7,065	(565)
Other	200	-	200
	<u>436,500</u>	<u>429,883</u>	<u>6,617</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Enterprise Fund
Electric, Gas, and Water Utility Fund

Budgetary Comparison Schedule - Expenses (continued)
Year Ended December 31, 2021

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Repairs and maintenance:			
Equipment	101,000	82,581	18,419
Other charges:			
Bad debts	125,000	125,207	(207)
Depreciation	5,438	8,208	(2,770)
Total general and administrative	<u>1,410,266</u>	<u>1,331,522</u>	<u>78,744</u>
Mosquito Control-			
Personnel services:			
Salaries and wages	59,940	62,464	(2,524)
Payroll taxes	750	857	(107)
Hospitalization and life insurance	10,889	11,635	(746)
Workers compensation	5,138	5,266	(128)
Retirement	16,527	7,554	8,973
	<u>93,244</u>	<u>87,776</u>	<u>5,468</u>
Supplies and materials:			
Auto and truck	3,000	4,190	(1,190)
Miscellaneous	3,150	1,997	1,153
Small tools and supplies	3,800	1,915	1,885
Chemicals	13,000	12,470	530
	<u>22,950</u>	<u>20,572</u>	<u>2,378</u>
Contractual services:			
Professional fees	3,000	679	2,321
Training	3,500	70	3,430
Utilities	100	-	100
	<u>6,600</u>	<u>749</u>	<u>5,851</u>
Repairs and maintenance	10,450	7,492	2,958
Depreciation	6,586	4,940	1,646
Total mosquito control	<u>139,830</u>	<u>121,529</u>	<u>18,301</u>
Backflow Prevention			
Personnel services:			
Salaries and wages	21,171	20,146	1,025
Payroll taxes	294	202	92
Hospitalization and life insurance	5,120	5,121	(1)
Retirement	6,074	2,778	3,296
Miscellaneous	2,513	1,120	1,393
Other	5,870	1,781	4,089
Training	1,500	350	1,150
Repairs and maintenance	1,000	-	1,000
	<u>43,542</u>	<u>31,498</u>	<u>12,044</u>
Total operating expenses	<u>\$ 17,985,015</u>	<u>\$ 17,681,968</u>	<u>\$ 303,047</u>

CITY OF MORGAN CITY, LOUISIANA
Enterprise Fund
Sanitation and Sewer Utility Fund

Budgetary Comparison Schedule - Revenues
Year Ended December 31, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Operating revenues:			
Charges for services -			
Sanitation customers	\$ 1,139,800	\$ 1,147,505	\$ 7,705
Sewer customers	1,750,000	1,766,747	16,747
Other	<u>40,000</u>	<u>55,277</u>	<u>15,277</u>
Total operating revenues	<u>2,929,800</u>	<u>2,969,529</u>	<u>39,729</u>
Nonoperating revenues (expenses):			
Other	6,200	17,843	11,643
Interest and fiscal charges	(39,807)	(39,808)	(1)
Interest income	<u>2,000</u>	<u>2,186</u>	<u>186</u>
Total nonoperating expense	<u>(31,607)</u>	<u>(19,779)</u>	<u>11,828</u>
Total revenues	<u>\$ 2,898,193</u>	<u>\$ 2,949,750</u>	<u>\$ 51,557</u>

CITY OF MORGAN CITY, LOUISIANA
Enterprise Fund
Sanitation and Sewer Utility Fund
Budgetary Comparison Schedule - Expenses
Year Ended December 31, 2021

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Expenses:			
Sanitation -			
Personnel services:			
Salaries	\$ 133,466	\$ 137,147	\$ (3,681)
Payroll taxes	2,022	1,810	212
Hospitalization and life insurance	28,767	31,162	(2,395)
Workers compensation	17,573	17,026	547
Retirement benefits	35,240	17,793	17,447
Other	600	600	-
	<u>217,668</u>	<u>205,538</u>	<u>12,130</u>
Supplies and materials:			
Small tools and supplies	2,500	596	1,904
Uniforms	700	1,019	(319)
Office supplies	350	482	(132)
Truck expense	26,500	24,349	2,151
Miscellaneous	3,891	2,302	1,589
	<u>33,941</u>	<u>28,748</u>	<u>5,193</u>
Contractual services:			
Insurance	73,955	73,947	8
Solid waste collection	1,022,652	1,026,310	(3,658)
Solid waste disposal	65,000	67,200	(2,200)
Environmental	500	-	500
Equipment rentals	40,600	51,976	(11,376)
Telephone	800	296	504
Utilities	1,800	2,166	(366)
	<u>1,205,307</u>	<u>1,221,895</u>	<u>(16,588)</u>
Repairs and maintenance	56,000	49,915	6,085
Depreciation	41,680	43,029	(1,349)
Total sanitation expenses	<u>1,554,596</u>	<u>1,549,125</u>	<u>5,471</u>
Sewer -			
Personnel services:			
Salaries	282,996	288,639	(5,643)
Payroll taxes	3,987	4,073	(86)
Hospitalization and life insurance	45,289	46,649	(1,360)
Workers compensation	21,655	20,412	1,243
Retirement benefits	61,499	29,663	31,836
Other	3,350	1,483	1,867
	<u>418,776</u>	<u>390,919</u>	<u>27,857</u>
Supplies and materials:			
Small tools and supplies	7,000	4,170	2,830
Uniforms	2,500	1,939	561
Office supplies	2,000	1,930	70
Truck expense	2,000	2,020	(20)
Miscellaneous	7,000	4,288	2,712
Fill shells and concrete	5,000	2,263	2,737
	<u>25,500</u>	<u>16,610</u>	<u>8,890</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Enterprise Fund
Sanitation and Sewer Utility Fund

Budgetary Comparison Schedule - Expenses (continued)
Year Ended December 31, 2021

	Budget	Actual	Variance - Favorable (Unfavorable)
Contractual services:			
Equipment rental	3,033	3,466	(433)
Insurance	25,000	24,998	2
Professional services	-	6,458	(6,458)
Utilities and telephone	93,500	95,547	(2,047)
Other	250	55	195
	<u>121,783</u>	<u>130,524</u>	<u>(8,741)</u>
Repairs and maintenance:			
Equipment	78,000	91,930	(13,930)
Tree removal	-	-	-
Pumps and lines	42,750	50,850	(8,100)
	<u>120,750</u>	<u>142,780</u>	<u>(22,030)</u>
Depreciation	<u>185,506</u>	<u>176,194</u>	<u>9,312</u>
Total sewer expenses	<u>872,315</u>	<u>857,027</u>	<u>15,288</u>
Sewer treatment plant -			
Personnel services:			
Salaries	179,376	186,485	(7,109)
Payroll taxes	2,528	2,472	56
Hospitalization and life insurance	38,979	42,707	(3,728)
Workers compensation	10,858	12,054	(1,196)
Retirement benefits	51,713	24,629	27,084
Other	1,100	1,103	(3)
	<u>284,554</u>	<u>269,450</u>	<u>15,104</u>
Supplies and materials:			
Truck expense	3,500	3,351	149
Chemicals	10,000	17,636	(7,636)
Miscellaneous	6,700	8,407	(1,707)
Office supplies	1,000	650	350
Small tools and supplies	2,400	1,529	871
	<u>23,600</u>	<u>31,573</u>	<u>(7,973)</u>
Contractual services:			
Insurance	73,712	73,712	-
Dues and subscriptions	400	490	(90)
Maintenance agreements	2,000	600	1,400
Land rentals	41,900	41,627	273
Licenses	12,200	12,197	3
Utilities	130,000	133,758	(3,758)
Telephone	2,500	1,932	568
Professional fees	18,000	18,297	(297)
Other	100	100	-
	<u>280,812</u>	<u>282,713</u>	<u>(1,901)</u>
Repairs and maintenance	<u>45,500</u>	<u>170,558</u>	<u>(125,058)</u>
Other charges:			
Bad debts	25,000	25,059	(59)
Depreciation	<u>240,761</u>	<u>234,208</u>	<u>6,553</u>
Total sewer treatment plant expenses	<u>900,227</u>	<u>1,013,561</u>	<u>(113,334)</u>
Total expenses	<u>\$ 3,327,138</u>	<u>\$ 3,419,713</u>	<u>\$ (92,575)</u>

