

CITY OF MORGAN CITY, LOUISIANA

Financial Report

Year Ended December 31, 2020

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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

We have audited the accompanying 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, Louisiana (hereinafter "City"), as of and for the year ended December 31, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Adverse Opinion on Aggregate Discretely Presented Component Units

The financial statements referred to previously 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 this departure from accounting principles generally accepted in the United States of America on the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses of the aggregate discretely presented component units are not reasonably determinable.

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units", the financial statements referred to previously do not present fairly the financial position of the aggregate discretely presented component units of the City, as of December 31, 2020, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2020, 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.

Emphasis of Matter

As described in Note 29, the prior financial statements have been restated. During the year ended December 30, 2020, the City implemented the provisions of the Governmental Accounting Standards Board Statement No. 83, *Certain Asset Retirement Obligations* and No. 84, *Fiduciary Activities*. The prior financial statements have also been restated to correct an error. Our opinion is not modified with respect to this matter.

Other Matters

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, although not a part of the basic financial statements of the City's primary government, 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 of the City's primary government 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 of the City's primary government, and other knowledge we obtained during our audit of the basic financial statements of the City's primary government.

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 of the City's primary government. Such missing information, although not a part of the basic financial statements of the City's primary government, 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 of the City's primary government in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements of the City's primary government is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 of the City's primary government. The justice system funding schedule 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 of the City's primary government. The schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements of the City's primary government and certain additional procedures, including comparing and reconciling such information to the underlying accounting and other records used to prepare the basic financial statements of the City's primary government or to the basic financial statements of the City's primary government 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 106 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The supplementary budgetary schedules, combining nonmajor fund and fund type financial statements, and other financial information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City's primary government. The supplementary budgetary comparison schedules, combining nonmajor fund and fund type financial statements, and the other financial information on pages 107-152 have not been subjected to the auditing procedures applied in the audit of the basic financial statements of the City's primary government and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2021 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
September 15, 2021

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MORGAN CITY, LOUISIANA

Statement of Net Position
December 31, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 5,105,354	\$ 731,633	\$ 5,836,987
Investments	1,938,447	-	1,938,447
Receivables, net	171,420	2,560,110	2,731,530
Due from other governmental units	2,208,319	8,430	2,216,749
Internal balances	(1,043,743)	1,043,743	-
Inventory	56,713	1,178,446	1,235,159
Prepaid expenses	117,859	317,199	435,058
Total current assets	<u>8,554,369</u>	<u>5,839,561</u>	<u>14,393,930</u>
Noncurrent assets:			
Restricted assets	-	2,811,135	2,811,135
Capital assets			
Land and construction in progress	1,810,835	5,580,551	7,391,386
Other, net of accumulated depreciation	67,357,433	17,855,227	85,212,660
Total noncurrent assets	<u>69,168,268</u>	<u>26,246,913</u>	<u>95,415,181</u>
Total assets	<u>77,722,637</u>	<u>32,086,474</u>	<u>109,809,111</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to -			
Bond refunding	-	24,696	24,696
Net pension liability	3,060,264	888,143	3,948,407
OPEB liability	1,307,392	587,657	1,895,049
Asset retirement obligation	-	820,000	820,000
Total deferred outflows of resources	<u>4,367,656</u>	<u>2,320,496</u>	<u>6,688,152</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	872,525	1,511,317	2,383,842
Unearned revenue	57,795	-	57,795
Long-term liabilities:			
Due within one year:			
Capital lease obligation	-	25,425	25,425
Bonds and government obligation contract payables	480,770	949,681	1,430,451
Due in more than one year:			
Accrued liabilities	637,016	287,827	924,843
Net pension liability	13,977,877	4,762,135	18,740,012
OPEB liability	5,582,334	2,389,438	7,971,772
Asset retirement obligation	-	1,500,000	1,500,000
Customers' deposits payable	-	930,271	930,271
Capital lease obligation	-	94,611	94,611
Bonds and government obligation contract payables	753,848	5,388,989	6,142,837
Total liabilities	<u>22,362,165</u>	<u>17,839,694</u>	<u>40,201,859</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to -			
Net pension liability	1,438,983	41,171	1,480,154
OPEB liability	728,178	285,812	1,013,990
Total deferred inflows of resources	<u>2,167,161</u>	<u>326,983</u>	<u>2,494,144</u>
NET POSITION			
Net investment in capital assets	67,933,650	16,977,072	84,910,722
Restricted for:			
Capital projects	707,891	-	707,891
Debt service	386,026	2,811,135	3,197,161
Other purposes	3,432,716	-	3,432,716
Unrestricted (deficit)	(14,899,316)	(3,547,914)	(18,447,230)
Total net position	<u>\$ 57,560,967</u>	<u>\$ 16,240,293</u>	<u>\$ 73,801,260</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, 2020

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	\$ 5,074,375	\$ 819,196	\$ 265,401	\$ 36,325	\$ (3,953,453)	\$ -	\$ (3,953,453)
Culture and recreation	3,014,589	1,125,517	75,341	18,123	(1,795,608)	-	(1,795,608)
Public safety	7,930,042	1,327,994	881,158	25,661	(5,695,229)	-	(5,695,229)
Public works	2,099,651	225,115	671,520	1,121,917	(81,099)	-	(81,099)
Interest on long-term debt	39,107	-	-	-	(39,107)	-	(39,107)
Total governmental activities	<u>18,157,764</u>	<u>3,497,822</u>	<u>1,893,420</u>	<u>1,202,026</u>	<u>(11,564,496)</u>	<u>-</u>	<u>(11,564,496)</u>
Business-type activities:							
Electric, gas, and water	16,180,361	19,556,219	-	-	-	3,375,858	3,375,858
Sanitation and sewer	3,315,385	3,108,886	-	-	-	(206,499)	(206,499)
Interest on long-term debt	177,143	-	-	-	-	(177,143)	(177,143)
Total business-type activities	<u>19,672,889</u>	<u>22,665,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,992,216</u>	<u>2,992,216</u>
Total	<u>\$ 37,830,653</u>	<u>\$ 26,162,927</u>	<u>\$ 1,893,420</u>	<u>\$ 1,202,026</u>	<u>(11,564,496)</u>	<u>2,992,216</u>	<u>(8,572,280)</u>
General revenues:							
Taxes -							
Property taxes					2,401,252	-	2,401,252
Sales and use taxes					5,363,991	-	5,363,991
Licenses and permits					869,093	6,800	875,893
Donations					283,023		283,023
Grants and contributions not restricted to specific programs -							
State sources					133,992	-	133,992
Insurance dividends					284,797	1,400	286,197
Interest and investment earnings					142,323	4,827	147,150
Miscellaneous					59,049	13,175	72,224
Gain on sale of capital assets					-	20,000	20,000
Transfers					2,734,402	(2,734,402)	-
Total general revenues and transfers					<u>12,271,922</u>	<u>(2,688,200)</u>	<u>9,583,722</u>
Change in net position					707,426	304,016	1,011,442
Net position - January 1, 2020, as restated					<u>56,853,541</u>	<u>15,936,277</u>	<u>72,789,818</u>
Net position - December 31, 2020					<u>\$ 57,560,967</u>	<u>\$ 16,240,293</u>	<u>\$ 73,801,260</u>

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

FUND FINANCIAL STATEMENTS

MAJOR FUND DESCRIPTION

General Fund

To account for resources traditionally associated with governments which are not required to be accounted for in another 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 and other public works improvements.

CITY OF MORGAN CITY, LOUISIANA
Governmental Funds

Balance Sheet
December 31, 2020

	General	Road and Royalty	Other Governmental Funds	Total
ASSETS				
Cash	\$ 946,054	\$ 725,297	\$ 2,914,962	\$ 4,586,313
Interest-bearing deposits	-	-	38,875	38,875
Investments	-	-	1,934,027	1,934,027
Receivables:		-		
Taxes	415,040	-	53,197	468,237
Accounts	80,655	-	29,200	109,855
Due from other funds	375,561	3,933	484,893	864,387
Due from other governmental units	622,265	198,366	919,452	1,740,083
Other	5,648	-	-	5,648
Inventory	56,713	-	-	56,713
Prepaid items	109,565	-	8,294	117,859
Advances to other funds	688,503	-	250,000	938,503
Total assets	<u>\$ 3,300,004</u>	<u>\$ 927,596</u>	<u>\$ 6,632,900</u>	<u>\$10,860,500</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 205,483	\$ 96,037	\$ 164,343	\$ 465,863
Accrued liabilities	185,631	58,557	20,826	265,014
Due to other funds	306,726	100,967	814,148	1,221,841
Unearned revenue	-	-	57,795	57,795
Advances from other funds	948,792	-	688,503	1,637,295
Total liabilities	<u>1,646,632</u>	<u>255,561</u>	<u>1,745,615</u>	<u>3,647,808</u>
Deferred inflows of resources:				
Unavailable tax and grant revenues	<u>68,139</u>	<u>51,264</u>	<u>634,365</u>	<u>753,768</u>
Fund balances:				
Nonspendable	854,781	-	905,588	1,760,369
Restricted	-	620,771	3,905,862	4,526,633
Unassigned (deficit)	730,452	-	(558,530)	171,922
Total fund balances	<u>1,585,233</u>	<u>620,771</u>	<u>4,252,920</u>	<u>6,458,924</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,300,004</u>	<u>\$ 927,596</u>	<u>\$ 6,632,900</u>	<u>\$10,860,500</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Governmental Funds

Balance Sheet (continued)
December 31, 2020

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

Total fund balances for governmental funds at December 31, 2020		\$ 6,458,924
Cost of capital assets:		
Land	\$ 1,810,835	
Capital assets, net of accumulated depreciation	<u>67,357,433</u>	69,168,268
Deferred outflows related to-		
Net pension liability	3,060,264	
OPEB liability	<u>1,307,392</u>	4,367,656
Internal service funds are used by management to charge the costs of certain activities to individual funds.		424,513
Certain other assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.		753,768
Liabilities:		
Bonds and government obligation contract payables	(1,234,618)	
Accrued interest payable	(13,156)	
Compensated absences	(637,016)	
Net OPEB obligations payable	(5,582,334)	
Net pension liability	<u>(13,977,877)</u>	(21,445,001)
Deferred inflows related to-		
Net pension liability	(1,438,983)	
OPEB liability	<u>(728,178)</u>	<u>(2,167,161)</u>
Total net position of governmental activities at December 31, 2020		<u>\$ 57,560,967</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, 2020

	General	Road and Royalty	Other Governmental Funds	Total
Revenues:				
Taxes	\$ 5,157,696	\$ 794,468	\$ 1,799,338	\$ 7,751,502
Licenses and permits	869,093	-	-	869,093
Intergovernmental	643,966	1,173,403	400,848	2,218,217
Charges for services	70,782	-	941,089	1,011,871
Insurance dividends	237,827	-	-	237,827
Donations	19,841	-	267,351	287,192
Fines and forfeits	80,320	-	26,867	107,187
Interest	166	1,100	61,661	62,927
Net change in fair value of investments	-	-	105,832	105,832
Miscellaneous	166,425	-	37,271	203,696
Total revenues	<u>7,246,116</u>	<u>1,968,971</u>	<u>3,640,257</u>	<u>12,855,344</u>
Expenditures:				
Current -				
General government				
Administrative	2,254,392	-	8,900	2,263,292
Purchasing	217,814	-	-	217,814
Planning and zoning	360,931	-	-	360,931
Public safety	6,164,666	-	389,087	6,553,753
Public works				
Streets and drainage	1,104,163	310,282	113,832	1,528,277
Storm water	14,587	-	-	14,587
Cemetery	175,401	-	-	175,401
Culture and recreation	122,391	-	1,870,631	1,993,022
Capital outlay	42,520	1,121,980	74,815	1,239,315
Debt service -				
Principal retirement	-	-	594,382	594,382
Interest and fiscal charges	5,017	-	38,166	43,183
Total expenditures	<u>10,461,882</u>	<u>1,432,262</u>	<u>3,089,813</u>	<u>14,983,957</u>
Excess (deficiency) of revenues over expenditures	<u>(3,215,766)</u>	<u>536,709</u>	<u>550,444</u>	<u>(2,128,613)</u>
Other financing sources (uses):				
Transfers in	3,922,500	-	1,599,147	5,521,647
Transfers out	(718,514)	(543,633)	(1,525,098)	(2,787,245)
Total other financing sources (uses)	<u>3,203,986</u>	<u>(543,633)</u>	<u>74,049</u>	<u>2,734,402</u>
Net changes in fund balances	<u>(11,780)</u>	<u>(6,924)</u>	<u>624,493</u>	<u>605,789</u>
Fund balances, beginning, as restated	<u>1,597,013</u>	<u>627,695</u>	<u>3,628,427</u>	<u>5,853,135</u>
Fund balances, ending	<u>\$ 1,585,233</u>	<u>\$ 620,771</u>	<u>\$ 4,252,920</u>	<u>\$ 6,458,924</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Year Ended December 31, 2020

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, 2020 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 605,789
Cost of capital assets		1,239,315
Contribution revenues for contributed general capital assets		10,620
Depreciation expense		(2,813,894)
Principal payments		594,382
Changes in accrued interest		4,076
Internal service funds are used by management to charge the costs of certain activities to individual funds.		446,914
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		613,598
Net change in OPEB obligation		(39,633)
Effects of recording net pension liability and deferred outflows and inflows of resources related to net pension liability:		
Increase in pension expense	(146,698)	
Nonemployer contribution revenue	<u>192,957</u>	<u>46,259</u>
Total changes in net position at December 31, 2020 per Statement of Activities		<u>\$ 707,426</u>

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

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, 2020

	Enterprise Funds			Internal Service Funds
	Electric, Gas, and Water	Sanitation and Sewer	Totals	
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 257,331	\$ 469,652	\$ 726,983	\$ 484,816
Investments	-	-	-	4,420
Receivables, net	2,157,787	410,753	2,568,540	60,450
Due from other funds	380,663	3,060,014	3,440,677	154,534
Inventory	1,096,551	81,895	1,178,446	-
Prepaid expenses	214,069	103,130	317,199	-
Total current assets	<u>4,106,401</u>	<u>4,125,444</u>	<u>8,231,845</u>	<u>704,220</u>
Noncurrent assets:				
Restricted assets -				
Cash and interest-bearing deposits	1,030,068	1,512,196	2,542,264	-
Investments	268,871	-	268,871	-
Loans to other funds	698,792	1,053,173	1,751,965	-
Capital assets				
Land and construction in progress	5,558,953	21,598	5,580,551	-
Other, net of accumulated depreciation	12,040,622	5,811,329	17,851,951	3,276
Total noncurrent assets	<u>19,597,306</u>	<u>8,398,296</u>	<u>27,995,602</u>	<u>3,276</u>
Total assets	<u>23,703,707</u>	<u>12,523,740</u>	<u>36,227,447</u>	<u>707,496</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to -				
Bond refunding	24,696	-	24,696	-
Net pension liability	703,725	184,418	888,143	-
OPEB liability	440,494	147,163	587,657	-
Asset retirement obligation	-	820,000	820,000	-
Total deferred outflows of resources	<u>1,168,915</u>	<u>1,151,581</u>	<u>2,320,496</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,304,221	126,448	1,430,669	35,041
Accrued liabilities	58,916	-	58,916	110,484
Due to other funds	3,009,807	98,032	3,107,839	129,918
Capital lease obligation	25,425	-	25,425	-
Payable from restricted assets -				
Revenue bonds	702,681	247,000	949,681	-
Accrued interest payable	29,103	-	29,103	-
Total current liabilities	<u>5,130,153</u>	<u>471,480</u>	<u>5,601,633</u>	<u>275,443</u>
Noncurrent liabilities:				
Accrued liabilities	193,907	74,050	267,957	-
Loans from other funds	1,053,173	-	1,053,173	-
Net pension liability	3,761,348	1,000,787	4,762,135	-
OPEB liability	1,769,921	619,517	2,389,438	-
Asset retirement obligation	-	1,500,000	1,500,000	-
Capital lease obligation	94,611	-	94,611	-
Payable from restricted assets -				
Revenue bonds	2,823,858	2,565,131	5,388,989	-
Customers' deposits payable	930,271	-	930,271	-
Total noncurrent liabilities	<u>10,627,089</u>	<u>5,759,485</u>	<u>16,386,574</u>	<u>-</u>
Total liabilities	<u>15,757,242</u>	<u>6,230,965</u>	<u>21,988,207</u>	<u>275,443</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to -				
Net pension liability	33,543	7,628	41,171	-
OPEB liability	215,066	70,746	285,812	-
Total deferred inflows of resources	<u>248,609</u>	<u>78,374</u>	<u>326,983</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	13,953,000	3,020,796	16,973,796	3,276
Restricted for:				
Debt service	1,298,939	1,512,196	2,811,135	-
Unrestricted (deficit)	(6,385,168)	2,832,990	(3,552,178)	428,777
Total net position	<u>\$ 8,866,771</u>	<u>\$ 7,365,982</u>	<u>\$ 16,232,753</u>	<u>\$ 432,053</u>