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Governmental Fund Types

Combining Balance Sheet
December 31, 2021

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Totals
ASSETS					
Cash	\$ 2,543,183	\$ 393,824	\$ 460,521	\$ 18,257	\$ 3,415,785
Interest-bearing deposits	24,727	-	-	-	24,727
Investments	1,217,320	-	247,633	662,281	2,127,234
Receivables:					
Accounts	143,967	-	-	-	143,967
Taxes	20,365	-	-	-	20,365
Due from other funds	194,305	-	-	-	194,305
Due from other governmental units	1,113,905	-	-	8,808	1,122,713
Prepaid items	6,142	-	-	-	6,142
Loans to other funds	250,000	-	-	-	250,000
Total assets	<u>\$ 5,513,914</u>	<u>\$ 393,824</u>	<u>\$ 708,154</u>	<u>\$ 689,346</u>	<u>\$ 7,305,238</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 258,584	\$ -	\$ 5,666	\$ -	\$ 264,250
Unearned revenue	40,118	-	-	-	40,118
Accrued liabilities	18,592	-	-	-	18,592
Due to other funds	732,466	-	101,546	25,000	859,012
Advances from other funds	-	-	122,962	-	122,962
Total liabilities	1,049,760	-	230,174	25,000	1,304,934
Deferred inflows of resources:					
Unavailable tax and grant revenues	544,213	-	-	-	544,213
Fund balances:					
Nonspendable	256,142	-	-	664,346	920,488
Restricted	4,037,120	393,824	626,139	-	5,057,083
Unassigned (deficit)	(373,321)	-	(148,159)	-	(521,480)
Total fund balances	3,919,941	393,824	477,980	664,346	5,456,091
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,513,914</u>	<u>\$ 393,824</u>	<u>\$ 708,154</u>	<u>\$ 689,346</u>	<u>\$ 7,305,238</u>

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Governmental Fund Types

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2021

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Totals
Revenues:					
Taxes	\$ 2,925,018	\$ -	\$ -	\$ -	\$ 2,925,018
Intergovernmental	636,927	-	20,669	-	657,596
Charges for services	1,517,814	-	-	-	1,517,814
Donations	162,047	-	-	-	162,047
Fines and forfeitures	38,941	-	-	-	38,941
Interest	66,000	228	2,351	21,801	90,380
Net change in fair value of investments	94,804	-	-	51,323	146,127
Miscellaneous	20,609	-	-	-	20,609
Total revenues	<u>5,462,160</u>	<u>228</u>	<u>23,020</u>	<u>73,124</u>	<u>5,558,532</u>
Expenditures:					
General government	-	-	49,619	56,072	105,691
Public safety - police and fire	394,936	-	-	-	394,936
Public works	574,568	-	66,335	-	640,903
Culture and recreation	2,022,000	-	-	-	2,022,000
Capital outlay	335,750	-	31,381	-	367,131
Principle retirement	30,770	450,000	-	-	480,770
Interest and fiscal charges	11,328	15,166	-	-	26,494
Total expenditures	<u>3,369,352</u>	<u>465,166</u>	<u>147,335</u>	<u>56,072</u>	<u>4,037,925</u>
Excess (deficiency) of revenues over expenditures	<u>2,092,808</u>	<u>(464,938)</u>	<u>(124,315)</u>	<u>17,052</u>	<u>1,520,607</u>
Other financing sources (uses):					
Transfers in	828,000	474,056	45,000	-	1,347,056
Transfers out	<u>(2,283,939)</u>	<u>(1,320)</u>	<u>-</u>	<u>-</u>	<u>(2,285,259)</u>
Total other financing sources (uses)	<u>(1,455,939)</u>	<u>472,736</u>	<u>45,000</u>	<u>-</u>	<u>(938,203)</u>
Net changes in fund balances	636,869	7,798	(79,315)	17,052	582,404
Fund balances, beginning	<u>3,283,072</u>	<u>386,026</u>	<u>557,295</u>	<u>647,294</u>	<u>4,873,687</u>
Fund balances, ending	<u>\$ 3,919,941</u>	<u>\$ 393,824</u>	<u>\$ 477,980</u>	<u>\$ 664,346</u>	<u>\$ 5,456,091</u>

NONMAJOR SPECIAL REVENUE FUNDS

City Recreation Program Fund

Monies in this fund are received from sponsored recreation programs and transfers from the General Fund. The costs of the recreation department are accounted for in this fund.

Library Commission Fund

Monies in this fund are received from St. Mary Parish, private donations, and transfers from the General Fund and Morgan City Young Fund. The costs of the library are accounted for in this fund.

Municipal Auditorium Fund

Monies in this fund are received from auditorium rentals, concessions, and transfers from the General Fund. The costs of the municipal auditorium are accounted for in this fund.

Pollution Abatement Fund

This fund accounts for receipt and disbursements of the proceeds from a 3/4% sales and use tax, which are dedicated to the improvement of sanitation and sewer disposal in the City.

Morgan City Beautification Fund

Monies in this fund are received from other governments and donations. The costs for making Morgan City beautiful are accounted for in this fund.

Road and Royalty Fund

This fund accounts for receipts and subsequent expenditures of the proceeds from a 3/10% sales tax, St. Mary Parish Council grants, and other intergovernmental grants designated for street improvements.

Cemetery Fund

Monies in this fund are received from sales of mausoleum crypts. The cost of maintenance and improvements to the mausoleum and surrounding cemetery grounds are accounted for in this fund.

Fire Apparatus Purchase Fund

General Fund transfers are made to this fund to dedicate monies for fire equipment purchases.

Lake End Park Fund

Monies in this fund are received from gate and space rental receipts, St. Mary Parish, and transfers from the General Fund. The costs of operating Lake End Park are accounted for in this fund.

Morgan City Archives Fund

Monies in this fund are received from grants, donations and transfers from the General Fund and the Morgan City Young Fund. These funds are dedicated to the preservation of Morgan City historical documents.

SPECIAL REVENUE FUNDS (CONTINUED)

State Prisoners' Fund

Monies in this fund are received from neighboring parishes and cities and transfers from the General Fund. The costs of prisoners' meals, medical expenses and supplies are accounted for in this fund.

Real Estate Acquisition Fund

This fund accounts for the purchases and sales of various real estate.

Wharf Fund

This fund accounts for monies received from wharf rentals and for costs incurred to maintain the wharves.

Lake End Park Marina Fund

This fund accounts for the monies received from operation of the marina and expenditures incurred relative to the maintenance of the marina.

Emergency Management Fund

To account for the federal and state monies received and expended for damages sustained as a result of Hurricanes.

Main Street Commission Fund

This fund accounts for monies received from federal and state sources for the development and operation of the Main Street Program.

Housing Initiative Fund

This fund accounts for the receipt and subsequent expenditures of funds to provide new housing on existing lots within the City to first time homebuyers at low interest rates.

Lake End Parkway Fund

This fund accounts for receipts from camper space rentals at Lake End Parkway. The costs associated with the operation and maintenance of the sites are also accounted for in this fund.

H&B Young Fund

This fund accounts for donations received and expended for specific purposes restricted by the charitable foundation.

Brownell Carrillon Towers

This fund accounts for donations received and held to be expended for maintenance and operation of the park.

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Special Revenue Funds

Combining Balance Sheet
December 31, 2021

	City Recreation Program	Library Commission	Municipal Auditorium	Pollution Abatement	Morgan City Beautification
ASSETS					
Cash	\$ 167,685	\$100,170	\$ 164,517	\$ 609,473	\$ 48,815
Interest-bearing deposits	-	-	-	-	-
Investments at fair value	-	-	-	-	-
Receivables:					
Accounts	-	-	114,767	-	-
Due from other governmental units	-	-	-	340,061	-
Taxes	-	-	20,365	-	-
Due from other funds	-	-	-	-	2,416
Advances to other funds	-	-	-	-	-
Prepaid items	-	-	2,690	-	-
Total assets	<u>\$ 167,685</u>	<u>\$100,170</u>	<u>\$ 302,339</u>	<u>\$ 949,534</u>	<u>\$ 51,231</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 7,923	\$ 13,794	\$ 19,156	\$ 88,112	\$ 7,285
Unearned revenue	-	-	-	-	-
Accrued liabilities	6,469	288	6,349	-	-
Due to other funds	839	-	10,635	-	-
Total liabilities	<u>15,231</u>	<u>14,082</u>	<u>36,140</u>	<u>88,112</u>	<u>7,285</u>
Deferred inflows of resources:					
Unavailable tax and grant revenues	-	-	125,093	-	-
Fund balances:					
Nonspendable	-	-	2,690	-	-
Restricted	152,454	86,088	138,416	861,422	43,946
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	<u>152,454</u>	<u>86,088</u>	<u>141,106</u>	<u>861,422</u>	<u>43,946</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 167,685</u>	<u>\$100,170</u>	<u>\$ 302,339</u>	<u>\$ 949,534</u>	<u>\$ 51,231</u>

<u>Road and Royalty</u>	<u>Cemetery</u>	<u>Fire Apparatus Purchase</u>	<u>Lake End Park</u>	<u>Morgan City Archives</u>	<u>State Prisoners'</u>	<u>Real Estate Acquisition</u>
\$ 370,197	\$ 317,974	\$ 35,607	\$ 277,843	\$ 14,177	\$ 101,592	\$ 11,535
-	-	-	-	-	-	-
-	-	-	-	598,663	-	-
-	29,200	-	-	-	-	-
169,670	100	-	-	-	-	-
-	-	-	-	-	-	-
-	25,000	-	25,000	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1,109	-
<u>\$ 539,867</u>	<u>\$ 372,274</u>	<u>\$ 35,607</u>	<u>\$ 302,843</u>	<u>\$ 612,840</u>	<u>\$ 102,701</u>	<u>\$ 11,535</u>
\$ 6,986	\$ 89	\$ -	\$ 32,035	\$ 125	\$ 47,532	\$ -
-	-	-	3,211	-	-	-
-	-	-	1,304	-	-	-
-	-	-	123,965	-	50,776	-
<u>6,986</u>	<u>89</u>	<u>-</u>	<u>160,515</u>	<u>125</u>	<u>98,308</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	1,109	-
532,881	372,185	35,607	142,328	612,715	3,284	11,535
-	-	-	-	-	-	-
<u>532,881</u>	<u>372,185</u>	<u>35,607</u>	<u>142,328</u>	<u>612,715</u>	<u>4,393</u>	<u>11,535</u>
<u>\$ 539,867</u>	<u>\$ 372,274</u>	<u>\$ 35,607</u>	<u>\$ 302,843</u>	<u>\$ 612,840</u>	<u>\$ 102,701</u>	<u>\$ 11,535</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Special Revenue Funds

Combining Balance Sheet (continued)
December 31, 2021

	Wharf	Lake End Park Marina	Emergency Management
ASSETS			
Cash	\$ 15,370	\$ 771	\$ 5,010
Interest-bearing deposits	-	2,745	-
Investments at fair value	-	-	-
Receivables:			
Accounts	-	-	-
Due from other governmental units	-	-	604,074
Taxes	-	-	-
Due from other funds	-	27,902	112
Advances to other funds	-	-	-
Prepaid items	-	-	-
Total assets	\$ 15,370	\$ 31,418	\$ 609,196
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 57	\$ -	\$ 21,130
Unearned revenue	-	-	9,968
Accrued liabilities	-	200	-
Due to other funds	-	-	532,299
Total liabilities	57	200	563,397
Deferred inflows of resources:			
Unavailable tax and grant revenues	-	-	419,120
Fund balances:			
Nonspendable	-	-	-
Restricted	15,313	31,218	-
Unassigned (deficit)	-	-	(373,321)
Total fund balances (deficit)	15,313	31,218	(373,321)
Total liabilities, deferred inflows of resources, and fund balances	\$ 15,370	\$ 31,418	\$ 609,196

<u>Main Street Commission</u>	<u>Housing Initiative</u>	<u>Lake End Parkway</u>	<u>H&B Young</u>	<u>Brownell Carrillon Towers</u>	<u>Totals</u>
\$ 14,534	\$ -	\$ 47,089	\$ 131,514	\$ 109,310	\$ 2,543,183
21,982	-	-	-	-	24,727
-	-	-	-	618,657	1,217,320
-	-	-	-	-	143,967
-	-	-	-	-	1,113,905
-	-	-	-	-	20,365
-	-	94,569	19,306	-	194,305
-	250,000	-	-	-	250,000
-	-	-	-	2,343	6,142
<u>\$ 36,516</u>	<u>\$ 250,000</u>	<u>\$ 141,658</u>	<u>\$ 150,820</u>	<u>\$ 730,310</u>	<u>\$ 5,513,914</u>
\$ 978	\$ -	\$ 13,111	\$ -	\$ 271	258,584
-	-	26,939	-	-	40,118
616	-	3,366	-	-	18,592
11,975	-	829	-	1,148	732,466
<u>13,569</u>	<u>-</u>	<u>44,245</u>	<u>-</u>	<u>1,419</u>	<u>1,049,760</u>
-	-	-	-	-	544,213
-	250,000	-	-	2,343	256,142
22,947	-	97,413	150,820	726,548	4,037,120
-	-	-	-	-	(373,321)
<u>22,947</u>	<u>250,000</u>	<u>97,413</u>	<u>150,820</u>	<u>728,891</u>	<u>3,919,941</u>
<u>\$ 36,516</u>	<u>\$ 250,000</u>	<u>\$ 141,658</u>	<u>\$ 150,820</u>	<u>\$ 730,310</u>	<u>\$ 5,513,914</u>