CITY OF MORGAN CITY, LOUISIANA
Proprietary Funds

Statement of Net Position (continued)
December 31, 2020

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

Net position at December 31, 2020	\$ 16,232,753
Internal service funds are used by management to charge the costs of certain activities to individual funds.	<u>7,540</u>
Total net position of business-type activities at December 31, 2020	<u>\$ 16,240,293</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, 2020

	Enterprise Funds			Internal Service Funds
	Electric, Gas, and Water	Sanitation and Sewer	Totals	
Operating revenues:				
Charges for services -				
Customers	\$ 19,001,783	\$ 2,982,774	\$21,984,557	\$ -
Other	474,434	52,912	527,346	160,000
Insurance premiums	-	-	-	2,251,119
Total operating revenues	<u>19,476,217</u>	<u>3,035,686</u>	<u>22,511,903</u>	<u>2,411,119</u>
Operating expenses:				
Personnel services	3,057,643	888,167	3,945,810	157,891
Autos and trucks	26,028	-	26,028	-
Supplies and materials	484,732	94,209	578,941	3,884
Fuel cost	10,083,467	-	10,083,467	-
Contractual services	704,782	1,519,387	2,224,169	5,945
Repairs and maintenance	680,549	236,022	916,571	524
Other charges	131,720	29,810	161,530	658
Depreciation	926,692	463,042	1,389,734	593
Insurance claim loss	-	-	-	1,804,233
Total operating expenses	<u>16,095,613</u>	<u>3,230,637</u>	<u>19,326,250</u>	<u>1,973,728</u>
Operating income (loss)	<u>3,380,604</u>	<u>(194,951)</u>	<u>3,185,653</u>	<u>437,391</u>
Nonoperating revenues (expenses):				
Insurance proceeds	1,400	-	1,400	-
Interest income	2,891	1,930	4,821	34
Interest and fiscal charges	(136,616)	(40,527)	(177,143)	-
Gain on sale of capital assets	20,000	-	20,000	-
Other	-	13,175	13,175	-
Total nonoperating revenues (expenses)	<u>(112,325)</u>	<u>(25,422)</u>	<u>(137,747)</u>	<u>34</u>
Income (loss) before transfers	3,268,279	(220,373)	3,047,906	437,425
Transfers, net	<u>(3,400,000)</u>	<u>615,598</u>	<u>(2,784,402)</u>	<u>50,000</u>
Change in net position	(131,721)	395,225	263,504	487,425
Net position (deficit), beginning, as restated	<u>8,998,492</u>	<u>6,970,757</u>	<u>15,969,249</u>	<u>(55,372)</u>
Net position, ending	<u>\$ 8,866,771</u>	<u>\$ 7,365,982</u>	<u>\$16,232,753</u>	<u>\$ 432,053</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Proprietary Funds

Statement of Revenues, Expenses, and Changes in Fund Net Position (continued)
Year Ended December 31, 2020

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, 2020 per Statement of Revenues, Expenditures and Changes in Fund Net Position	\$ 263,504
Internal service funds are used by management to charge the costs of certain activities to individual funds.	<u>40,512</u>
Total changes in net position at December 31, 2020 per Statement of Activities	<u>\$ 304,016</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, 2020

	Enterprise Funds			Internal Service Funds
	Electric, Gas, and Water	Sanitation and Sewer	Totals	
Cash flows from operating activities:				
Receipts from customers	\$ 20,052,623	\$ 3,051,797	\$ 23,104,420	\$ -
Receipts from interfund services provided	-	-	-	2,350,669
Payments to suppliers	(12,219,556)	(1,958,129)	(14,177,685)	(1,954,005)
Payments to employees	(2,917,204)	(883,841)	(3,801,045)	(157,891)
Net cash provided by operating activities	<u>4,915,863</u>	<u>209,827</u>	<u>5,125,690</u>	<u>238,773</u>
Cash flows from noncapital financing activities:				
Receipts from other funds	15,278	615,598	630,876	-
Other receipts	1,400	13,175	14,575	-
Payments of meter deposits	15,495	-	15,495	-
Payments to other funds	(3,400,000)	(208,534)	(3,608,534)	57,065
Net cash provided (used) by noncapital financing activities	<u>(3,367,827)</u>	<u>420,239</u>	<u>(2,947,588)</u>	<u>57,065</u>
Cash flows from capital and related financing activities:				
Acquisition of property, plant and equipment	(1,199,214)	(77,219)	(1,276,433)	-
Proceeds from sales of assets	20,000	-	20,000	-
Interest and fiscal charges paid	(124,269)	(40,528)	(164,797)	-
Principal paid on bonds	(681,566)	(245,000)	(926,566)	-
Proceeds from capital leases	136,324	-	136,324	-
Principal paid on capital leases	(16,288)	-	(16,288)	-
Prepaid principal on capital leases	(39,634)	-	(39,634)	-
Net cash used by capital and related financing activities	<u>(1,904,647)</u>	<u>(362,747)</u>	<u>(2,267,394)</u>	<u>-</u>
Cash flows from investing activities:				
Interest received on investments	<u>1,158</u>	<u>1,930</u>	<u>3,088</u>	<u>6</u>
Net increase (decrease) in cash and cash equivalents	(355,453)	269,249	(86,204)	295,844
Cash and cash equivalents, beginning	<u>1,642,852</u>	<u>1,712,599</u>	<u>3,355,451</u>	<u>188,972</u>
Cash and cash equivalents, ending	<u>\$ 1,287,399</u>	<u>\$ 1,981,848</u>	<u>\$ 3,269,247</u>	<u>\$ 484,816</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Proprietary Funds

Statement of Cash Flows (continued)
Year Ended December 31, 2020

	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)	\$ 3,380,604	\$ (194,951)	\$ 3,185,653	\$ 437,391
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	926,692	463,042	1,389,734	593
Pension expense, net of nonemployer contributions	21,699	5,767	27,466	-
OPEB expense	13,009	4,164	17,173	-
Amortization of asset retirement obligation	-	20,000	20,000	-
Changes in current assets and liabilities:				
Accounts receivable	635,439	31,803	667,242	(60,450)
Inventory	(153,844)	(876)	(154,720)	-
Prepaid expenses	(9,247)	(40,571)	(49,818)	-
Accounts payable	101,185	(57,254)	43,931	35,041
Accrued liabilities	326	(21,297)	(20,971)	(173,802)
Net cash provided by operating activities	<u>\$ 4,915,863</u>	<u>\$ 209,827</u>	<u>\$ 5,125,690</u>	<u>\$ 238,773</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	\$ 466,722	\$ 374,056	\$ 840,778	\$ 188,972
Cash - restricted	1,176,130	1,338,543	2,514,673	-
Total cash and cash equivalents	<u>1,642,852</u>	<u>1,712,599</u>	<u>3,355,451</u>	<u>188,972</u>
Cash and cash equivalents, end of period -				
Cash - unrestricted	257,331	469,652	726,983	484,816
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>484,816</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (355,453)</u>	<u>\$ 269,249</u>	<u>\$ (86,204)</u>	<u>\$ 295,844</u>

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

CITY OF MORGAN CITY, LOUISIANA
Fiduciary Activities

Statement of Fiduciary Net Position
December 31, 2020

	<u>Police Pension and Relief Trust</u>
ASSETS	
Cash	\$ 10,675
Interest-bearing deposits	15,238
Accrued interest	<u>107</u>
Total assets	<u>\$ 26,020</u>
NET POSITION	
Held in trust for pension benefits	<u>\$ 26,020</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, 2020

	<u>Police Pension and Relief Trust</u>
Contributions:	
Employer	\$ <u>27,582</u>
Deductions:	
Benefits	<u>20,231</u>
Change in net position	7,351
Net position, beginning	<u>18,669</u>
Net position, ending	<u>\$ 26,020</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.

Road and Royalty

The Road and Royalty Fund accounts for receipts and subsequent expenditures of the proceeds from a 3/10% sales tax, St. Mary Parish Council grants, and other governmental grants designated for street and other public works improvements.

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

Pension trust funds are used to account for assets held by the City for defined benefits or other post-employment benefits.

The City's fiduciary activities are presented in the fiduciary financial statements. These funds are 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, 2020, 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 and OPEB 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, 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 shall receive payment for 33 percent of their accumulated unused sick leave up to a maximum of 60

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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 recorded at present value and have been historically liquidated by the fund in which the liability was incurred.

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 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.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

- 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. Capitalization of Interest Expense

It is the policy of the City to capitalize material amounts of interest resulting from borrowings during the construction of capital assets.

H. 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, 2020, the City has cash and interest-bearing deposits (book balances) totaling \$8,405,164 as follows:

Cash and interest-bearing deposits	\$ 8,172,094
Certificates of deposit	<u>233,070</u>
Total	<u>\$ 8,405,164</u>

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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, 2020 totaling \$9,282,925 are secured as follows:

Federal deposit insurance	\$ 1,646,231
Uninsured and collateralized with securities	<u>7,636,694</u>
Total federal deposit insurance and pledged securities	<u>\$ 9,282,925</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, 2020, deposits in the amount of \$7,636,694 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, 2020, the City had the following investments and maturities (in years):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>
LAMP	\$ 520,810	\$ 520,810
Mutual funds	<u>1,686,508</u>	<u>1,686,508</u>
Total	<u>\$ 2,207,318</u>	<u>\$ 2,207,318</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, 2020.
- 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, 2020, the fair value of the City's investments increased \$62,234. 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, 2020. 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, 2020:

	<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	\$ 380,642	\$ -	\$ 380,642
Revenue bond reserve	108,910	-	108,910
Capital additions and contingencies	540,516	268,871	809,387
Sanitation and Sewer			
Revenue bond sinking	237,058	-	237,058
Revenue bond reserve	718,999	-	718,999
Revenue bond construction	556,139	-	556,139
	<u>\$ 2,542,264</u>	<u>\$ 268,871</u>	<u>\$ 2,811,135</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, 2020, the City has receivables and amounts due from other governmental units totaling \$4,948,179 as follows:

Receivable Class	Governmental Activities	Business-Type Activities	Total
Taxes:			
Ad valorem	\$ 468,237	\$ -	\$ 468,237
Sales and use	1,042,292	-	1,042,292
Intergovernmental:			
Federal	627,253	8,430	635,683
State	7,385	-	7,385
St. Mary Parish	54,864		54,864
City Court of Morgan City	8,288	-	8,288
Accounts	165,772	2,560,010	2,725,782
Other	5,648	-	5,648
	\$ 2,379,739	\$ 2,568,440	\$ 4,948,179

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, 2020, taxes of 18.07 mills were levied on property with assessed valuations totaling \$129,231,836 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 2020 were \$2,335,221.

(6) Interfund Receivables/Payables

Interfund receivables/payables at December 31, 2020 are as follows:

Receivable Fund	Payable Fund						Total
	Governmental Activities			Business-Type Activities			
	General	Road and Royalty	Nonmajor Governmental	Electric, Gas and Water	Sanitation and Sewer	Internal Service	
Governmental Activities:							
General	\$ -	\$ 21,100	\$ 223,566	\$ 811	\$ 166	\$ 129,918	\$ 375,561
Road and Royalty	-	-	3,933	-	-	-	3,933
Nonmajor Governmental	294,222	63,494	101,358	-	25,819	-	484,893
Business-type Activities:							
Electric, Gas and Water	-	11,026	369,620	-	17	-	380,663
Sanitation and Sewer	-	5,347	115,671	2,938,996	-	-	3,060,014
Internal Service	12,504	-	-	70,000	72,030	-	154,534
Total	<u>\$ 306,726</u>	<u>\$ 100,967</u>	<u>\$ 814,148</u>	<u>\$ 3,009,807</u>	<u>\$ 98,032</u>	<u>\$ 129,918</u>	<u>\$ 4,459,598</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, 2020:

Receivable Fund	Payable Fund			Total
	Governmental Activities		Business-Type Activities	
	General	Nonmajor Governmental	Electric, Gas and Water	
Governmental Activities:				
General Fund	\$ -	\$ 688,503	\$ -	\$ 688,503
Nonmajor Governmental	250,000	-	-	250,000
Business-type Activities:				
Electric, Gas and Water	698,792	-	-	698,792
Sanitation and Sewer	-	-	1,053,173	1,053,173
Total	<u>\$ 948,792</u>	<u>\$ 688,503</u>	<u>\$ 1,053,173</u>	<u>\$ 2,690,468</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, 2020 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
Construction in progress	<u>711,681</u>	<u>-</u>	<u>(711,681)</u>	<u>-</u>
Total capital assets not being depreciated	<u>2,522,516</u>	<u>-</u>	<u>(711,681)</u>	<u>1,810,835</u>
Capital assets, being depreciated				
Buildings	12,862,948	-	-	12,862,948
Improvements other than buildings	17,540,265	40,004	-	17,580,269
Infrastructure	100,667,928	1,833,661	-	102,501,589
Equipment	<u>7,192,655</u>	<u>87,951</u>	<u>-</u>	<u>7,280,606</u>
Total capital assets being depreciated	<u>138,263,796</u>	<u>1,961,616</u>	<u>-</u>	<u>140,225,412</u>
Less accumulated depreciation for:				
Buildings	(6,857,914)	(285,794)	-	(7,143,708)
Improvements other than buildings	(9,776,857)	(600,216)	-	(10,377,073)
Infrastructure	(47,926,055)	(1,574,316)	-	(49,500,371)
Equipment	<u>(5,493,259)</u>	<u>(353,568)</u>	<u>-</u>	<u>(5,846,827)</u>
Total accumulated depreciation	<u>(70,054,085)</u>	<u>(2,813,894)</u>	<u>-</u>	<u>(72,867,979)</u>
Total capital assets, being depreciated, net	<u>68,209,711</u>	<u>(852,278)</u>	<u>-</u>	<u>67,357,433</u>
Governmental Activities Capital Assets, net	<u>\$ 70,732,227</u>	<u>\$ (852,278)</u>	<u>\$ (711,681)</u>	<u>\$ 69,168,268</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, 2020 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	4,515,911	1,053,350	-	5,569,261
Total capital assets not being depreciated	<u>4,527,201</u>	<u>1,053,350</u>	<u>-</u>	<u>5,580,551</u>
Capital assets, being depreciated				
Buildings	131,194	-	-	131,194
Infrastructure and related equipment				
Electric power generation and transmission	34,785,967	14,496	(41,982)	34,758,481
Gas distribution	8,867,130	-	-	8,867,130
Water treatment and distribution	16,738,409	-	-	16,738,409
Wastewater collection and treatment	18,214,429	44,000	-	18,258,429
Sanitation	3,440,256	11,623	-	3,451,879
Other equipment and furniture	3,002,164	152,964	-	3,155,128
Total capital assets being depreciated	<u>85,179,549</u>	<u>223,083</u>	<u>(41,982)</u>	<u>85,360,650</u>
Less accumulated depreciation for:				
Buildings	(99,263)	(2,405)	-	(101,668)
Infrastructure and related equipment				
Electric power generation and transmission	(27,918,409)	(479,240)	41,982	(28,355,667)
Gas distribution	(8,523,275)	(42,426)	-	(8,565,701)
Water treatment and distribution	(11,558,514)	(320,539)	-	(11,879,053)
Wastewater collection and treatment	(13,478,315)	(422,590)	-	(13,900,905)
Sanitation	(1,957,622)	(40,452)	-	(1,998,074)
Other equipment and furniture	(2,621,680)	(82,675)	-	(2,704,355)
Total accumulated depreciation	<u>(66,157,078)</u>	<u>(1,390,327)</u>	<u>41,982</u>	<u>(67,505,423)</u>
Total capital assets, being depreciated, net	<u>19,022,471</u>	<u>(1,167,244)</u>	<u>-</u>	<u>17,855,227</u>
Business-Type Activities Capital Assets, net	<u>\$ 23,549,672</u>	<u>\$ (113,894)</u>	<u>\$ -</u>	<u>\$ 23,435,778</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Depreciation was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 168,824
Culture and recreation	642,507
Public Safety	233,088
Public Works	200,972
Infrastructure	<u>1,568,503</u>
Total depreciation expense - governmental activities	<u>\$2,813,894</u>
Business-Type Activities:	
Electric, gas and water	\$ 926,692
Sanitation and sewer	463,042
Central garage	<u>593</u>
Total depreciation expense - business-type activities	<u>\$1,390,327</u>