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Special Revenue Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2021

	City Recreation Program	Library Commission	Municipal Auditorium	Pollution Abatement	Morgan City Beautification
Revenues:					
Taxes	\$ -	\$ -	\$ 265,901	\$ 1,773,159	\$ -
Intergovernmental	-	23,413	-	-	-
Charges for services	97,527	4,440	45,963	-	-
Donations	-	409	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income:					
Interest	99	6	100	279	-
Net change in fair value of investments	-	-	-	-	-
Miscellaneous	50	-	7,036	-	-
Total revenues	<u>97,676</u>	<u>28,268</u>	<u>319,000</u>	<u>1,773,438</u>	<u>-</u>
Expenditures:					
Public safety - police and fire	-	-	-	-	-
Public works	-	-	-	25,900	-
Culture and recreation	348,575	90,420	469,068	-	126,908
Debt service -					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	2,798	3,981	-	-	-
Total expenditures	<u>351,373</u>	<u>94,401</u>	<u>469,068</u>	<u>25,900</u>	<u>126,908</u>
Excess (deficiency) of revenues over expenditures	<u>(253,697)</u>	<u>(66,133)</u>	<u>(150,068)</u>	<u>1,747,538</u>	<u>(126,908)</u>
Other financing sources (uses):					
Transfers in	300,000	60,000	100,000	-	155,000
Transfers out	-	-	-	(1,637,383)	-
Total other financing sources (uses)	<u>300,000</u>	<u>60,000</u>	<u>100,000</u>	<u>(1,637,383)</u>	<u>155,000</u>
Net change in fund balances	46,303	(6,133)	(50,068)	110,155	28,092
Fund balances (deficit), beginning	<u>106,151</u>	<u>92,221</u>	<u>191,174</u>	<u>751,267</u>	<u>15,854</u>
Fund balances (deficit), ending	<u>\$152,454</u>	<u>\$ 86,088</u>	<u>\$ 141,106</u>	<u>\$ 861,422</u>	<u>\$ 43,946</u>

<u>Road and Royalty</u>	<u>Cemetery</u>	<u>Fire Apparatus Purchase</u>	<u>Lake End Park</u>	<u>Morgan City Archives</u>	<u>State Prisoners'</u>	<u>Real Estate Acquisition</u>
\$ 885,958	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
51,264	-	-	-	-	330,567	-
-	337,200	-	506,313	-	24,106	-
-	-	-	-	-	-	-
-	-	-	-	-	38,941	-
443	109	-	202	44,334	-	12
-	-	-	-	70,461	-	-
-	300	-	5,738	-	6,785	-
<u>937,665</u>	<u>337,609</u>	<u>-</u>	<u>512,253</u>	<u>114,795</u>	<u>400,399</u>	<u>12</u>
-	-	-	-	-	394,936	-
377,824	4,156	-	-	-	-	-
-	-	-	491,201	6,200	-	-
-	-	30,770	-	-	-	-
-	-	11,328	-	-	-	-
<u>128,676</u>	<u>-</u>	<u>-</u>	<u>17,426</u>	<u>-</u>	<u>29,485</u>	<u>-</u>
<u>506,500</u>	<u>4,156</u>	<u>42,098</u>	<u>508,627</u>	<u>6,200</u>	<u>424,421</u>	<u>-</u>
<u>431,165</u>	<u>333,453</u>	<u>(42,098)</u>	<u>3,626</u>	<u>108,595</u>	<u>(24,022)</u>	<u>12</u>
-	-	48,000	100,000	-	65,000	-
<u>(519,056)</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(519,056)</u>	<u>(30,000)</u>	<u>48,000</u>	<u>100,000</u>	<u>-</u>	<u>65,000</u>	<u>-</u>
(87,891)	303,453	5,902	103,626	108,595	40,978	12
<u>620,772</u>	<u>68,732</u>	<u>29,705</u>	<u>38,702</u>	<u>504,120</u>	<u>(36,585)</u>	<u>11,523</u>
<u>\$ 532,881</u>	<u>\$ 372,185</u>	<u>\$ 35,607</u>	<u>\$ 142,328</u>	<u>\$ 612,715</u>	<u>\$ 4,393</u>	<u>\$ 11,535</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Special Revenue Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (continued)
Year Ended December 31, 2021

	<u>Wharf</u>	<u>Lake End Park Marina</u>	<u>Emergency Management</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	231,683
Charges for services	5,118	62,420	-
Donations	-	-	-
Fines and forfeitures	-	-	-
Investment income:			
Interest	-	26	-
Net change in fair value of investments	-	-	-
Miscellaneous	-	-	700
Total revenues	<u>5,118</u>	<u>62,446</u>	<u>232,383</u>
Expenditures:			
Public safety - police and fire	-	-	-
Public works	-	-	166,688
Culture and recreation	540	285	-
Debt service -			
Principal	-	-	-
Interest	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>540</u>	<u>285</u>	<u>166,688</u>
Excess (deficiency) of revenues over expenditures	<u>4,578</u>	<u>62,161</u>	<u>65,695</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(2,500)	(50,000)	-
Total other financing sources (uses)	<u>(2,500)</u>	<u>(50,000)</u>	<u>-</u>
Net change in fund balances	2,078	12,161	65,695
Fund balances (deficit), beginning	<u>13,235</u>	<u>19,057</u>	<u>(439,016)</u>
Fund balances (deficit), ending	<u>\$ 15,313</u>	<u>\$ 31,218</u>	<u>\$ (373,321)</u>

<u>Main Street Commission</u>	<u>Housing Initiative</u>	<u>Lake End Parkway</u>	<u>H&B Young</u>	<u>Brownell Carrillon Towers</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$2,925,018
-	-	-	-	-	636,927
6,310	-	428,417	-	-	1,517,814
4,638	-	-	157,000	-	162,047
-	-	-	-	-	38,941
26	-	14	-	20,350	66,000
-	-	-	-	24,343	94,804
-	-	-	-	-	20,609
<u>10,974</u>	<u>-</u>	<u>428,431</u>	<u>157,000</u>	<u>44,693</u>	<u>5,462,160</u>
-	-	-	-	-	394,936
-	-	-	-	-	574,568
65,257	-	364,810	5,900	52,836	2,022,000
-	-	-	-	-	30,770
-	-	-	-	-	11,328
1,689	-	-	151,695	-	335,750
<u>66,946</u>	<u>-</u>	<u>364,810</u>	<u>157,595</u>	<u>52,836</u>	<u>3,369,352</u>
<u>(55,972)</u>	<u>-</u>	<u>63,621</u>	<u>(595)</u>	<u>(8,143)</u>	<u>2,092,808</u>
-	-	-	-	-	828,000
-	-	-	(45,000)	-	(2,283,939)
-	-	-	(45,000)	-	(1,455,939)
(55,972)	-	63,621	(45,595)	(8,143)	636,869
<u>78,919</u>	<u>250,000</u>	<u>33,792</u>	<u>196,415</u>	<u>737,034</u>	<u>3,283,072</u>
<u>\$ 22,947</u>	<u>\$250,000</u>	<u>\$ 97,413</u>	<u>\$150,820</u>	<u>\$728,891</u>	<u>\$3,919,941</u>

NONMAJOR DEBT SERVICE FUNDS

Sales Tax Sinking Fund, Series 2012 Fund

To accumulate monies for payment of the \$4,000,000 Sales Tax Revenue Bond, Series 2012, which are due in annual installments ranging from \$340,000 to \$465,000 through March 1, 2022. Financing is to be provided from a dedication of the City's 3/10 percent sales tax.

Auditorium Bond #1 Fund

To accumulate monies for payment of the \$1,600,000 Property Tax Revenue Bond, Series 2000, which are due in annual installments ranging from \$45,000 to \$140,000 through March 1, 2020. Financing is to be provided from a dedication of a portion of the City's property tax.

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Debt Service Funds

Combining Balance Sheet
December 31, 2021

	<u>Sales Tax Sinking Fund Series 2012</u>
ASSETS	
Cash	<u>\$ 393,824</u>
FUND BALANCES	
Fund balances:	
Restricted	<u>\$ 393,824</u>

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Debt Service Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2021

	Sales Tax Sinking Fund Series 2012	Auditorium Bond #1	Totals
Revenues:			
Interest	228	-	228
Expenditures:			
Principle retirement	450,000	-	450,000
Interest and fiscal charges	15,166	-	15,166
Total expenditures	465,166	-	465,166
Deficiency of revenues over expenditures	(464,938)	-	(464,938)
Other financing sources (uses):			
Operating transfers in	474,056	-	474,056
Operating transfers out	-	(1,320)	(1,320)
Total other financing sources (uses)	474,056	(1,320)	472,736
Net change in fund balances	9,118	(1,320)	7,798
Fund balances, beginning	384,706	1,320	386,026
Fund balances, ending	\$ 393,824	\$ -	\$ 393,824

NONMAJOR CAPITAL PROJECTS FUNDS

Lake End Park Construction Fund

To account for the financing and construction of improvements at Lake End Park. Grants and donations provide funding for the projects.

City Hall Complex Construction Fund

To account for the financing and construction of renovations to the city hall. General revenues and donations provide funding for the projects.

Road Improvements Construction Fund

The Road Improvements Construction Fund accounts for the financing of projects associated with constructing, improving, resurfacing, maintaining and providing street drainage for public streets, alleys, sidewalks and public wharves, and acquiring certain equipment. Proceeds from general obligation bonds, series 2012, provide funding for the projects.

LCDBG Fund

To account for expenditures related to projects for the renovation of housing for low-income citizens and for demolition of abandoned housing within certain target areas of the City. Financing was provided by Louisiana Community Development Block Grant.

Louisiana Capital Outlay Fund

To account for the receipt and expenditure of proceeds from all Capital Outlay grants from the state of Louisiana.

Sidewalk Assessment Fund

To account for monies remaining after payment of the costs for sidewalk repairs in certain areas within the City.

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Capital Projects Funds

Combining Balance Sheet
December 31, 2021

	Lake End Park Construction	City Hall Complex Construction	Road Improvement Construction	LCDBG	Louisiana Capital Outlay	Sidewalk Assessment	Totals
ASSETS							
Cash	\$ 7,381	\$ 306,132	\$ 72,374	\$ 25,627	\$ 2,213	\$ 46,794	\$ 460,521
Investments	<u>-</u>	<u>247,633</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,633</u>
Total assets	<u>\$ 7,381</u>	<u>\$ 553,765</u>	<u>\$ 72,374</u>	<u>\$ 25,627</u>	<u>\$ 2,213</u>	<u>\$ 46,794</u>	<u>\$ 708,154</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,666	\$ 5,666
Due to other funds	25,000	-	-	25,000	-	51,546	101,546
Advances from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,962</u>	<u>-</u>	<u>122,962</u>
Total liabilities	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>122,962</u>	<u>57,212</u>	<u>230,174</u>
Fund balances:							
Restricted	-	553,765	72,374	-	-	-	626,139
Unassigned (deficit)	<u>(17,619)</u>	<u>-</u>	<u>-</u>	<u>627</u>	<u>(120,749)</u>	<u>(10,418)</u>	<u>(148,159)</u>
Total fund balances (deficit)	<u>(17,619)</u>	<u>553,765</u>	<u>72,374</u>	<u>627</u>	<u>(120,749)</u>	<u>(10,418)</u>	<u>477,980</u>
Total liabilities and fund balances	<u>\$ 7,381</u>	<u>\$ 553,765</u>	<u>\$ 72,374</u>	<u>\$ 25,627</u>	<u>\$ 2,213</u>	<u>\$ 46,794</u>	<u>\$ 708,154</u>

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Capital Projects Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2021

	<u>Lake End Park Construction</u>	<u>City Hall Complex Construction</u>	<u>Road Improvements Construction</u>	<u>Louisiana Capital Outlay</u>	<u>Sidewalk Assessment</u>	<u>Totals</u>
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 20,669	\$ 20,669
Interest	<u>-</u>	<u>2,249</u>	<u>89</u>	<u>13</u>	<u>-</u>	<u>2,351</u>
Total revenues	<u>-</u>	<u>2,249</u>	<u>89</u>	<u>13</u>	<u>20,669</u>	<u>23,020</u>
Expenditures:						
General government	17,619	-	32,000	-	-	49,619
Public works	-	20,709	-	-	45,626	66,335
Capital outlay	<u>-</u>	<u>31,381</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,381</u>
Total expenditures	<u>17,619</u>	<u>52,090</u>	<u>32,000</u>	<u>-</u>	<u>45,626</u>	<u>147,335</u>
Excess (deficiency) of revenues over expenditures	(17,619)	(49,841)	(31,911)	13	(24,957)	(124,315)
Other financing sources:						
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>20,000</u>	<u>45,000</u>
Net change in fund balance	(17,619)	(49,841)	(31,911)	25,013	(4,957)	(79,315)
Fund balances (deficit), beginning	<u>-</u>	<u>603,606</u>	<u>104,285</u>	<u>(145,762)</u>	<u>(5,461)</u>	<u>557,295</u>
Fund balances (deficit), ending	<u>\$ (17,619)</u>	<u>\$ 553,765</u>	<u>\$ 72,374</u>	<u>\$ (120,749)</u>	<u>\$ (10,418)</u>	<u>\$ 477,980</u>

INTERNAL SERVICE FUNDS

Central Garage Fund

To account for the purchase of gas, oil and other materials necessary for the maintenance and repair of municipal vehicles and equipment. These materials and services are provided to the City's various departments on a cost-reimbursement basis.