The City has acquired two vehicles under the provisions of capital lease agreements in the amount of \$136,324. The current year depreciation on the assets is \$20,147, and capital assets, net at year end is \$116,177.

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.

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 \$1,500,000 and that the treatment plant should have an estimated useful life of 75 years. The City has recognized an ARO liability of \$1,500,000 and a deferred outflow of resources for this liability. During fiscal year 2020, the City recognized amortization expense of \$20,000 to amortize the deferred outflows of resources over the life of the treatment plant. As disclosed in Note 29, prior period balances were adjusted to report the effects of amortization of prior periods.

(8) Short-Term Debt

During the year, the City issued Revenue Anticipation Notes, not to exceed \$2,000,000, to supplement the costs of operations due to temporary cash flow deficiencies. On December 31, 2020, \$2,000,000 of this line remained unused. The following is a summary of short term debt activity for the year ended December 31, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Revenue anticipation notes	<u>\$ 500,000</u>	<u>\$ 275,000</u>	<u>\$ (775,000)</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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

During year ended December 31, 2020, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 637,016	\$ -	\$ -	\$ 637,016	\$ -
Direct placements					
Property tax refunding bonds, series 2013	129,000	-	(129,000)	-	-
Sales tax bonds, series 2012	1,350,000	-	(435,000)	915,000	450,000
Direct borrowings					
Government obligation contract	350,000	-	(30,382)	319,618	30,770
	<u>\$ 2,466,016</u>	<u>\$ -</u>	<u>\$ (594,382)</u>	<u>\$ 1,871,634</u>	<u>\$ 480,770</u>
Business-Type Activities:					
Compensated absences	\$ 352,148	\$ -	\$ (83,064)	\$ 269,084	\$ -
Direct placements					
Water revenue bonds	1,110,000	-	(85,000)	1,025,000	90,000
Sewer revenue bonds	3,057,131	-	(245,000)	2,812,131	247,000
Utility revenue refunding bonds	1,675,000	-	(545,000)	1,130,000	560,000
Excess revenue note	1,422,114	-	(50,575)	1,371,539	52,681
Asset retirement obligation	1,500,000	-	-	1,500,000	-
Capital lease obligations	-	136,324	(16,288)	120,036	25,425
	<u>\$ 9,116,393</u>	<u>\$ 136,324</u>	<u>\$ (1,024,927)</u>	<u>\$ 8,227,790</u>	<u>\$ 975,106</u>

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, 2020 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. \$ 915,000

\$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. 319,618

Total \$ 1,234,618

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.

\$ 1,130,000

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.

\$ 1,371,539

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.

\$ 1,025,000

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.

\$ 721,000

\$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.

2,091,131

Total sewer revenue bonds:

\$ 2,812,131

The annual requirements to amortize all bonded debt and government obligation contracts outstanding as of December 31, 2020, 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		
2021	450,000	14,767	30,770	11,328	480,770	26,095
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
2026-2029	-	-	154,468	13,926	154,468	13,926
	<u>\$ 915,000</u>	<u>\$ 19,743</u>	<u>\$ 319,618</u>	<u>\$ 59,267</u>	<u>\$ 1,234,618</u>	<u>\$ 79,010</u>

Business-Type Activities						
Direct Placements						
Year Ending December 31,	Sewer Revenue Bonds					
	Series 2009A		Series 2010		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	60,000	21,270	187,000	9,410	247,000	30,680
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
2026-2030	391,000	35,576	1,000,000	16,698	1,391,000	52,274
2031	-	-	138,131	622	138,131	622
	<u>\$ 721,000</u>	<u>\$ 123,192</u>	<u>\$ 2,091,131</u>	<u>\$ 55,868</u>	<u>\$ 2,812,131</u>	<u>\$ 179,060</u>

Year Ending December 31,	Refunding Bonds					
	Utility Revenue		Water Revenue		Total	
	Refunding Bonds		Refunding Bonds		Principal	Interest
Principal	Interest	Principal	Interest			
2021	560,000	20,452	90,000	30,238	650,000	50,690
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
2026-2030	-	-	555,000	50,297	555,000	50,297
	<u>\$ 1,130,000</u>	<u>\$ 30,770</u>	<u>\$ 1,025,000</u>	<u>\$ 174,492</u>	<u>\$ 2,155,000</u>	<u>\$ 205,262</u>

Year Ending December 31,	Excess Revenue Note	
	Series 2018	
	Principal	Interest
2021	52,681	57,110
2022	54,874	54,917
2023	57,159	52,632
2024	59,539	50,252
2025	62,019	47,773
2026-2030	351,049	197,910
2031-2035	430,483	118,475
2036-2038	303,735	25,639
	<u>\$ 1,371,539</u>	<u>\$ 604,708</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 \$4,967,131 at December 31, 2020. 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 \$971,345 and \$4,595,387 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, 2020.

The City has acquired two vehicles under the provisions of capital lease agreements. 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, 2020:

<u>Year ending December 31,</u>	<u>Business-Type Activities</u>
2021	\$ 34,122
2022	34,122
2023	34,122
2024	33,481
2025	5,939
Total minimum lease payments	<u>141,786</u>
Less: amount representing interest	<u>(21,750)</u>
Present value of net minimum lease payments	<u>\$ 120,036</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 (2020 collections \$1,726,896; 2019 collections \$1,698,126; 2018 collections \$1,671,494) 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 (2020 collections \$1,536,043; 2019 collections \$1,513,585; 2018 collections \$1,484,257) 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 (2020 collections \$794,696; 2019 collections \$721,895; 2018 collections \$751,357) 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 (2020 collections \$511,888; 2019 collections \$504,404; 2018 collections \$494,631) 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 (2020 collections \$794,468; 2019 collections \$721,704; 2018 collections \$751,537) 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 the highest sixty consecutive months, or joined months if service was interrupted. However, under

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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 9.50% 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, 2020, the actual employer contribution rate was 27.75% 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, 2020, the City reported liabilities in its government-wide financial statements of \$5,590,332 and \$4,762,135 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, 2020 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, 2020, the City's proportional share of MERS was 2.394515%, which was a decrease of 0.006574% from its proportion measured as of June 30, 2019.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

For the year ended December 31, 2020, the City recognized pension expense of \$828,826 and \$706,036 in its governmental activities and business-type activities, respectively, related to its participation in MERS.

At December 31, 2020, 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	\$ 2,592	\$ 31,691	\$ 2,208	\$ 26,996
Changes in Assumption	94,049	-	80,115	-
Net difference between projected and actual earnings on pension plan investments	557,857	-	475,211	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,629	16,177	9,055	14,175
Employer contributions subsequent to the measurement date	<u>377,476</u>	<u>-</u>	<u>321,554</u>	<u>-</u>
	<u>\$ 1,042,603</u>	<u>\$ 47,868</u>	<u>\$ 888,143</u>	<u>\$ 41,171</u>

The \$699,030 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, 2020. 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
2021	\$ 236,068	\$ 201,095	\$ 437,163
2022	172,449	146,901	319,350
2023	126,757	107,978	234,735
2024	<u>81,985</u>	<u>69,444</u>	<u>151,429</u>
	<u>\$ 617,259</u>	<u>\$ 525,418</u>	<u>\$ 1,142,677</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, 2020 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, 2020 are as follows:

	Municipal Employees' Retirement System (MERS) Plan A
	<hr/>
Valuation Date	June 30, 2020
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years
Investment rate of return	6.95%, 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 6.95%, which was a .05 decrease from the rate used as of June 30, 2019. 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, 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>
Public Equity	53%	2.33%
Public fixed income	38%	1.67%
Alternatives	9%	0.40%
Totals	<u>100%</u>	<u>4.40%</u>
Inflation		<u>2.60%</u>
Expected Arithmetic Nominal Return		<u>7.00%</u>

The discount rate used to measure the total pension liability was 6.950%, which was a .050% decrease from the rate used as of June 30, 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 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 7%, 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, 2020:

	Changes in Discount Rate:		
	MERS - Plan A		
	1% Decrease	Current Discount Rate	1% Increase
Net Pension Liability	<u>\$ 13,467,426</u>	<u>\$ 10,352,467</u>	<u>\$ 7,718,639</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, 2020, the City recognized revenue as a result of support received from the non-employer contributing entities of \$162,445 for its participation in MERS.

Payables to the Pension Plan: The City recorded accrued liabilities to MERS for the year ended December 31, 2020 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, 2020 is \$132,003.

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 2.50%, 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 in to 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, 2020, 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 32.50% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 32.50% 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 34.25% 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, 2020, and excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At December 31, 2020, The City reported liabilities in its government-wide financial statements of \$4,757,517 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, 2020 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, 2020, the City's proportional share of MPERS was 0.514753%, which was a decrease of 0.005122% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the City recognized pension expense of \$584,810 in its governmental activities related to its participation in MPERS.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

At December 31, 2020, 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	\$ -	\$ 187,395
Changes in Assumption	113,050	117,409
Net difference between projected and actual earnings on pension plan investments	570,759	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	245,966
Employer contributions subsequent to the measurement date	<u>303,920</u>	<u>-</u>
	<u>\$ 987,729</u>	<u>\$ 550,770</u>

The \$303,920 reported as deferred outflows of resources related to pensions resulting from City contributions to MPERS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. 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>	
2021	\$ (108,367)
2022	37,610
2023	95,403
2024	<u>108,393</u>
	<u>\$ 133,039</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, 2020 valuation were based on the assumptions used in the June 30, 2020 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, 2020 are as follows:

	Municipal Police Employees' Retirement System (MPERS)	
Valuation Date	June 30, 2020	
Actuarial cost method	Entry Age Normal	
Actuarial cost assumptions:		
Expected emaining service lives	4 years	
Investment rate of return	6.950%, 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 6.950%, which was a .175% decrease from the rate used as of June 30, 2019.

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, 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>
Equity	48.5%	3.08%
Fixed Income	33.5%	0.54%
Alternative	<u>18.0%</u>	<u>1.02%</u>
Totals	<u>100%</u>	<u>4.64%</u>
Inflation		<u>2.55%</u>
Expected Nominal Return		<u>7.19%</u>

The discount rate used to measure the total pension liability was 6.950%, which was a .175% decrease from the rate used as of June 30, 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 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 6.95%, 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	Current Discount Rate	1% Increase
Net Pension Liability	<u>\$ 7,601,600</u>	<u>\$ 4,757,517</u>	<u>\$ 3,579,386</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, 2020, the City recognized revenue as a result of support received from the non-employer contributing entities of \$112,202 for its participation in MPERS.

Payables to the Pension Plan: The City recorded accrued liabilities to MPERS for the year ended December 31, 2020 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, 2020 is \$63,236.

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 employees' lives in the form of a monthly annuity. An employee 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, 2020, employer and employee contributions for members above the poverty line were 27.75% and 10%, respectively. The employer and employee contribution rates for those members below the poverty line were 29.75% 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, 2020 and were excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At December 31, 2020, The City reported liabilities in its government-wide financial statements of \$3,477,233 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, 2020 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, 2020, the City's proportional share of the System was 0.501653%, which was a decrease of 0.009162% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the City recognized pension expense of \$508,655 in its governmental activities related to its participation in the System.

At December 31, 2020, 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)

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 222,473
Changes in Assumption	336,139	-
Net difference between projected and actual earnings on pension plan investments	382,934	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,346	504,537
Employer contributions subsequent to the measurement date	198,515	-
	<u>\$ 925,934</u>	<u>\$ 727,010</u>

The \$198,515 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, 2020. 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	
2021	\$ (51,723)
2022	32,747
2023	39,842
2024	(16,315)
2025	(5,209)
2026	1,067
	<u>\$ 409</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, 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. For the fiscal year ended June 30, 2019, the reasonable range was set at 6.20% through 7.15% and the Board of Trustees elected to set the System's assumed rate of return at 7.15% for Fiscal 2019. The actuarial valuation interest rates selected by the board, which were within the reasonable range, were 7.00% and 7.15% for fiscal years 2020 and 2019, respectively.

The remaining actuarial assumptions utilized for this report for fiscal year 2020 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. The assumptions in the report for fiscal year 2019 were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. 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, 2019 are as follows:

	<u>Firefighters' Retirement System</u>
Valuation Date	June 30, 2020
Actuarial cost method	Entry Age Normal
Actuarial cost assumptions:	
Expected remaining service lives	7 years
Investment rate of return	7.00% per annum (net of investment expenses, including inflation)
Inflation rate	2.500% 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 7%, which was a .15% decrease from the rate used as of June 30, 2019.

The mortality rate assumptions were updated in fiscal year 2020 to reflect changes from the recent experience study and rates set in the Pub-2010 Public Retirement Plans mortality tables, as compared to the RP-2000 Combined Healthy and Disabled Lives tables that were used for the previous valuation. 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 MP2019 scale.

The 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 and the G.S. Curran & Company Consultant Average study for 2020. The consultants' 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. The System's long-term assumed rate of inflation of 2.5% was used in this process for the fiscal year ended June 30, 2020.