Self-Insurance Fund

To account for monies accumulated to provide self-insurance against any possible future claims.

CITY OF MORGAN CITY, LOUISIANA
Internal Service Funds

Combining Balance Sheet
December 31, 2021

	Central Garage	Self Insurance	Totals
ASSETS			
Current assets:			
Cash	\$ 56,858	\$ 713,911	\$ 770,769
Investments	-	404,487	404,487
Accounts receivable	-	56,610	56,610
Due from other funds	85,000	12,504	97,504
Total current assets	141,858	1,187,512	1,329,370
Equipment, at cost, net of accumulated depreciation	3,113	-	3,113
Total assets	\$ 144,971	\$ 1,187,512	\$ 1,332,483
LIABILITIES AND NET POSITION			
Liabilities:			
Accounts payable	\$ -	\$ 93,849	93,849
Accrued liabilities	16,808	59,141	75,949
Due to other funds	130,435	-	130,435
Total liabilities	147,243	152,990	300,233
Net position:			
Net investment in capital assets	3,113	-	3,113
Unrestricted (deficit)	(5,385)	1,034,522	1,029,137
Total net position	(2,272)	1,034,522	1,032,250
Total liabilities and net position	\$ 144,971	\$ 1,187,512	\$ 1,332,483

CITY OF MORGAN CITY, LOUISIANA
Internal Service Funds

Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
Year Ended December 31, 2021

	<u>Central Garage</u>	<u>Self Insurance</u>	<u>Totals</u>
Operating revenues:			
Charges for services	\$ 170,000	\$ -	\$ 170,000
Insurance premiums	<u>-</u>	<u>2,252,591</u>	<u>2,252,591</u>
Total operating revenues	<u>170,000</u>	<u>2,252,591</u>	<u>2,422,591</u>
Operating expenses:			
Central garage expenses	179,821	-	179,821
Self-insurance fund expenses	<u>-</u>	<u>1,642,650</u>	<u>1,642,650</u>
Total operating expenses	<u>179,821</u>	<u>1,642,650</u>	<u>1,822,471</u>
Operating income (loss)	(9,821)	609,941	600,120
Non-operating revenues:			
Interest income	<u>6</u>	<u>67</u>	<u>73</u>
Change in net position	(9,815)	610,008	600,193
Net position, beginning	<u>7,543</u>	<u>424,514</u>	<u>432,057</u>
Net position (deficit), ending	<u>\$ (2,272)</u>	<u>\$ 1,034,522</u>	<u>\$ 1,032,250</u>

CITY OF MORGAN CITY, LOUISIANA

Schedule of Number of Utility Customers
December 31, 2021

Records maintained by the City indicated the following number of customers were being serviced during the month of December 31, 2021:

<u>Department</u>	
Electric	5,651
Water	5,128
Gas	3,427
Mosquito	5,809
Sanitation	4,249
Sewer	4,980

CITY OF MORGAN CITY, LOUISIANA

Schedule of Utility Rates

December 31, 2021

Monthly Electric Rates

Residential:

\$10.00 customer charge per month, \$0.04898 / per kwh for the first 400 kwh, and \$0.04672 / per kwh for usage above 400 kwh

Commercial:

\$10.00 customer charge per month, \$0.061260 / per kwh for the first 500 kwh, \$0.043200 / per kwh for the next 9,500 kwh, \$0.034800 / per kwh for the next 10,000 kwh, and \$0.039000 / per kwh for usage above 20,000 kwh. As well as, \$2.50 / per kwh of demand.

Large Industrial:

\$10.00 customer charge per month, \$0.04259 / per kwh for the first 10,000 kwh, \$0.03328 / per kwh for the next 20,000 kwh, \$0.02960 / per kwh for usage above 30,000 kwh. As well as, the greater of \$3.00 / per kwh of metered demand, \$0.75 per KVA of transformer capacity, or a minimum monthly charge specified in a contract for services as established at the time of the transformer's installation.

Housing Authority:

\$10.00 customer charge per month, \$0.074700 / per kwh for the first 2,500 kwh, \$0.044250 / per kwh for usage above 2,500 kwh.

Electric Municipal:

\$7.00 customer charge per month, \$0.03098 per kwh.

Monthly Water Rates

Residential:

\$10.00 customer charge per month, \$1.73 / per 100 cubic feet for the first 2,500 cubic feet; \$2.59 / per 100 cubic feet for all cubic feet above 2,500; and a \$25 meter deposit.

Commercial:

\$15.00 customer charge per month; \$1.73 / per 100 cubic feet for the first 2,500 cubic feet; \$2.59 / per 100 cubic feet for all cubic feet above 2,500; and a \$25 meter deposit. Bulk water from hydrants is charged at \$1.33 / per cubic foot plus \$45 per temporary hydrant connection.

Stephensville

Residential:

\$3.00 customer charge per month, \$10.85 for the first 100 cubic feet, and \$1.50 for all above 100 cubic feet

Commercial:

\$3.00 customer charge per month, \$19.44 for the first 200 cubic feet, and \$2.25 for all above 200 cubic feet

CITY OF MORGAN CITY, LOUISIANA

Schedule of Utility Rates (continued)
December 31, 2021

Monthly Gas Rates

\$7.00 customer charge (residential) or \$10.00 customer charge (commercial) per month and \$100.00 meter deposit. Gas rates are the same for both residential and commercial customers: \$4.85 per mcf for the first 4,000 cf, \$4.46 per mcf for the next 6,000 cf, \$4.20 per mcf for the next 10,000 cf, and \$3.94 per mcf for all demand above 20,000 cf.

Monthly Mosquito Abatement Fee

\$2.00 per month

Monthly Sewer Rate

Once hundred percent of the total monthly water bill.

Monthly Solid Waste Collection Fee

Residential:

\$18.20 per can

Commercial:

\$23.20 per residential size can

Housing Authority:

\$18.20 per can

CITY OF MORGAN CITY, LOUISIANA

Schedule of Amounts Billed for Services
December 31, 2021

Records maintained by the City indicated the following amounts billed for services during the year ended December 31, 2021:

<u>Department</u>	
Electric	16,905,089
Water	2,021,616
Gas	1,716,447
Mosquito	141,815
Sanitation	1,147,505
Sewer	1,766,747

CITY OF MORGAN CITY, LOUISIANA

Schedule of Average Monthly Billings Per User
December 31, 2021

Records maintained by the City indicated the following average monthly billing per user for services during the year ended December 31, 2021:

<u>Department</u>	
Electric	249
Water	33
Gas	42
Mosquito	2
Sanitation	23
Sewer	30

CITY OF MORGAN CITY, LOUISIANA

Analysis of Additions, Replacements, and Improvements to Utility System
December 31, 2021

The following were added to the utility system:

Electric, Water, and Gas

SCADA System	\$ 25,238
Turbiduit System	23,919
Gas System Additions	11,643
Water System Additions	2,423
Calibration Set	1,268
Fushion Machine	5,655
100 Gal. PCO Sprayer	2,230
Monitor 5 Spray System	12,569
Pipe Locator	3,139
Leak Detector	2,169
2022 F-250 (leased)	19,401
2021 Ford Ranger (leased)	19,138
2021 F-250 (leased)	20,830
Total Electric, Water, and Gas Additions	<u>\$ 149,622</u>

Sanitation and Sewer

Generators and Automatic Transfer Switches	\$ 240,353
Pressure Washer	2,418
Street Sweeper Attachment	1,500
Aluminum Cover	7,854
Camera- Garbage Truck	4,136
Computer Update	5,083
Improvements to Federal Ave. Lift Station	9,760
SCADA System	9,915
Grundfos Control Panels	75,000
2021 Ford Ranger (leased)	17,012
Total Sanitation and Sewer Additions	<u>\$ 373,031</u>

CITY OF MORGAN CITY, LOUISIANA

Schedule of Insurance in Force
December 31, 2021

Description of Coverage	Coverage Amounts
General Liability:	
General Aggregate	\$ 3,000,000
Products/Completed Operations	3,000,000
Personal & Advertising Injury	1,000,000
Damage to rented premises	1,000,000
Each occurrence	1,000,000
Fire Damage Limit	1,000,000
Sewer Back Up	100,000
Failure to Supply Services	100,000
Employee Benefits:	
Limit	3,000,000
Each Wrongful Act	1,000,000
Employment Practices:	
Limit	3,000,000
Each Wrongful Act	1,000,000
Law Enforcement Liability:	
Limit	3,000,000
Each Wrongful Act	1,000,000
Automobiles and trucks:	
Bodily injury and property damage	1,000,000
Public Officials:	
Limit	3,000,000
Each Wrongful Act	1,000,000
Property:	
Limit per occurrence	5,000,000
Excess Property:	
Limit	10,000,000
Sublimit for named windstorm	5,000,000
Boiler and Machinery:	
Total Limit per Accident	5,000,000
Pollution:	
Limit	1,000,000

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

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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*

The Honorable Lee Dragna, Mayor and
the Honorable Members of the City Council
City of 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Morgan City (hereinafter "City"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government, and have issued our report thereon dated June 27, 2022. Our report expressed an adverse opinion on the aggregate discretely presented component units because the financial statements of the City's primary government do not include financial data for the City's legally separate component units.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and is listed in the accompanying schedule of audit results and findings as item 2021-001.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on City's response to the findings identified in our audit and described in the accompanying schedule of audit results and findings. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
June 27, 2022

CITY OF MORGAN CITY, LOUISIANA

Schedule of Audit Results and Findings
Year Ended December 31, 2021

Part I. Summary of Auditor’s Results

1. Type of auditor's report issued on financial statements:

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental activities	Unmodified
Business-Type activities	Unmodified
Major funds:	
General	Unmodified
Federal Grants	Unmodified
Electric, Gas, and Water	Unmodified
Sanitation and Sewer	Unmodified
Aggregate remaining fund information	Unmodified
Aggregate discretely presented component units	Adverse

2. Internal control over financial reporting:

Material weakness(es) identified?	_____ yes	_____ <input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	_____ yes	_____ <input checked="" type="checkbox"/> none reported

3. Noncompliance material to the financial statements? _____ yes _____ no

Other

4. Management letter issued? _____ yes _____ no

Part II. Findings required to be reported in accordance with *Government Auditing Standards*

A. Internal Control -

No findings are reported under this section.

B. Compliance -

2021-001 – Local Government Budget Act

Year Initially Occurring: 2021

CONDITION: Budget variance in excess of 5% was incurred in the General Fund and the Federal Grants Fund.

CRITERIA: LSA-RS 39:1311 et seq, Budget Authority and Control, section A. (2) and B, provide for the following, respectively:

“A. The adopted budget and any duly authorized adopted amendments shall form the framework from which the chief executive or administrative officers and members of the governing authority of the political subdivision shall monitor revenues and control expenditures. The chief executive or administrative officer for a political subdivision subject to public participation shall advise the governing authority or independently elected official in writing when:

CITY OF MORGAN CITY, LOUISIANA

Schedule of Audit Results and Findings (continued)
Year Ended December 31, 2021

(2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.

B. The written notification as required by this Section as well as any responsive action taken by the governing authority or independently elected official shall be transmitted to and retained by the chief executive or administrative officer. The written notification as required by this Section and the resulting budget amendment shall only be statutorily required for a special revenue fund with anticipated expenditures that equal or exceed five hundred thousand dollars. Furthermore, only the written notification of Paragraph (A)(2) of this Section shall be required for special revenue funds whose revenues are expenditure driven.”

CAUSE: The condition results from failure to budget for on-behalf payments in the General Fund and failure to properly monitor the expenditures of the Federal Grant Fund.

EFFECT: They City may be noncompliant with certain provisions of the Local Government Budget Act.

RECOMMENDATION: We recommend that the City monitor activity and budget for on-behalf payments to ensure compliance with the Local Government Budget Act.

Part III. Findings and questioned costs reported in accordance with the Uniform Guidance:

The requirements of the Uniform Guidance are not applicable.

CITY OF MORGAN CITY, LOUISIANA

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2021

A. Internal Control -

No findings were reported under this section.

B. Compliance -

No findings were reported under this section.

C. Uniform Guidance -

Not applicable in prior period.

D. Management Letter -

No management letter issued in the prior period.

CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS

APPENDIX A

LEE DRAGNA

MAYOR

P. O. Box 1218

Morgan City, Louisiana 70381

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COUNCIL MEMBERS:

TIMMY T. HYMEL - District 1

MARK STEPHENS - District 2

RON BIAS - District 3

STEVE DOMANGUE - District 4

LOUIS J. TAMPORELLO, JR. - District 5

June 27, 2022

Kolder, Slaven & Company, LLC

1201 David Drive

Morgan City, LA 70380

The following is in response to the finding resulting from the City's audit for the fiscal year ended December 31, 2021:

2021-001 - Local Government Budget Act

Budget variance in excess of 5% was incurred in the General Fund and the Federal Grants Fund.

Management's Response

Corrective Action Plan: The City will monitor activity and budget for on-behalf payments to ensure compliance with the Local Government Budget Act.

Name of contact person responsible for corrective action: Deborah Garber

Anticipated completion date for the corrective action: December 31, 2022

Sincerely,

Deborah B. Garber

Director of Finance

CITY OF MORGAN CITY

Statewide Agreed-Upon Procedures

Fiscal period January 1, 2021 through December 31, 2021

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Lee Dragna, Mayor,
The Honorable Members of the City Council of the City of Morgan City, and
Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The City of Morgan City's (hereinafter "City") management is responsible for those control and compliance areas identified in the SAUPs.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the control and compliance areas identified in LLA's SAUPs and report on exceptions based upon the procedures performed for the fiscal period January 1, 2021 through December 31, 2021. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated exceptions, if any, are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

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

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

Written policies and procedures were obtained and address the subcategories noted above with the exception of (2) how vendors are added to the vendor list, (4) controls to ensure compliance with the public bid law and (5) documentation required to be maintained for all bids and price quotes.

- c) **Disbursements**, including processing, reviewing, and approving.

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

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

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

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employees(s) rate of pay or approval and maintenance of pay rate schedules.