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. Prior year's financial reports presented the long-term expected real rate of return provided by the System's investment consultant, whereas this year's report presents this information for both fiscal years 2020 and 2019 from the System's actuary. 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 actuary's method integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020, and June 30, 2019, are summarized in the following tables:

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

As of June 30, 2020:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rates of Return
Equity:		
U.S. Equity	26%	5.72%
Non-U.S. Equity	12%	6.24%
Global Equity	10%	6.23%
Emerging Market Equity	6%	8.61%
Fixed Income		
U.S. Core Fixed Income	26%	1.00%
Emerging Market Debt	5%	3.40%
Multi-Asset Strategies:		
Global Tactical Asset Allocation	0%	4.22%
Risk Parity	0%	4.22%
Alternatives:		
Real Estate	6%	4.20%
Private Equity	<u>9%</u>	10.29%
	<u>100%</u>	

As of June 30, 2019:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rates of Return
Equity:		
U.S. Equity	21.5%	5.74%
Non-U.S. Equity	12.0%	6.57%
Global Equity	10.0%	6.30%
Emerging Market Equity	5.5%	8.31%
Fixed Income		
U.S. Core Fixed Income	26.0%	1.70%
Emerging Market Debt	5.0%	3.49%
Multi-Asset Strategies:		
Global Tactical Asset Allocation	5.0%	2.73%
Risk Parity	5.0%	2.73%
Alternatives:		
Real Estate	6.0%	4.19%
Private Equity	<u>4.0%</u>	8.84%
	<u>100.0%</u>	

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The discount rate used to measure the total pension liability was 7%, which was a .15% decrease from the rate used as of June 30, 2019. 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 7%, 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, 2020.

	Changes in Discount Rate:		
	Firefighters' Retirement System		
	1%	Current	1%
	Decrease	Discount	Increase
	6%	7%	8%
Net Pension Liability	<u>\$ 5,022,828</u>	<u>\$ 3,477,233</u>	<u>\$ 2,187,116</u>

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, 2020, the City recognized revenue as a result of support received from the non-employer contributing entities of \$140,551 for its participation in FFRS.

Payables to the Pension Plan: The City recorded accrued liabilities to the System for the year ended December 31, 2020 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, 2020 is \$33,247.

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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 creditable 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 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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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 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.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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 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,

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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. 11:401-11:104 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 all classes of members, regardless of their plan membership. The rates for the year ended June 30, 2020 for the various plans are as follows:

Plan	Plan Status	Contributions Employer
Appellate Law Clerks	Closed	40.7%
Appellate Law Clerks hired on or after 7/01/06	Open	40.7%
Alcohol Tobacco Control	Closed	33.9%
Bridge Police	Closed	39.8%
Bridge Police hired on or after 7/01/06	Closed	39.8%
Corrections Primary	Closed	36.9%
Corrections Secondary	Closed	40.7%
Harbor Police	Closed	7.7%
Hazardous Duty	Open	41.7%
Judges hired before 1/1/2011	Closed	42.4%
Judges hired after 12/31/2010	Closed	42.0%
Judges hired on or after 7/1/15	Open	42.0%
Legislators	Closed	40.4%
Optional Retirement Plan (ORP) before 7/01/06	Closed	40.7%
Optional Retirement Plan (ORP) on or after 7/01/06	Closed	40.7%
Peace Officers	Closed	39.4%
Regular Employees hired before 7/01/06	Closed	40.7%
Regular Employees hired on or after 7/01/06	Closed	40.7%
Regular Employees hired on or after 1/1/11	Closed	40.7%
Regular Employees hired on or after 7/1/15	Open	40.7%
Special Legislative Employees	Closed	42.4%
Wildlife Agents	Closed	49.7%
Aggregate Rate	-	40.8%

The agency's contractually required composite contribution rate for the year ended December 31, 2020 was 42.4% 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.

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 Related to Pensions: At December 31, 2020, the City reported a liability of \$150,443 for its proportionate share of the LASERS net pension liability. The net pension liability was measured as of June 30, 2020 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, 2020, the City's proportion was 0.001820%, which was a decrease of 0.00007% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the City recognized pension expense of \$12,369 in its governmental activities related to its participation in LASERS.

At December 31, 2020, 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 expenses	\$ -	\$ 1,445
Change of assumptions	481	-
Net differences between projected and actual earnings on pension plan investments	21,992	-
Change in proportion and differences between employer contributions and proportionate share of contributions	-	2,412
Employer contributions subsequent to the measurement date	<u>7,650</u>	<u>-</u>
Total	<u>\$ 30,123</u>	<u>\$ 3,857</u>

Deferred outflows of resources of \$7,650 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, 2020. 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>	
2021	\$ 389
2022	6,342
2023	6,796
2024	<u>5,089</u>
	<u>\$ 18,616</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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.

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, 2020 are as follows:

	<u>LASERS Retirement System</u>		
Valuation Date	June 30, 2020		
Actuarial Cost Method	Entry Age Normal		
Investment Rate of Return	7.55% per annum, net of investment expenses		
Inflation Rate	2.3% per annum		
Mortality Rates	Non-disabled members - Mortality rates were based on 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 for 2019.		
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:		
	<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 7.9%, recognizing an additional 35 basis points for gain-sharing. The net return available to fund regular pension plan benefits is 7.55%, which is the same as the discount rate and a .05% decrease from the rate used as of June 30, 2019. 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 8.25% for 2020. 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	-0.59%
Domestic equity	4.79%
International equity	5.83%
Domestic fixed income	1.76%
International fixed income	3.98%
Alternative investments	6.69%
Risk Parity	4.20%
Total Fund	5.81%

The discount rate used to measure the total pension liability was 7.55%, which was a .05% decrease from the discount rate used as of June 30, 2019. 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 7.55%, 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% Decrease 6.55%	Current Discount Rate 7.55%	1% Increase 8.55%
Net Pension Liability	<u>\$ 184,872</u>	<u>\$ 150,443</u>	<u>\$ 121,227</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, 2020 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, 2020 is \$1,275.

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 District 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.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

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.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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

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, 2019, the actuarially determined contribution rate was 12.18% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2019 was 11.5% for Plan A. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

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, 2020, the City recognized revenue as a result of support received from non-employer contributing entities of \$4,043 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, 2020, the City reported liabilities of \$2,352 for its proportionate share of the net pension liabilities of PERS, which was reported in the governmental activities. The net pension liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension asset 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 December 31, 2019, the City's proportional share of PERS was 0.049956%, which was a decrease of 0.000248% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$46,114 in its activities.

At December 31, 2020, 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	\$ -	\$ 21,052
Changes in Assumption	32,844	-
Net difference between projected and actual earnings on pension plan investments	-	88,152
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,400	274
Employer contributions subsequent to the measurement date	<u>38,631</u>	<u>-</u>
	<u>\$ 73,875</u>	<u>\$ 109,478</u>

The \$38,631 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 liability in the year ended December 31, 2020. 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>	
2021	\$ (15,747)
2022	(21,240)
2023	2,441
2024	<u>(39,688)</u>
	<u>\$ (74,234)</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Actuarial Assumptions: Actuarial Methods and Assumptions: The net pension liability 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, 2019 are as follows:

	Parochial Employees' Retirement System of Louisiana Plan A
Valuation Date	December 31, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.50%, 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	2.40%

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The discount rate used to measure the total pension asset was 6.5% for Plan A, which was the same rate used as of December 31, 2018. 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 6.5% for Plan A, which was the same rate used as of December 31, 2018. 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 7.18% for the year ended December 31, 2019.

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of December 31, 2019 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	35%	1.05%
Equity	52%	3.41%
Alternative	11%	0.61%
Real Assets	<u>2%</u>	<u>0.11%</u>
Totals	<u>100%</u>	5.18%
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Return		<u>7.18%</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 6.50%, 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%	Current	1%
	Decrease	Discount	Increase
	5.5%	6.5%	7.5%
Net Pension Liability (Asset)	<u>\$ 254,171</u>	<u>\$ 2,352</u>	<u>\$ (208,608)</u>

Payables to the Pension Plan: The City recorded accrued liabilities to PERS for the year ended December 31, 2020 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, 2020 is \$9,411.

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 Liability:

	Governmental Activities	Business-Type Activities	Total
MERS	\$ 5,590,332	\$ 4,762,135	\$ 10,352,467
MPERS	4,757,517	-	4,757,517
FFRS	3,477,233	-	3,477,233
LASERS	150,443	-	150,443
PERS	2,352	-	2,352
Total	<u>\$ 13,977,877</u>	<u>\$ 4,762,135</u>	<u>\$ 18,740,012</u>

Deferred Outflows of Resources:

	Governmental Activities	Business-Type Activities	Total
MERS	\$ 1,042,603	\$ 888,143	\$ 1,930,746
MPERS	987,729	-	987,729
FFRS	925,934	-	925,934
LASERS	30,123	-	30,123
PERS	73,875	-	73,875
Total	<u>\$ 3,060,264</u>	<u>\$ 888,143</u>	<u>\$ 3,948,407</u>

Deferred Inflows of Resources:

	Governmental Activities	Business-Type Activities	Total
MERS	\$ 47,868	\$ 41,171	\$ 89,039
MPERS	550,770	-	550,770
FFRS	727,010	-	727,010
LASERS	3,857	-	3,857
PERS	109,478	-	109,478
Total	<u>\$ 1,438,983</u>	<u>\$ 41,171</u>	<u>\$ 1,480,154</u>

Pension Expense:

	Governmental Activities	Business-Type Activities	Total
MERS	\$ 828,826	\$ 706,036	\$ 1,534,862
MPERS	584,810	-	584,810
FFRS	508,655	-	508,655
LASERS	12,369	-	12,369
PERS	46,114	-	46,114
Total	<u>\$ 1,980,774</u>	<u>\$ 706,036</u>	<u>\$ 2,686,810</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.

The City's contributions to the Morgan City Police Pension and Relief Fund for the years ended December 31, 2020, 2019, and 2018 were \$27,582, \$27,684, and \$41,982, 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, 2020, 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 \$7,971,772 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date. For the year ended December 31, 2020, approximately \$141,483 of benefits were paid by the City as they became due.

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2020 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:	2.74% annually (Beginning of Year to Determine ADC)
	2.12% 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, 2020, the measurement date at the end of the applicable measurement period.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2020.

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 12/31/2019	<u>\$ 8,264,314</u>
Charges for the year:	
Service cost	88,159
Interest	222,088
Differences between expected and actual experience	(464,571)
Changes in assumptions/inputs	179,579
Benefit payments	<u>(317,797)</u>
Net changes	<u>(292,542)</u>
Balance at 12/31/2020	<u>\$ 7,971,772</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 (1.12 percent) or 1-percentage-point higher (3.12 percent) than the current discount rate:

	1% Decrease 1.12	Discount Rate 2.12	1% Increase 3.12
Total OPEB Liability	<u>\$ 9,217,003</u>	<u>\$ 7,971,772</u>	<u>\$ 6,962,646</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>\$ 7,167,713</u>	<u>\$ 7,971,772</u>	<u>\$ 8,974,122</u>

For the year ended December 31, 2020, the City recognized an OPEB expense of \$374,604. At December 31, 2020, 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	\$ 245,087	\$ 457,557
Changes in assumptions or other inputs	<u>1,649,962</u>	<u>556,433</u>
Total	<u>\$ 1,895,049</u>	<u>\$ 1,013,990</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>	
2021	\$ 64,357
2022	64,357
2023	64,357
2024	64,357
2025	64,357
Thereafter	<u>559,274</u>
Total	<u>\$ 881,059</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, 2020, 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	\$ 387,122
Ward Six Marshal of the Parish of St. Mary	<u>146,089</u>
Total	<u>\$ 533,211</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, 2020 are as follows:

Year Ended December 31,	Amount
2021	41,900
2022	41,900
2023	41,900
2024	40,700
	<u>\$ 166,400</u>

Expenditures related to the leases totaled \$41,900 for the year ended December 31, 2020.

(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 No. 83, 68 and 75, respectively, significantly affected the City's unrestricted portion of net position as of December 31, 2020.

(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	Road and Royalty	Other Governmental Funds	Total
Fund balances:				
Nonspendable -				
Permanent fund	\$ -	\$ -	\$ 647,294	\$ 647,294
Inventory	56,713	-	-	56,713
Prepaid items	109,565	-	8,294	117,859
Interfund loans	<u>688,503</u>	<u>-</u>	<u>250,000</u>	<u>938,503</u>
Total fund balances - nonspendable	<u>854,781</u>	<u>-</u>	<u>905,588</u>	<u>1,760,369</u>
Restricted for -				
Debt service	-	-	386,026	386,026
Capital improvements	-	620,771	707,891	1,328,662
Special programs	<u>-</u>	<u>-</u>	<u>2,811,945</u>	<u>2,811,945</u>
Total fund balances - restricted	<u>-</u>	<u>620,771</u>	<u>3,905,862</u>	<u>4,526,633</u>
Unassigned (deficit)	<u>730,452</u>	<u>-</u>	<u>(558,530)</u>	<u>171,922</u>
Total fund balances	<u>\$ 1,585,233</u>	<u>\$ 620,771</u>	<u>\$ 4,252,920</u>	<u>\$ 6,458,924</u>

(18) Interfund Transfers

Interfund transfers for the year ended December 31, 2020 are as follows:

Receiving Fund	Transferring Fund					Total
	Governmental Activities			Business-Type Activities		
	General	Road and Royalty	Nonmajor Governmental	Electric, Gas and Water	Sanitation and Sewer	
Governmental Activities:						
General	\$ -	\$ -	\$ 72,500	\$ 3,400,000	\$ 450,000	\$ 3,922,500
Nonmajor governmental	668,514	543,633	322,000	65,000	-	1,599,147
Internal service funds	50,000	-	-	-	-	50,000
Business-type Activities:						
Electric, Gas and Water	-	-	65,000	-	-	65,000
Sanitation and Sewer	<u>-</u>	<u>-</u>	<u>1,065,598</u>	<u>-</u>	<u>-</u>	<u>1,065,598</u>
	<u>\$ 718,514</u>	<u>\$ 543,633</u>	<u>\$ 1,525,098</u>	<u>\$ 3,465,000</u>	<u>\$ 450,000</u>	<u>\$ 6,702,245</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, 2020, the fund balances is restricted as follows:

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Cemetery	1,643
Bike Path Grant	2,000
Morgan City Municipal Auditorium	171,420
Beautification	6,415
Morgan City Police Department	11,203
Library	(1,519)
Feral Cat Project	5,253
	<u>\$ 196,415</u>

(20) Natural Gas Purchases

The City purchased natural gas for resale from Texas Gas Transmission, LLC during 2020 in the amount of \$348,289 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, 2020, the City's demand and energy charges were \$3,015,783 and \$4,696,669 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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

December 31, 2020, the City's entitlement share of power (capital) costs and energy (fuel) costs which was sold to LEPA was \$2,863,375 and \$171,548, respectively.

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, 2020, the City's entitlement share of power (capital) costs and energy (fuel) costs (proceeds) which was sold through MISO Energy Market was \$1,994,372 and \$(62,607), 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, 2020. 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, 2020. 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, 2020, the City received \$301,760 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, 2020, the fund reported a fund balance of \$424,513. The claims liability of \$133,027 reported in the fund at December 31, 2020 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, 2020, 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, 2020. 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>
2019	321,621	2,080,319	(2,134,624)	267,316
2020	267,316	1,573,838	(1,708,127)	133,027

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	439,016
State Prisoner's	36,584
Capital Project:	
Louisiana Capital Outlay	145,762
Sidewalk Assessment	5,461

The deficits in Emergency Management, State Prison's 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.

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, 2020, the deficit in this fund was reduced by \$81,526.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(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, 2020 was as follows:

	Electric Department	Gas Department	Water Department	Mosquito Department	Sewer Department	Sanitation Department	Total Enterprise Funds
Operating revenues:	\$ 15,834,102	\$ 1,410,434	\$ 2,085,610	\$ 146,071	\$ 1,894,681	\$ 1,141,005	\$ 22,511,903
Operating expenses:							
Depreciation	520,099	47,214	352,686	6,693	422,625	40,417	1,389,734
Other	12,404,195	930,198	1,690,019	144,509	1,305,840	1,461,755	17,936,516
Total operating expenses	12,924,294	977,412	2,042,705	151,202	1,728,465	1,502,172	19,326,250
Operating income (loss)	2,909,808	433,022	42,905	(5,131)	166,216	(361,167)	3,185,653
Nonoperating expenses, net	(90,983)	(7,863)	(12,356)	(1,123)	(15,762)	(9,660)	(137,747)
Transfers, net	(2,754,000)	(238,000)	(374,000)	(34,000)	381,671	233,927	(2,784,402)
Change in net position	64,825	187,159	(343,451)	(40,254)	532,125	(136,900)	263,504
Net position, beginning, as restated	7,288,779	629,894	989,834	89,985	4,071,069	2,899,688	15,969,249
Net position, ending	\$ 7,353,604	\$ 817,053	\$ 646,383	\$ 49,731	\$ 4,603,194	\$ 2,762,788	\$ 16,232,753

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, 2020 as follows:

Funding Source	Award Number	Revenues	Deferred Inflows
U.S. Department of Homeland Security			
Passed through Louisiana Office of Homeland Security			
Disaster Grants - Public Assistance - Presidentially Declared Disasters	PA-4080	\$ -	\$ 62,826
Disaster Grants - Public Assistance - Presidentially Declared Disasters	PA-4458	113,745	563,071
Total		\$ 113,745	\$ 625,897

Recognized deferred inflows of \$62,826 shown above for Award Number PA-4080 pertain to federal grants related to expenditures incurred and obligated by the Federal Emergency Management Agency (FEMA) in prior years.

(26) On-Behalf Payments of Salaries

During the year ended December 31, 2020, the State of Louisiana paid the City's policemen and firemen \$232,367 and \$179,250, respectively, of supplemental pay, which is included in the accompanying financial statements as intergovernmental revenues and public safety expenses/expenditures.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(27) Compensation of City Officials

A detail of compensation paid to the Mayor and City Council for the year ended December 31, 2020 follows:

Mayor:		
Frank P. Grizzaffi, III	\$	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
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, 2020, payments made to Mayor Frank P. Grizzaffi, III requiring disclosure are as follows:

Salary	\$	63,000
Benefits - Insurance		10,806
Benefits - Retirement		18,034
Car and cell phone allowance		6,600
Total	\$	<u>98,440</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, 2020, the City incurred abatements of ad valorem taxes through ITEP.

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

fulfill its commitments under the agreement. For the year ended December 31, 2020, \$46,934 in City ad valorem tax revenues were abated by the State of Louisiana through ITEP.

(29) Prior Period Adjustments

As discussed in Notes 7 and 15, the City implemented GASBS No. 83, *Certain Asset Retirement Obligations* during the year ended December 31, 2020. A prior period adjustment is reported to record the effects of amortization of prior periods. The City also implemented GASBS No. 84, *Fiduciary Activities* during the year ended December 31, 2020. A prior period adjustment is reported to recognize fund balance/net position of funds previously reported as fiduciary activities.

During the year ended December 31, 2020, the City made adjustments to correct an error in accounting. The nature of this accounting error related to interfund payroll accruals for insurance premiums due to the City's internal service fund that accounts for the City's self-funded insurance program.

The table below illustrates the effects of the matters described above on balances previously reported. The previously reported balances of other governmental funds, as presented below, has been reduced by the Road and Royalty fund's balance due to changes in presentation. This fund is reported as a major fund for the year ended December 31, 2020 and opening fund balance has not been restated.

	As Previously Reported	Implementation of GASBS No. 83	Implementation of GASBS No. 84	Correction of Accounting Error	As Restated
Government-wide financial statements					
Governmental Activities	55,958,398	-	881,287	13,856	56,853,541
Business-type Activities	16,612,058	(660,000)	-	(15,781)	15,936,277
Fund financial statements					
Governmental Funds					
General Fund	1,611,590	-	23,860	(38,437)	1,597,013
Other Governmental Funds	2,772,928	-	857,427	(1,928)	3,628,427
Proprietary Funds					
Electric, Gas, and Water	9,008,830	-	-	(10,338)	8,998,492
Sanitation and Sewer	7,636,200	(660,000)	-	(5,443)	6,970,757
Internal Service	(109,593)	-	-	54,221	(55,372)

(30) Subsequent Events

Subsequent to year end, the City issued \$1,600,000 of Revenue Anticipation Note, Series 2021, with an interest rate of 2% payable through March 1, 2022. The City drew down on this note \$25,000 and \$250,000 in April and August of 2021, respectively. The note is being used to pay current expenditures.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(31) 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 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. Interest cost incurred before the end of a construction period for financial statements prepared using the current financial resources measurement focus should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The standard is effective for annual reporting periods beginning after December 15, 2019. GASBS No. 95 postponed this statement by one year. The effects of implementation of its applicability on the City's financial statements has not yet been determined.

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, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Taxes	\$ 4,930,094	\$ 5,159,146	\$ 5,157,696	\$ (1,450)
Licenses and permits	847,000	878,559	869,093	(9,466)
Intergovernmental	306,000	291,882	643,966	352,084
Charges for services	65,000	68,000	70,782	2,782
Fines and forfeits	137,000	82,319	80,320	(1,999)
Miscellaneous	260,150	368,216	424,259	56,043
Total revenues	<u>6,545,244</u>	<u>6,848,122</u>	<u>7,246,116</u>	<u>397,994</u>
Expenditures:				
General government				
Administrative	2,331,883	2,263,416	2,254,392	9,024
Purchasing	214,488	219,488	217,814	1,674
Planning and zoning	378,016	365,349	360,931	4,418
Public safety				
Police	3,510,123	3,414,617	3,746,152	(331,535)
Fire	2,346,169	2,334,732	2,418,514	(83,782)
Public works:				
Streets and drainage	1,106,002	1,093,623	1,104,163	(10,540)
Storm water	21,740	16,280	14,587	1,693
Cemetery	205,709	200,442	175,401	25,041
Culture and recreation	134,635	123,411	122,391	1,020
Capital outlay	1,500	8,990	42,520	(33,530)
Debt Service-				
Interest and fiscal charges	-	10,000	5,017	4,983
Total expenditures	<u>10,250,265</u>	<u>10,050,348</u>	<u>10,461,882</u>	<u>(411,534)</u>
Deficiency of revenues over expenditures	<u>(3,705,021)</u>	<u>(3,202,226)</u>	<u>(3,215,766)</u>	<u>(13,540)</u>
Other financing sources (uses):				
Transfers in	3,922,500	3,922,500	3,922,500	-
Transfers out	(592,100)	(723,000)	(718,514)	4,486
Total other financing sources	<u>3,330,400</u>	<u>3,199,500</u>	<u>3,203,986</u>	<u>4,486</u>
Net changes in fund balance	(374,621)	(2,726)	(11,780)	(9,054)
Fund balance, beginning, as restated	<u>1,573,153</u>	<u>1,573,153</u>	<u>1,597,013</u>	<u>23,860</u>
Fund balance, ending	<u>\$ 1,198,532</u>	<u>\$ 1,570,427</u>	<u>\$ 1,585,233</u>	<u>\$ 14,806</u>

See notes to required supplementary information.

CITY OF MORGAN CITY, LOUISIANA
Special Revenue Fund
Road and Royalty

Budgetary Comparison Schedule
Year Ended December 31, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 739,567	\$ 788,308	\$ 794,468	\$ 6,160
Intergovernmental	1,000,000	782,280	1,173,403	391,123
Interest	<u>150</u>	<u>1,200</u>	<u>1,100</u>	<u>(100)</u>
Total revenues	<u>1,739,717</u>	<u>1,571,788</u>	<u>1,968,971</u>	<u>397,183</u>
Expenditures:				
Current -				
Public works:				
Streets and drainage	200,000	537,543	310,282	227,261
Capital outlay	<u>1,000,000</u>	<u>850,000</u>	<u>1,121,980</u>	<u>(271,980)</u>
Total expenditures	<u>1,200,000</u>	<u>1,387,543</u>	<u>1,432,262</u>	<u>(44,719)</u>
Excess of revenues over expenditures	539,717	184,245	536,709	352,464
Other financing uses:				
Transfers out	<u>(543,633)</u>	<u>(543,633)</u>	<u>(543,633)</u>	<u>-</u>
Net changes in fund balance	(3,916)	(359,388)	(6,924)	352,464
Fund balance, beginning	<u>434,183</u>	<u>(512,793)</u>	<u>627,695</u>	<u>1,140,488</u>
Fund balance, ending	<u>\$ 430,267</u>	<u>\$ (872,181)</u>	<u>\$ 620,771</u>	<u>\$ 1,492,952</u>

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, 2020

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
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%
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%
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%
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%
2019	0.001820%	150,443	36,000	417.9%	58.00%
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%

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, 2020

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%
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%
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%
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%
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%

*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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 88,159	\$ 92,445	\$ 107,717
Interest	222,088	242,768	226,094
Differences between expected and actual experience	(464,571)	294,105	(91,541)
Changes in assumptions or other inputs	179,579	1,800,375	(723,362)
Benefit payments	<u>(317,797)</u>	<u>(173,094)</u>	<u>(167,410)</u>
Net Change in Total OPEB Liability	<u>(292,542)</u>	<u>2,256,599</u>	<u>(648,502)</u>
Total OPEB Liability -beginning	<u>8,264,314</u>	<u>6,007,715</u>	<u>6,656,217</u>
Total OPEB Liability -ending	<u>\$ 7,971,772</u>	<u>\$ 8,264,314</u>	<u>\$ 6,007,715</u>
Covered Employee Payroll	<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>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 and Road and Royalty fund by \$411,534 and \$44,719, respectively.

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%

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%

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%

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%

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%

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%

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, 2020

	First Six Month Period Ended 6/30/2020	Second Six Month Period Ended 12/31/2020
Receipts From:		
City Court of Morgan City - Probation/Parole/Supervision Fees	\$ 13,000	\$ 13,028
City Court of Morgan City - Criminal Fines	45,575	41,493
City Court of Morgan City - Criminal Fines- Other	<u>3,919</u>	<u>750</u>
Total Receipts	<u>\$ 62,494</u>	<u>\$ 55,271</u>

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
Year Ended December 31, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes:				
Ad valorem	\$ 2,055,578	\$ 2,146,026	\$2,124,216	\$ (21,810)
Sales	2,874,516	3,013,120	3,033,480	20,360
Total taxes	<u>4,930,094</u>	<u>5,159,146</u>	<u>5,157,696</u>	<u>(1,450)</u>
Licenses and permits:				
Liquor and beer licenses	25,000	25,000	26,065	1,065
Occupational licenses	775,000	790,000	787,287	(2,713)
Building permits	15,000	25,000	25,116	116
Chain store	7,000	7,360	8,570	1,210
Other	25,000	31,199	22,055	(9,144)
Total licenses and permits	<u>847,000</u>	<u>878,559</u>	<u>869,093</u>	<u>(9,466)</u>
Intergovernmental:				
State of Louisiana -				
Beer taxes	16,000	18,345	18,839	494
Video poker	90,000	75,000	65,193	(9,807)
City Court	80,000	85,000	58,543	(26,457)
Police	10,000	15,077	8,400	(6,677)
Other	70,000	48,500	443,031	394,531
St. Mary Parish Council -				
Fire insurance tax	40,000	49,960	49,960	-
Total intergovernmental	<u>306,000</u>	<u>291,882</u>	<u>643,966</u>	<u>352,084</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues (continued)
Year Ended December 31, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges for services:				
Inspection fees	\$ 15,000	\$ 22,000	\$ 23,076	\$ 1,076
Petting Zoo	15,000	12,000	15,103	3,103
Probation fees	30,000	25,000	23,903	(1,097)
Police accident reports, etc.	<u>5,000</u>	<u>9,000</u>	<u>8,700</u>	<u>(300)</u>
Total charges for services	<u>65,000</u>	<u>68,000</u>	<u>70,782</u>	<u>2,782</u>
Fines and forfeits:				
Fines and forfeits	<u>137,000</u>	<u>82,319</u>	<u>80,320</u>	<u>(1,999)</u>
Miscellaneous:				
Property rentals	35,000	38,550	39,510	960
Cemetery lot sales	50,000	55,000	52,740	(2,260)
Insurance dividends	150,000	237,827	237,827	-
Donations	-	-	19,841	19,841
Notice fees	5,000	7,800	7,588	(212)
Insurance claim proceeds	-	9,018	46,942	37,924
Subpoena collections	5,000	2,800	3,015	215
Interest earned	150	150	166	16
Other sources	<u>15,000</u>	<u>17,071</u>	<u>16,630</u>	<u>(441)</u>
Total miscellaneous	<u>260,150</u>	<u>368,216</u>	<u>424,259</u>	<u>56,043</u>
Total revenues	<u>\$ 6,545,244</u>	<u>\$ 6,848,122</u>	<u>\$ 7,246,116</u>	<u>\$ 397,994</u>