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

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Written policies and procedures were obtained and address the subcategories noted above with the exception of (3) legal review and (5) monitoring process.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Informal written policies and procedures were obtained and address subcategories noted above, with the exception of (4) required approvers of statements; however, policies and procedures have not been formally adopted by the council.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Written policies and procedures were obtained and address the subcategories noted above, with the exception of (2) dollar threshold by category expense. However, the City's policy states that travel and expense reimbursements shall not exceed limits established by the funding source, and mileage reimbursements are based on IRS regulations.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

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

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Informal written policies and procedures were obtained and address the subcategories noted above; however, policies and procedures have not been formally adopted by the council.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The City does not have written policies and procedures on information technology disaster recovery/business continuity.

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

The City does not have written polices and procedures on sexual harassment.

Board or Finance Committee

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

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

No exceptions were found as a result of this procedure.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum on all special revenue funds. *Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions were found as a result of this procedure.

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

Obtained the prior year audit report and observed the unassigned fund balance in the general fund which was not negative.

Bank Reconciliations

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

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

Electronic bank reconciliations do not include evidence of date of preparation.

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

Bank reconciliations are reviewed by a member of management who posts ledgers.

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

No exceptions were found as a result of this procedure.

Collections (excluding EFTs)

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

Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Selected the City's five (5) deposit sites.

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

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Employees that are responsible for cash collections share cash drawers/registers at four (4) of the five (5) collection locations.

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

Employees responsible for collecting cash are responsible for preparing/making bank deposits at three (3) of the five (5) collection locations with no other employee/official being responsible for reconciling collection documentation to the deposit.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
No exceptions were found as a result of this procedure.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exceptions were found as a result of this procedure.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
No exceptions were found as a result of this procedure.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
Two (2) of the deposits selected were not made within one business day of receipt at the collection location.
 - e) Trace the actual deposit per the bank statement to the general ledger.
No exceptions were found as a result of this procedure.

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

8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
Obtained a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Selected the City’s three (3) locations that process payments.
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
Obtained a listing of those employees involved with non-payroll purchasing and payment functions, and obtained required information related to employee job duties.
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
In accordance with the City’s policies and procedures, two (2) employees are involved in initiating a purchase request, approving a purchase and placing an order/making a purchase unless the transaction is routine/recurring.
 - b) At least two employees are involved in processing and approving payments to vendors.
No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]]

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

Obtained the City's non-payroll disbursement transaction population and management's representation that the population is complete. Randomly selected five (5) disbursements for each of the City's three (3) locations that process payments.

- a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

No exceptions were found as a result of this procedure.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions were found as a result of this procedure except as noted. Disbursement documentation for selected disbursements did not evidence that at least two people were involved in processing and approving payments to vendors as follows: Two (2) occurrences at the first location due to the City's policy regarding routine purchases, five (5) occurrences at the second location, and four (4) occurrences at the third location.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

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

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

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Not applicable to the City’s operations.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

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

- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions found as a result of this procedure.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

With the exception of a manual miscalculation of actual costs that resulted in an overpayment of \$10, no exceptions found as a result of this procedure.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions found as a result of this procedure.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions found as a result of this procedure.

Contracts

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

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

No exceptions were found as a result of this procedure.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

No exceptions were found as a result of this procedure.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

Payroll and Personnel

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

Obtained listing of all employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected five (5) employees or officials and agreed paid salaries to authorized salaries/pay rates in personnel files with no exceptions.

- 17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

Obtained management's representation that all amounts have been paid, and any associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exceptions found as a result of this procedure.

- b. Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Not applicable- There were no changes to the City's ethics policy during the fiscal period.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

No exceptions found as a result of this procedure.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

No exceptions found as a result of this procedure.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Obtained management's representation that there were no misappropriations of public funds and assets during the fiscal period.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions were found as a result of this procedure.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures:

- a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under 'Payroll and Personnel' above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions were found as a result of this procedure.

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

The City does not have its sexual harassment policy and complaint procedure on its website.

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

The City did not compile the mandatory report. Therefore, the procedures below could not be performed.

- a. Number and percentage of public servants in the agency who have completed the training requirements;
- b. Number of sexual harassment complaints received by the agency;
- c. Number of complaints which resulted in a finding that sexual harassment occurred;
- d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e. Amount of time it took to resolve each complaint.

Management's Response

The City concurs with the exceptions and is working to address the deficiencies identified.

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

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
June 27, 2022

KOLDER, SLAVEN & COMPANY, LLC

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MANAGEMENT LETTER

The Honorable Lee Dragna, Mayor
City of Morgan City, Louisiana

In planning and performing our audit of the financial statements of the City of Morgan City, Louisiana (hereinafter “City”), in accordance with auditing standards generally accepted in the United States of America, we considered the City’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control or on its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control or on compliance.

During our audit we became aware of a matter involving internal control or compliance that is summarized below for your consideration. Communication of the matter presents an opportunity for strengthening the City’s internal control or improving its compliance with laws, regulations, contracts, or grant agreements or other matters. Our opinions dated June 27, 2022 on the City’s financial statements are not affected by this matter. Our comment is not intended to reflect upon the ability or integrity of the City’s personnel.

2021-ML-1 Long-outstanding Utility Receivables

Review of the utility arrears register and customer account details identified long-outstanding utility receivables on various active customer accounts. Further, penalty exemptions have been placed on certain customer accounts that prevents assessment of delinquent charges and disconnection of services.

We recommend that management investigate and take necessary action in accordance with Chapter 110 - *Utilities*, Section 110-33 - *Payment of bills; dates; delinquent charges; transfer charges; installation fees* of the City’s Home Rule Charter.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not identify all weaknesses in policies and procedures or incidents of noncompliance that may exist. We aim, however, to use our knowledge of the City’s operations gained during our work to make comments and suggestions that we hope will be useful to you.

We will review the status of this comment during our next audit engagement. We have already discussed the comment and suggestion with various City personnel, and we will be pleased to discuss them in further detail at your convenience.

City of Morgan City
Management Letter

This communication is intended solely for the information and use of the City's management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

We would like to express our appreciation to you for the courtesies and assistance rendered to us in the performance of our audit. Should you have any questions or need additional assistance, please feel free to contact us.

Respectfully,

KOLDER, SLAVEN & COMPANY, LLC
Certified Public Accountants

Morgan City, Louisiana
June 27, 2022

LEE DRAGNA

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LOUIS J. TAMPORELLO, JR. - District 5

June 27, 2022

Kolder, Slaven & Company, LLC
1201 David Drive
Morgan City, LA 70380

The following is in response to the management letter from the City's audit for the fiscal year ended December 31, 2021:

2021- ML-1 Long-outstanding Utility Receivables

Review of the utility arrears register and customer account details identified long-outstanding utility receivables on various active customer accounts. Further, penalty exemptions have been placed on certain customer accounts that prevents assessment of delinquent charges and disconnection of services.

Management's Response

The City's management will investigate the outstanding receivables and take the necessary action to ensure compliance with Chapter 110 of the City's Ordinances.

Sincerely,

Deborah B. Garber
Director of Finance