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
Year Ended December 31, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT				
Administrative:				
Personnel services				
Salaries and wages-				
Administration	\$ 547,395	\$ 590,569	\$ 597,565	\$ (6,996)
City court	393,180	375,180	372,718	2,462
Payroll taxes	18,865	18,865	18,498	367
Hospitalization	256,583	279,384	284,450	(5,066)
Workers compensation	5,701	7,090	7,162	(72)
Retirement	207,359	207,359	202,048	5,311
Automobile allowance	15,000	15,000	15,000	-
Other allowances	3,300	3,300	3,300	-
	<u>1,447,383</u>	<u>1,496,747</u>	<u>1,500,741</u>	<u>(3,994)</u>
Supplies and materials-				
Vehicle expense	500	800	1,069	(269)
Miscellaneous	79,800	58,545	65,563	(7,018)
Office	28,150	21,900	20,313	1,587
Uniforms	500	-	-	-
	<u>108,950</u>	<u>81,245</u>	<u>86,945</u>	<u>(5,700)</u>
Contractual services-				
Engineering, inspection, zoning, civil defense, and public relations	6,000	2,500	3,958	(1,458)
Insurance and bonds	150,000	150,000	147,938	2,062
Professional fees	195,000	145,840	150,866	(5,026)
Subscriptions and publishing	16,000	16,000	13,852	2,148
Equipment rentals	5,200	1,734	1,734	-
Telephone	14,500	14,500	14,887	(387)
Community services	26,000	21,000	17,354	3,646
Travel and conventions	3,000	2,000	225	1,775
Utilities	300,000	280,000	274,938	5,062
Other	850	850	501	349
	<u>716,550</u>	<u>634,424</u>	<u>626,253</u>	<u>8,171</u>
Repairs and maintenance	<u>59,000</u>	<u>51,000</u>	<u>40,453</u>	<u>10,547</u>
Total administrative	<u>2,331,883</u>	<u>2,263,416</u>	<u>2,254,392</u>	<u>9,024</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Purchasing:				
Personnel services-				
Salaries	132,033	132,033	132,036	(3)
Payroll taxes	1,914	1,914	1,934	(20)
Hospitalization	26,965	25,505	25,932	(427)
Workers compensation	265	525	349	176
Retirement	37,299	37,299	37,892	(593)
Automobile allowances	3,000	3,000	3,000	-
Other allowances	1,200	1,200	1,200	-
	<u>202,676</u>	<u>201,476</u>	<u>202,343</u>	<u>(867)</u>
Supplies and materials -				
Miscellaneous	1,100	6,100	1,691	4,409
Office	2,000	3,200	4,296	(1,096)
	<u>3,100</u>	<u>9,300</u>	<u>5,987</u>	<u>3,313</u>
Contractual services-				
Equipment rentals	2,812	2,812	2,728	84
Telephone	1,800	1,800	1,903	(103)
Utilities	3,500	3,500	3,508	(8)
	<u>8,112</u>	<u>8,112</u>	<u>8,139</u>	<u>(27)</u>
Repairs and maintenance	<u>600</u>	<u>600</u>	<u>1,345</u>	<u>(745)</u>
Total purchasing	<u>214,488</u>	<u>219,488</u>	<u>217,814</u>	<u>1,674</u>
Planning and zoning:				
Personnel services-				
Salaries	215,934	215,934	214,732	1,202
Payroll taxes	3,131	3,131	3,128	3
Hospitalization	39,203	39,203	40,356	(1,153)
Workers compensation	7,607	7,607	7,877	(270)
Retirement	61,001	61,001	61,666	(665)
Automobile allowances	6,000	6,000	6,000	-
Other allowances	2,400	2,400	2,500	(100)
	<u>335,276</u>	<u>335,276</u>	<u>336,259</u>	<u>(983)</u>
Supplies and materials -				
Office	3,000	4,000	4,698	(698)
Vehicle expense	2,500	2,000	1,418	582
Miscellaneous	7,000	3,000	1,641	1,359
	<u>12,500</u>	<u>9,000</u>	<u>7,757</u>	<u>1,243</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Contractual services-				
Dues and subscriptions	1,000	1,000	724	276
Professional fees	2,500	75	75	-
Telephone	3,600	3,600	3,373	227
Utilities	3,000	2,500	2,120	380
Equipment rentals	4,140	4,140	3,596	544
Travel	3,000	1,000	-	1,000
Training	2,500	1,000	875	125
	<u>19,740</u>	<u>13,315</u>	<u>10,763</u>	<u>2,552</u>
Repairs and maintenance	<u>10,500</u>	<u>7,758</u>	<u>6,152</u>	<u>1,606</u>
Total planning and zoning	<u>378,016</u>	<u>365,349</u>	<u>360,931</u>	<u>4,418</u>
PUBLIC SAFETY				
Police:				
Personnel services-				
Salaries	1,803,893	1,810,620	2,099,706	(289,086)
Payroll taxes	30,179	32,044	31,663	381
Hospitalization	406,302	406,302	398,761	7,541
Pension and relief fund	27,582	27,582	27,582	-
Retirement - state plan	566,735	482,175	512,714	(30,539)
Retirement and unemployment	122,746	141,746	137,888	3,858
Subpoena expense	500	500	400	100
Automobile allowance	6,000	6,000	5,750	250
Other allowances	16,000	16,000	12,748	3,252
	<u>2,979,937</u>	<u>2,922,969</u>	<u>3,227,212</u>	<u>(304,243)</u>
Supplies and materials -				
Vehicle expense	150,184	104,000	95,880	8,120
Guns and ammunition	7,500	7,500	6,439	1,061
Miscellaneous	7,952	8,952	12,314	(3,362)
Office supplies	15,250	15,250	13,008	2,242
Uniforms and equipment	23,000	25,146	29,756	(4,610)
	<u>203,886</u>	<u>160,848</u>	<u>157,397</u>	<u>3,451</u>
Contractual services-				
Legal fees	1,000	600	968	(368)
Dog pound charges	30,000	22,000	19,860	2,140
Autopsy reports	15,000	10,000	950	9,050
Housing prisoners	25,000	10,000	7,851	2,149
Telephone	32,000	36,500	43,561	(7,061)
Insurance loss claims	50,000	50,000	77,860	(27,860)
Training schools and conventions	23,000	25,000	9,972	15,028
Utilities	55,000	50,000	48,196	1,804
Insurance	5,000	5,000	4,827	173
Other	5,300	5,300	5,331	(31)
	<u>241,300</u>	<u>214,400</u>	<u>219,376</u>	<u>(4,976)</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Repairs and maintenance	<u>85,000</u>	<u>116,400</u>	<u>142,167</u>	<u>(25,767)</u>
Total police	<u>3,510,123</u>	<u>3,414,617</u>	<u>3,746,152</u>	<u>(331,535)</u>
Fire:				
Personnel services-				
Salaries	1,325,546	1,343,275	1,465,375	(122,100)
Payroll taxes	20,715	20,715	19,514	1,201
Hospitalization	290,109	290,109	269,973	20,136
Workers compensation	112,313	106,313	102,121	4,192
Retirement	417,196	382,196	377,455	4,741
Automobile allowance	10,440	7,665	7,665	-
Other allowances	1,800	1,425	1,425	-
	<u>2,178,119</u>	<u>2,151,698</u>	<u>2,243,528</u>	<u>(91,830)</u>
Supplies and materials -				
Uniforms	8,000	8,000	7,828	172
Fire fighting equipment	20,000	22,200	9,423	12,777
Miscellaneous	10,500	12,600	18,123	(5,523)
Office	10,000	10,000	12,491	(2,491)
Small tools/supplies	1,750	1,750	842	908
Truck expense	14,000	12,000	8,921	3,079
Fire prevention supplies	5,000	-	21	(21)
	<u>69,250</u>	<u>66,550</u>	<u>57,649</u>	<u>8,901</u>
Contractual services-				
Insurance - volunteer fire department	1,300	1,734	2,080	(346)
Telephone	12,000	14,500	14,604	(104)
Training schools and conventions	19,000	19,750	18,653	1,097
Rentals	2,000	2,000	1,890	110
Utilities	30,000	15,000	13,537	1,463
Other	500	2,000	2,014	(14)
	<u>64,800</u>	<u>54,984</u>	<u>52,778</u>	<u>2,206</u>
Repairs and maintenance	<u>34,000</u>	<u>61,500</u>	<u>64,559</u>	<u>(3,059)</u>
Total fire	<u>2,346,169</u>	<u>2,334,732</u>	<u>2,418,514</u>	<u>(83,782)</u>
Total public safety	<u>5,856,292</u>	<u>5,749,349</u>	<u>6,164,666</u>	<u>(415,317)</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
PUBLIC WORKS				
Streets and drainage:				
Personnel services-				
Salaries	574,724	574,724	572,581	2,143
Payroll taxes	8,272	9,022	9,002	20
Hospitalization	114,418	114,418	110,855	3,563
Unemployment compensation	69,870	60,870	59,881	989
Retirement	137,618	137,618	139,228	(1,610)
Contract Labor	2,000	2,000	-	2,000
Automobile allowance	1,500	1,500	1,500	-
Other allowances	450	150	150	-
	<u>908,852</u>	<u>900,302</u>	<u>893,197</u>	<u>7,105</u>
Supplies and materials -				
Fill, shells, concrete, and asphalt	5,000	10,000	4,541	5,459
Vehicle expense	50,500	36,646	30,663	5,983
Uniforms	5,000	3,000	2,938	62
Supplies	3,000	1,000	1,248	(248)
Miscellaneous	31,750	36,510	28,291	8,219
Small tools	6,500	8,500	12,208	(3,708)
Chemicals	2,000	3,000	3,443	(443)
	<u>103,750</u>	<u>98,656</u>	<u>83,332</u>	<u>15,324</u>
Contractual services-				
Equipment rental	2,500	2,500	3,577	(1,077)
Insurance claims	5,000	5,000	7,170	(2,170)
Telephone	1,500	1,500	1,312	188
Training personnel	500	-	-	-
Utilities	3,000	3,000	2,209	791
Other	400	700	671	29
	<u>12,900</u>	<u>12,700</u>	<u>14,939</u>	<u>(2,239)</u>
Repairs and maintenance -				
Drainage pumps and systems	10,000	10,175	21,157	(10,982)
Trucks, equipment and buildings	70,500	71,790	91,538	(19,748)
	<u>80,500</u>	<u>81,965</u>	<u>112,695</u>	<u>(30,730)</u>
Total streets and drainage	<u>1,106,002</u>	<u>1,093,623</u>	<u>1,104,163</u>	<u>(10,540)</u>
Storm water:				
Personnel services-				
Salaries	-	6,417	6,417	-
Payroll taxes	-	65	66	(1)
Hospitalization	-	1,640	1,657	(17)
Unemployment compensation	-	300	-	300
Retirement	-	1,893	1,893	-
	<u>-</u>	<u>10,315</u>	<u>10,033</u>	<u>282</u>
Contractual services-				
Licenses	500	500	-	500
Miscellaneous	14,240	4,965	4,554	411
Professional services	5,000	-	-	-
Training personnel	2,000	500	-	500
	<u>21,740</u>	<u>5,965</u>	<u>4,554</u>	<u>1,411</u>
Total storm water	<u>21,740</u>	<u>16,280</u>	<u>14,587</u>	<u>1,693</u>

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Cemetery:				
Personnel services-				
Salaries	52,606	51,606	49,845	1,761
Payroll taxes	763	763	706	57
Hospitalization	17,078	17,078	17,093	(15)
Workers compensation	4,275	3,775	3,619	156
Retirement	14,522	14,522	14,138	384
	<u>89,244</u>	<u>87,744</u>	<u>85,401</u>	<u>2,343</u>
Supplies and materials -				
Gasoline and oil - truck	5,000	4,000	1,679	2,321
Uniforms	700	700	-	700
Office supplies	500	600	1,014	(414)
Miscellaneous	9,000	5,000	2,506	2,494
Chemicals	6,000	6,000	6,043	(43)
Small tools	3,000	3,000	2,465	535
	<u>24,200</u>	<u>19,300</u>	<u>13,707</u>	<u>5,593</u>
Contractual services-				
Equipment rental	1,500	1,000	-	1,000
Telephone	765	765	322	443
Utilities	8,000	8,000	6,157	1,843
	<u>10,265</u>	<u>9,765</u>	<u>6,479</u>	<u>3,286</u>
Repairs and maintenance	<u>82,000</u>	<u>83,633</u>	<u>69,814</u>	<u>13,819</u>
Total cemetery	<u>205,709</u>	<u>200,442</u>	<u>175,401</u>	<u>25,041</u>
Total public works	<u>1,333,451</u>	<u>1,300,030</u>	<u>1,294,151</u>	<u>15,912</u>
CULTURE AND RECREATION				
Petting zoo/ cypress park:				
Personnel services-				
Salaries	67,777	55,777	53,664	2,113
Payroll taxes	1,502	824	770	54
Hospitalization	19,177	19,177	24,625	(5,448)
Workers compensation	2,495	1,800	1,786	14
Retirement	16,059	16,059	15,174	885
	<u>107,010</u>	<u>93,637</u>	<u>96,019</u>	<u>(2,382)</u>
Supplies and materials -				
Miscellaneous	6,125	8,524	6,906	1,618
Petting zoo	9,500	10,500	9,489	1,011
Office supplies	500	500	174	326
Small tools/supplies	3,500	3,500	4,213	(713)
Special events	1,500	1,500	1,083	417
	<u>21,125</u>	<u>24,524</u>	<u>21,865</u>	<u>2,659</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Contractual services-				
Telephone	1,000	1,000	932	68
Utilities	4,000	4,000	3,494	506
	<u>5,000</u>	<u>5,000</u>	<u>4,426</u>	<u>574</u>
Repairs and maintenance	<u>1,500</u>	<u>250</u>	<u>81</u>	<u>169</u>
Total culture and recreation	<u>134,635</u>	<u>123,411</u>	<u>122,391</u>	<u>1,020</u>
CAPITAL OUTLAY				
General government :				
General administrative	-	1,932	1,932	-
Public safety :				
Police	-	2,823	17,864	(15,041)
Fire	-	-	14,690	(14,690)
Public works:				
Streets and drainage	-	1,235	1,235	-
Cemetery	1,500	1,500	1,999	(499)
Culture and recreation	<u>-</u>	<u>1,500</u>	<u>4,800</u>	<u>(3,300)</u>
Total capital outlay	<u>1,500</u>	<u>8,990</u>	<u>42,520</u>	<u>(33,530)</u>
DEBT SERVICE				
General Government:				
Interest and fiscal charges	<u>-</u>	<u>10,000</u>	<u>5,017</u>	<u>4,983</u>
Total expenditures	<u>\$ 10,250,265</u>	<u>\$ 10,050,348</u>	<u>\$ 10,461,882</u>	<u>\$ (411,534)</u>

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

Budgetary Comparison Schedule - Revenues
Year Ended December 31, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Operating revenues:			
Charges for services -			
Electric sales	\$ 15,859,821	\$ 15,449,810	\$ (410,011)
Gas sales	1,279,474	1,377,224	97,750
Water sales	2,002,938	2,033,422	30,484
Mosquito control sales	140,000	141,327	1,327
Other	<u>408,984</u>	<u>474,434</u>	<u>65,450</u>
Total operating revenues	<u>19,691,217</u>	<u>19,476,217</u>	<u>(215,000)</u>
Nonoperating revenues (expenses):			
Insurance proceeds	-	1,400	1,400
Interest income	4,029	2,891	(1,138)
Sale of fixed asset	-	20,000	20,000
Interest and fiscal charges	<u>(173,698)</u>	<u>(136,616)</u>	<u>37,082</u>
Total nonoperating expense	<u>(169,669)</u>	<u>(112,325)</u>	<u>57,344</u>
Total revenues	<u>\$ 19,521,548</u>	<u>\$ 19,363,892</u>	<u>\$ (157,656)</u>

CITY OF MORGAN CITY, LOUISIANA
 Enterprise Fund
 Electric, Gas, and Water Utility Fund
 Budgetary Comparison Schedule - Expenses
 Year Ended December 31, 2020

	Budget	Actual	Variance - Favorable (Unfavorable)
Operating expenses:			
Fuel costs:			
LEPA - energy	\$6,659,122	\$6,719,395	\$ (60,273)
LEPA - demand	3,015,783	3,015,783	-
	<u>9,674,905</u>	<u>9,735,178</u>	<u>(60,273)</u>
Contractual services:			
Telephone	500	532	(32)
Utilities	4,600	4,776	(176)
	<u>5,100</u>	<u>5,308</u>	<u>(208)</u>
Depreciation	<u>195,668</u>	<u>198,081</u>	<u>(2,413)</u>
Total electric generation	<u>9,875,673</u>	<u>9,938,567</u>	<u>(62,894)</u>
Electric transmission and distribution -			
Personnel services:			
Salaries and wages	682,765	647,443	35,322
Payroll taxes	10,358	9,588	770
Hospitalization and life insurance	86,800	95,577	(8,777)
Workers compensation	20,986	16,572	4,414
Retirement	174,586	200,829	(26,243)
Other	4,600	3,850	750
	<u>980,095</u>	<u>973,859</u>	<u>6,236</u>
Supplies and materials:			
Auto and truck	15,000	13,340	1,660
Uniforms	6,500	4,923	1,577
Lamps and street lights	30,000	37,921	(7,921)
Office supplies	10,000	9,246	754
Training	1,000	-	1,000
Miscellaneous	8,750	13,670	(4,920)
Small tools and supplies	11,000	9,036	1,964
	<u>82,250</u>	<u>88,136</u>	<u>(5,886)</u>
Contractual services:			
Insurance	2,000	94	1,906
Equipment rental	46,792	48,235	(1,443)
Environmental monitoring	65,000	69,840	(4,840)
Telephone	3,000	2,670	330
Travel	1,145	645	500
Utilities	6,000	5,658	342
Other	250	352	(102)
	<u>124,187</u>	<u>127,494</u>	<u>(3,307)</u>

(continued)

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

Budgetary Comparison Schedule - Expenses (continued)
Year Ended December 31, 2020

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Repairs and maintenance:			
Building	23,000	22,268	732
Equipment	120,000	144,357	(24,357)
Poles	7,500	11,067	(3,567)
Lines	40,000	61,096	(21,096)
Meters	5,000	11,863	(6,863)
Transformers	35,000	25,822	9,178
Maintenance agreements	74,000	74,354	(354)
	<u>304,500</u>	<u>350,827</u>	<u>(46,327)</u>
Depreciation	<u>293,006</u>	<u>312,867</u>	<u>(19,861)</u>
Total electric transmission and distribution	<u>1,784,038</u>	<u>1,853,183</u>	<u>(69,145)</u>
Water manufacturing -			
Personnel services:			
Salaries and wages	509,517	484,562	24,955
Payroll taxes	6,327	6,396	(69)
Hospitalization and life insurance	71,822	80,805	(8,983)
Workers compensation	27,621	24,327	3,294
Retirement	127,181	146,650	(19,469)
Other	2,740	2,466	274
	<u>745,208</u>	<u>745,206</u>	<u>2</u>
Supplies and materials:			
Auto and truck	4,800	3,728	1,072
Chemicals	250,000	228,046	21,954
Uniforms	1,000	-	1,000
Office supplies	2,000	1,915	85
Miscellaneous	2,050	1,522	528
Small tools and supplies	7,500	7,593	(93)
	<u>267,350</u>	<u>242,804</u>	<u>24,546</u>
Contractual services:			
Equipment rental	1,800	2,100	(300)
Utilities	125,000	111,181	13,819
Telephone	3,500	3,218	282
Training	1,500	789	711
Professional fees	1,500	184	1,316
Other	250	145	105
	<u>133,550</u>	<u>117,617</u>	<u>15,933</u>
Repairs and maintenance:			
Building	1,000	56	944
Equipment	21,000	19,547	1,453
Water tower	87,675	87,675	-
Pumping station and lines	2,235	1,800	435
	<u>111,910</u>	<u>109,078</u>	<u>2,832</u>
Depreciation	<u>244,653</u>	<u>244,653</u>	<u>-</u>
Total water manufacturing	<u>1,502,671</u>	<u>1,459,358</u>	<u>43,313</u>

(continued)

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

Budgetary Comparison Schedule - Expenses (continued)
Year Ended December 31, 2020

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
Water distribution -			
Personnel services:			
Salaries and wages	144,912	131,940	12,972
Payroll taxes	2,101	1,910	191
Hospitalization and life insurance	30,911	26,175	4,736
Workers compensation	6,321	7,410	(1,089)
Retirement	38,113	36,032	2,081
Other	1,850	1,850	-
Training	3,000	672	2,328
	<u>227,208</u>	<u>205,989</u>	<u>21,219</u>
Supplies and materials:			
Auto and truck	5,000	3,688	1,312
Uniforms	2,500	638	1,862
Office expense	1,000	988	12
Miscellaneous	3,350	1,592	1,758
Small tools and supplies	6,500	4,651	1,849
Fill shells and concrete	7,500	6,689	811
	<u>25,850</u>	<u>18,246</u>	<u>7,604</u>
Contractual services:			
Professional services	2,500	261	2,239
Service connections	10,000	-	10,000
Rentals	3,500	1,023	2,477
Telephone	500	328	172
Utilities	4,000	4,108	(108)
Other	500	135	365
	<u>21,000</u>	<u>5,855</u>	<u>15,145</u>
Repairs and maintenance:			
Contract repairs	13,000	28,842	(15,842)
Repair parts - meters and lines	27,000	317	26,683
Towers and lines	30,000	6,455	23,545
Equipment	1,000	-	1,000
	<u>71,000</u>	<u>35,614</u>	<u>35,386</u>
Depreciation	106,848	106,587	261
Total water distribution	<u>451,906</u>	<u>372,291</u>	<u>79,615</u>
Gas distribution -			
Personnel services:			
Salaries and wages	222,222	232,213	(9,991)
Payroll taxes	3,722	4,556	(834)
Hospitalization and life insurance	24,877	27,001	(2,124)
Workers compensation	6,884	5,921	963
Retirement	46,184	55,871	(9,687)
Other	4,050	4,050	-
	<u>307,939</u>	<u>329,612</u>	<u>(21,673)</u>
Supplies and materials:			
Auto and truck	13,200	11,197	2,003
Uniforms	2,000	1,275	725
Office supplies	2,000	2,185	(185)
Miscellaneous	15,351	14,674	677
Fill shells, asphalt and concrete	2,000	1,764	236
Small tools and supplies	4,000	2,799	1,201
	<u>38,551</u>	<u>33,894</u>	<u>4,657</u>

(continued)

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

Budgetary Comparison Schedule - Expenses (continued)
Year Ended December 31, 2020

	Budget	Actual	Variance - Favorable (Unfavorable)
Fuel costs:			
Gas purchased	300,000	348,289	(48,289)
Contractual services:			
Insurance	3,862	3,928	(66)
Training	1,350	1,347	3
Consultant fees	25,000	17,171	7,829
Rentals	1,036	1,036	-
Service connections	8,000	4,883	3,117
Utilities	2,100	2,161	(61)
Other	2,600	-	2,600
	<u>43,948</u>	<u>30,526</u>	<u>13,422</u>
Repairs and maintenance:			
Lines, meters and equipment	44,500	102,958	(58,458)
Depreciation	46,236	46,522	(286)
Total gas distribution	<u>781,174</u>	<u>891,801</u>	<u>(110,627)</u>
General and administrative -			
Personnel services:			
Salaries and wages	451,524	456,314	(4,790)
Payroll taxes	6,457	6,537	(80)
Hospitalization and life insurance	88,093	92,208	(4,115)
Workers compensation	5,484	5,484	-
Retirement	104,817	116,846	(12,029)
Other	5,025	5,050	(25)
	<u>661,400</u>	<u>682,439</u>	<u>(21,039)</u>
Supplies and materials:			
Miscellaneous	61,600	67,263	(5,663)
Office supplies	12,000	10,202	1,798
Postage	8,000	5,152	2,848
Meters	10,000	-	10,000
Small tools and supplies	2,000	2,015	(15)
Truck and auto	11,300	10,936	364
Uniforms	500	508	(8)
	<u>105,400</u>	<u>96,076</u>	<u>9,324</u>
Contractual services:			
Equipment rentals	3,000	2,882	118
Insurance	300,347	300,623	(276)
Professional fees	110,000	104,433	5,567
Telephone	4,000	3,757	243
Utilities	6,000	4,892	1,108
Other	700	100	600
	<u>424,047</u>	<u>416,687</u>	<u>7,360</u>

(continued)

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

Budgetary Comparison Schedule - Expenses (continued)
Year Ended December 31, 2020

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Repairs and maintenance:			
Equipment	80,700	72,592	8,108
Other charges:			
Bad debts	131,250	131,202	48
Depreciation	11,396	11,396	-
Total general and administrative	<u>1,414,193</u>	<u>1,410,392</u>	<u>3,801</u>
Mosquito Control-			
Personnel services:			
Salaries and wages	54,590	56,794	(2,204)
Payroll taxes	814	844	(30)
Hospitalization and life insurance	8,514	10,455	(1,941)
Workers compensation	7,958	5,543	2,415
Retirement	13,884	16,306	(2,422)
	<u>85,760</u>	<u>89,942</u>	<u>(4,182)</u>
Supplies and materials:			
Auto and truck	3,000	2,121	879
Miscellaneous	3,250	3,515	(265)
Small tools and supplies	3,900	4,101	(201)
Chemicals	25,000	21,867	3,133
	<u>35,150</u>	<u>31,604</u>	<u>3,546</u>
Contractual services:			
Professional fees	-	323	(323)
Utilities	25	9	16
	<u>25</u>	<u>332</u>	<u>(307)</u>
Repairs and maintenance	<u>7,500</u>	<u>9,480</u>	<u>(1,980)</u>
Depreciation	<u>6,586</u>	<u>6,586</u>	<u>-</u>
Total mosquito control	<u>135,021</u>	<u>137,944</u>	<u>(2,923)</u>
Backflow Prevention			
Personnel services:			
Salaries and wages	19,866	19,226	640
Payroll taxes	288	199	89
Hospitalization and life insurance	4,820	4,846	(26)
Retirement	5,612	6,325	(713)
Miscellaneous	1,013	963	50
Other	1,020	518	502
Training	500	-	500
	<u>33,119</u>	<u>32,077</u>	<u>1,042</u>
Total operating expenses	<u>\$ 15,977,795</u>	<u>\$ 16,095,613</u>	<u>\$ (117,818)</u>

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

Budgetary Comparison Schedule - Revenues
Year Ended December 31, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Operating revenues:			
Charges for services -			
Sanitation customers	\$ 1,112,000	\$ 1,120,898	\$ 8,898
Sewer customers	1,845,000	1,861,876	16,876
Other	<u>35,000</u>	<u>52,912</u>	<u>17,912</u>
Total operating revenues	<u>2,992,000</u>	<u>3,035,686</u>	<u>43,686</u>
Nonoperating revenues (expenses):			
Other	11,800	13,175	1,375
Interest and fiscal charges	(48,459)	(40,527)	7,932
Interest income	<u>1,800</u>	<u>1,930</u>	<u>130</u>
Total nonoperating expense	<u>(34,859)</u>	<u>(25,422)</u>	<u>9,437</u>
Total revenues	<u>\$ 2,957,141</u>	<u>\$ 3,010,264</u>	<u>\$ 53,123</u>

CITY OF MORGAN CITY, LOUISIANA
Enterprise Fund
Sanitation and Sewer Utility Fund
Budgetary Comparison Schedule - Expenses
Year Ended December 31, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Expenses:			
Sanitation -			
Personnel services:			
Salaries	\$ 136,309	\$ 136,511	\$ (202)
Payroll taxes	1,882	1,823	59
Hospitalization and life insurance	26,967	27,878	(911)
Workers compensation	16,364	16,241	123
Retirement benefits	36,384	42,614	(6,230)
Other	600	600	-
	<u>218,506</u>	<u>225,667</u>	<u>(7,161)</u>
Supplies and materials:			
Small tools and supplies	1,250	414	836
Uniforms	1,000	1,679	(679)
Office supplies	500	702	(202)
Truck expense	20,000	22,600	(2,600)
Miscellaneous	4,141	3,178	963
	<u>26,891</u>	<u>28,573</u>	<u>(1,682)</u>
Contractual services:			
Insurance	85,199	60,241	24,958
Solid waste collection	1,022,652	1,022,652	-
Solid waste disposal	65,000	62,831	2,169
Environmental	500	-	500
Telephone	800	322	478
Utilities	1,800	1,865	(65)
	<u>1,175,951</u>	<u>1,147,911</u>	<u>28,040</u>
Repairs and maintenance	<u>35,750</u>	<u>59,603</u>	<u>(23,853)</u>
Depreciation	<u>40,417</u>	<u>40,417</u>	<u>-</u>
Total sanitation expenses	<u>1,497,515</u>	<u>1,502,171</u>	<u>(4,656)</u>
Sewer -			
Personnel services:			
Salaries	241,507	252,315	(10,808)
Payroll taxes	3,429	3,618	(189)
Hospitalization and life insurance	39,539	40,858	(1,319)
Workers compensation	24,260	24,005	255
Retirement benefits	54,163	62,036	(7,873)
Other	2,350	350	2,000
	<u>365,248</u>	<u>383,182</u>	<u>(17,934)</u>
Supplies and materials:			
Small tools and supplies	3,250	2,041	1,209
Uniforms	2,500	1,266	1,234
Office supplies	2,000	1,534	466
Truck expense	2,500	2,409	91
Miscellaneous	5,750	5,297	453
Fill shells and concrete	10,000	11,105	(1,105)
	<u>26,000</u>	<u>23,652</u>	<u>2,348</u>

(continued)

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

Budgetary Comparison Schedule - Expenses (continued)
Year Ended December 31, 2020

	Budget	Actual	Variance - Favorable (Unfavorable)
Contractual services:			
Equipment rental	2,000	1,033	967
Insurance	25,000	23,966	1,034
Utilities and telephone	97,000	90,917	6,083
Other	1,782	1,952	(170)
	<u>125,782</u>	<u>117,868</u>	<u>7,914</u>
Repairs and maintenance:			
Equipment	35,000	49,446	(14,446)
Pumps and lines	67,500	60,404	7,096
	<u>102,500</u>	<u>109,850</u>	<u>(7,350)</u>
Depreciation	<u>185,506</u>	<u>185,506</u>	<u>-</u>
Total sewer expenses	<u>805,036</u>	<u>820,058</u>	<u>(15,022)</u>
Sewer treatment plant -			
Personnel services:			
Salaries	217,348	176,251	41,097
Payroll taxes	1,974	2,068	(94)
Hospitalization and life insurance	32,468	32,247	221
Workers compensation	15,805	13,610	2,195
Retirement benefits	47,533	54,333	(6,800)
Other	810	809	1
	<u>315,938</u>	<u>279,318</u>	<u>36,620</u>
Supplies and materials:			
Truck expense	2,500	2,464	36
Chemicals	30,000	30,073	(73)
Miscellaneous	5,450	6,082	(632)
Office supplies	1,000	952	48
Small tools and supplies	2,400	2,413	(13)
	<u>41,350</u>	<u>41,984</u>	<u>(634)</u>
Contractual services:			
Insurance	82,220	54,322	27,898
Dues and subscriptions	100	169	(69)
Maintenance agreements	2,000	1,209	791
Land rentals	41,900	41,900	-
Licenses	12,197	12,197	-
Utilities	130,000	125,020	4,980
Telephone	2,500	2,502	(2)
Professional fees	15,000	16,152	(1,152)
Other	137	137	-
	<u>286,054</u>	<u>253,608</u>	<u>32,446</u>
Repairs and maintenance	<u>25,500</u>	<u>66,569</u>	<u>(41,069)</u>
Other charges:			
Bad debts	<u>30,000</u>	<u>29,810</u>	<u>190</u>
Depreciation	<u>240,761</u>	<u>237,119</u>	<u>3,642</u>
Total sewer treatment plant expenses	<u>939,603</u>	<u>908,408</u>	<u>31,195</u>
Total expenses	<u>\$ 3,242,154</u>	<u>\$ 3,230,637</u>	<u>\$ 11,517</u>

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet
December 31, 2020

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Totals
ASSETS					
Cash	\$ 1,918,628	\$ 384,706	\$ 563,912	\$ 47,716	\$ 2,914,962
Interest-bearing deposits	38,875	-	-	-	38,875
Investments	1,086,930	-	247,519	599,578	1,934,027
Receivables:					
Accounts	29,200	-	-	-	29,200
Taxes	51,877	1,320	-	-	53,197
Due from other funds	357,088	-	127,805	-	484,893
Due from other governmental units	919,452	-	-	-	919,452
Prepaid items	8,294	-	-	-	8,294
Loans to other funds	250,000	-	-	-	250,000
Total assets	<u>\$ 4,660,344</u>	<u>\$ 386,026</u>	<u>\$ 939,236</u>	<u>\$ 647,294</u>	<u>\$ 6,632,900</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 164,343	\$ -	\$ -	\$ -	\$ 164,343
Unearned revenue	57,795	-	-	-	57,795
Accrued liabilities	20,826	-	-	-	20,826
Due to other funds	660,169	-	153,979	-	814,148
Advances from other funds	460,541	-	227,962	-	688,503
Total liabilities	<u>1,363,674</u>	<u>-</u>	<u>381,941</u>	<u>-</u>	<u>1,745,615</u>
Deferred inflows of resources:					
Unavailable tax and grant revenues	634,365	-	-	-	634,365
Fund balances:					
Nonspendable	258,294	-	-	647,294	905,588
Restricted	2,811,945	386,026	707,891	-	3,905,862
Unassigned (deficit)	(407,934)	-	(150,596)	-	(558,530)
Total fund balances	<u>2,662,305</u>	<u>386,026</u>	<u>557,295</u>	<u>647,294</u>	<u>4,252,920</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,660,344</u>	<u>\$ 386,026</u>	<u>\$ 939,236</u>	<u>\$ 647,294</u>	<u>\$ 6,632,900</u>

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2020

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Totals
Revenues:					
Taxes	\$ 1,792,743	\$ 6,595	\$ -	\$ -	\$ 1,799,338
Intergovernmental	348,274	-	52,574	-	400,848
Charges for services	941,089	-	-	-	941,089
Donations	267,351	-	-	-	267,351
Fines and forfeitures	26,867	-	-	-	26,867
Interest	45,505	217	1,905	14,034	61,661
Net change in fair value of investments	59,663	-	-	46,169	105,832
Miscellaneous	37,271	-	-	-	37,271
Total revenues	<u>3,518,763</u>	<u>6,812</u>	<u>54,479</u>	<u>60,203</u>	<u>3,640,257</u>
Expenditures:					
General government	-	-	-	8,900	8,900
Public safety - police and fire	389,087	-	-	-	389,087
Public works	57,092	-	56,740	-	113,832
Culture and recreation	1,870,631	-	-	-	1,870,631
Capital outlay	74,815	-	-	-	74,815
Principle retirement	30,382	564,000	-	-	594,382
Interest and fiscal charges	11,716	26,450	-	-	38,166
Total expenditures	<u>2,433,723</u>	<u>590,450</u>	<u>56,740</u>	<u>8,900</u>	<u>3,089,813</u>
Excess (deficiency) of revenues over expenditures	<u>1,085,040</u>	<u>(583,638)</u>	<u>(2,261)</u>	<u>51,303</u>	<u>550,444</u>
Other financing sources (uses):					
Transfers in	985,000	474,147	140,000	-	1,599,147
Transfers out	<u>(1,460,098)</u>	<u>-</u>	<u>(65,000)</u>	<u>-</u>	<u>(1,525,098)</u>
Total other financing sources (uses)	<u>(475,098)</u>	<u>474,147</u>	<u>75,000</u>	<u>-</u>	<u>74,049</u>
Net changes in fund balances	609,942	(109,491)	72,739	51,303	624,493
Fund balances, beginning, as restated	<u>2,052,363</u>	<u>495,517</u>	<u>484,556</u>	<u>595,991</u>	<u>3,628,427</u>
Fund balances, ending	<u>\$ 2,662,305</u>	<u>\$ 386,026</u>	<u>\$ 557,295</u>	<u>\$ 647,294</u>	<u>\$ 4,252,920</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.

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 Concession 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 Hurricane Gustav and Hurricane Ike.

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, 2020

	<u>City Recreation Program</u>	<u>Library Commission</u>	<u>Municipal Auditorium</u>	<u>Pollution Abatement</u>	<u>Morgan City Beautification</u>
ASSETS					
Cash	\$ 110,052	\$ 94,513	\$ 131,480	\$ 573,677	\$ 9,314
Interest-bearing deposits	-	-	-	-	-
Investments at fair value	-	-	-	-	-
Receivables:					
Accounts	-	-	-	-	-
Due from other governmental units	-	-	-	293,455	-
Taxes	-	-	51,877	-	-
Due from other funds	35,897	-	165,885	-	10,656
Advances to other funds	-	-	-	-	-
Prepaid items	-	-	2,690	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 145,949</u>	<u>\$ 94,513</u>	<u>\$ 351,932</u>	<u>\$ 867,132</u>	<u>\$ 19,970</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 32,781	\$ 1,849	\$ 17,255	\$ 16,865	\$ 3,693
Unearned revenue	-	-	3,700	-	-
Accrued liabilities	6,213	284	5,919	-	423
Due to other funds	801	159	952	99,000	-
Advances from other funds	-	-	124,464	-	-
Total liabilities	<u>39,795</u>	<u>2,292</u>	<u>152,290</u>	<u>115,865</u>	<u>4,116</u>
Deferred inflows of resources:					
Unavailable tax and grant revenues	-	-	8,468	-	-
Fund balances:					
Nonspendable	-	-	2,690	-	-
Restricted	106,154	92,221	188,484	751,267	15,854
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	<u>106,154</u>	<u>92,221</u>	<u>191,174</u>	<u>751,267</u>	<u>15,854</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 145,949</u>	<u>\$ 94,513</u>	<u>\$ 351,932</u>	<u>\$ 867,132</u>	<u>\$ 19,970</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>
\$ 89,496	\$ 29,705	\$ 302,135	\$ 25,440	\$ 157,702	\$ 11,523
-	-	-	-	-	-
-	-	-	483,868	-	-
29,200	-	-	-	-	-
100	-	-	-	-	-
-	-	-	-	-	-
-	-	11,472	-	-	-
-	-	-	-	-	-
-	-	-	-	1,066	-
<u>\$ 118,796</u>	<u>\$ 29,705</u>	<u>\$ 313,607</u>	<u>\$ 509,308</u>	<u>\$ 158,768</u>	<u>\$ 11,523</u>
\$ 64	\$ -	\$ 29,297	\$ 189	\$ 55,057	\$ -
-	-	10,226	-	-	-
-	-	3,599	-	-	-
50,000	-	35,548	5,000	452	-
-	-	196,234	-	139,843	-
<u>50,064</u>	<u>-</u>	<u>274,904</u>	<u>5,189</u>	<u>195,352</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	1,066	-
-	29,705	38,703	504,119	-	11,523
68,732	-	-	-	(37,650)	-
<u>68,732</u>	<u>29,705</u>	<u>38,703</u>	<u>504,119</u>	<u>(36,584)</u>	<u>11,523</u>
<u>\$ 118,796</u>	<u>\$ 29,705</u>	<u>\$ 313,607</u>	<u>\$ 509,308</u>	<u>\$ 158,768</u>	<u>\$ 11,523</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Special Revenue Funds

Combining Balance Sheet (continued)
December 31, 2020

	Wharf	Lake End Park Marina	Emergency Management
ASSETS			
Cash	\$ 13,576	\$ 7,418	\$ 23,229
Interest-bearing deposits	-	7,719	-
Investments at fair value	-	-	-
Receivables:			
Accounts	-	-	-
Due from other governmental units	-	-	625,897
Taxes	-	-	-
Due from other funds	-	4,120	112
Advances to other funds	-	-	-
Prepaid items	-	-	-
Total assets	\$ 13,576	\$ 19,257	\$ 649,238
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 35	\$ -	\$ 368
Unearned revenue	-	-	34,874
Accrued liabilities	-	200	-
Due to other funds	305	-	427,115
Advances from other funds	-	-	-
Total liabilities	340	200	462,357
Deferred inflows of resources:			
Unavailable tax and grant revenues	-	-	625,897
Fund balances:			
Nonspendable	-	-	-
Restricted	13,236	19,057	-
Unassigned (deficit)	-	-	(439,016)
Total fund balances (deficit)	13,236	19,057	(439,016)
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,576	\$ 19,257	\$ 649,238

<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>
\$ 21,235	\$ -	\$ 3,280	\$ 177,109	\$ 137,744	\$ 1,918,628
31,156	-	-	-	-	38,875
-	-	-	-	603,062	1,086,930
-	-	-	-	-	29,200
-	-	-	-	-	919,452
-	-	-	-	-	51,877
30,000	-	49,640	49,306	-	357,088
-	250,000	-	-	-	250,000
-	-	-	-	4,538	8,294
<u>\$ 82,391</u>	<u>\$ 250,000</u>	<u>\$ 52,920</u>	<u>\$ 226,415</u>	<u>\$ 745,344</u>	<u>\$ 4,660,344</u>
\$ 87	\$ -	\$ 6,527	\$ -	\$ 276	164,343
-	-	8,995	-	-	57,795
1,411	-	2,777	-	-	20,826
1,975	-	829	30,000	8,033	660,169
-	-	-	-	-	460,541
<u>3,473</u>	<u>-</u>	<u>19,128</u>	<u>30,000</u>	<u>8,309</u>	<u>1,363,674</u>
-	-	-	-	-	634,365
-	250,000	-	-	4,538	258,294
78,918	-	33,792	196,415	732,497	2,811,945
-	-	-	-	-	(407,934)
<u>78,918</u>	<u>250,000</u>	<u>33,792</u>	<u>196,415</u>	<u>737,035</u>	<u>2,662,305</u>
<u>\$ 82,391</u>	<u>\$ 250,000</u>	<u>\$ 52,920</u>	<u>\$ 226,415</u>	<u>\$ 745,344</u>	<u>\$ 4,660,344</u>

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Special Revenue Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2020

	City Recreation Program	Library Commission	Municipal Auditorium	Pollution Abatement	Morgan City Beautification
Revenues:					
Taxes	\$ -	\$ -	\$ 256,700	\$1,536,043	\$ -
Intergovernmental	-	12,499	-	-	-
Charges for services	45,612	3,498	36,666	-	-
Donations	4,700	11,065	18,123	-	-
Fines and forfeitures	-	-	-	-	-
Interest	82	18	120	-	-
Net change in fair value of investments	-	-	-	-	-
Miscellaneous	55	-	3,618	-	-
Total revenues	<u>50,449</u>	<u>27,080</u>	<u>315,227</u>	<u>1,536,043</u>	<u>-</u>
Expenditures:					
Public safety - police and fire	-	-	-	-	-
Public works	-	-	-	24,309	-
Culture and recreation	294,012	84,948	426,805	-	150,684
Debt service -					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	41,426	-	18,123	-	-
Total expenditures	<u>335,438</u>	<u>84,948</u>	<u>444,928</u>	<u>24,309</u>	<u>150,684</u>
Excess (deficiency) of revenues over expenditures	<u>(284,989)</u>	<u>(57,868)</u>	<u>(129,701)</u>	<u>1,511,734</u>	<u>(150,684)</u>
Other financing sources (uses):					
Transfers in	280,000	90,000	100,000	22,000	155,000
Transfers out	-	-	-	(1,215,598)	-
Total other financing sources (uses)	<u>280,000</u>	<u>90,000</u>	<u>100,000</u>	<u>(1,193,598)</u>	<u>155,000</u>
Net change in fund balances	(4,989)	32,132	(29,701)	318,136	4,316
Fund balances (deficit), beginning, as restated	<u>111,143</u>	<u>60,089</u>	<u>220,875</u>	<u>433,131</u>	<u>11,538</u>
Fund balances (deficit), ending	<u>\$106,154</u>	<u>\$ 92,221</u>	<u>\$ 191,174</u>	<u>\$ 751,267</u>	<u>\$ 15,854</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	222,030	-
147,900	-	395,009	60	7,707	-
-	-	-	50	-	-
-	-	-	-	26,867	-
-	1	248	13,888	-	11
-	-	-	59,663	-	-
-	-	1,525	-	30,331	-
<u>147,900</u>	<u>1</u>	<u>396,782</u>	<u>73,661</u>	<u>286,935</u>	<u>11</u>
-	-	-	-	374,046	-
4,253	-	-	-	-	-
-	-	440,419	5,571	-	-
-	30,382	-	-	-	-
-	11,716	-	-	-	-
-	-	7,803	-	7,463	-
<u>4,253</u>	<u>42,098</u>	<u>448,222</u>	<u>5,571</u>	<u>381,509</u>	<u>-</u>
<u>143,647</u>	<u>(42,097)</u>	<u>(51,440)</u>	<u>68,090</u>	<u>(94,574)</u>	<u>11</u>
-	48,000	140,000	-	50,000	-
<u>(60,000)</u>	<u>-</u>	<u>(60,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(60,000)</u>	<u>48,000</u>	<u>80,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
83,647	5,903	28,560	68,090	(44,574)	11
<u>(14,915)</u>	<u>23,802</u>	<u>10,143</u>	<u>436,029</u>	<u>7,990</u>	<u>11,512</u>
<u>\$ 68,732</u>	<u>\$ 29,705</u>	<u>\$ 38,703</u>	<u>\$ 504,119</u>	<u>\$ (36,584)</u>	<u>\$ 11,523</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, 2020

	<u>Wharf</u>	<u>Lake End Park Marina</u>	<u>Emergency Management</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	113,745
Charges for services	4,143	36,959	-
Donations	-	-	-
Fines and forfeitures	-	-	-
Interest	1	10	-
Net change in fair value of investments	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>4,144</u>	<u>36,969</u>	<u>113,745</u>
Expenditures:			
Public safety - police and fire	-	-	-
Public works	-	-	28,530
Culture and recreation	629	2,385	-
Debt service -			
Principal	-	-	-
Interest	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>629</u>	<u>2,385</u>	<u>28,530</u>
Excess (deficiency) of revenues over expenditures	<u>3,515</u>	<u>34,584</u>	<u>85,215</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	<u>(2,500)</u>	<u>(40,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,500)</u>	<u>(40,000)</u>	<u>-</u>
Net change in fund balances	1,015	(5,416)	85,215
Fund balances (deficit), beginning, as restated	<u>12,221</u>	<u>24,473</u>	<u>(524,231)</u>
Fund balances (deficit), ending	<u>\$ 13,236</u>	<u>\$ 19,057</u>	<u>\$ (439,016)</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$1,792,743
-	-	-	-	-	348,274
16,246	-	247,289	-	-	941,089
3,320	-	-	230,093	-	267,351
-	-	-	-	-	26,867
31	-	8	-	31,087	45,505
-	-	-	-	-	59,663
1,742	-	-	-	-	37,271
<u>21,339</u>	<u>-</u>	<u>247,297</u>	<u>230,093</u>	<u>31,087</u>	<u>3,518,763</u>
-	-	-	15,041	-	389,087
-	-	-	-	-	57,092
48,324	-	328,738	26,606	61,510	1,870,631
-	-	-	-	-	30,382
-	-	-	-	-	11,716
-	-	-	-	-	74,815
<u>48,324</u>	<u>-</u>	<u>328,738</u>	<u>41,647</u>	<u>61,510</u>	<u>2,433,723</u>
<u>(26,985)</u>	<u>-</u>	<u>(81,441)</u>	<u>188,446</u>	<u>(30,423)</u>	<u>1,085,040</u>
40,000	-	60,000	-	-	985,000
-	-	-	(82,000)	-	(1,460,098)
<u>40,000</u>	<u>-</u>	<u>60,000</u>	<u>(82,000)</u>	<u>-</u>	<u>(475,098)</u>
13,015	-	(21,441)	106,446	(30,423)	609,942
<u>65,903</u>	<u>250,000</u>	<u>55,233</u>	<u>89,969</u>	<u>767,458</u>	<u>2,052,363</u>
<u>\$ 78,918</u>	<u>\$250,000</u>	<u>\$ 33,792</u>	<u>\$196,415</u>	<u>\$737,035</u>	<u>\$2,662,305</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, 2020

	<u>Sales Tax Sinking Fund Series 2012</u>	<u>Auditorium Bond #1</u>	<u>Totals</u>
ASSETS			
Cash	\$ 384,706	\$ -	\$ 384,706
Taxes receivable, net	<u>-</u>	<u>1,320</u>	<u>1,320</u>
Total assets	<u>\$ 384,706</u>	<u>\$ 1,320</u>	<u>\$ 386,026</u>
FUND BALANCES			
Fund balances:			
Restricted	<u>384,706</u>	<u>1,320</u>	<u>386,026</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 384,706</u>	<u>\$ 1,320</u>	<u>\$ 386,026</u>

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Debt Service Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2020

	Sales Tax Sinking Fund Series 2012	Auditorium Bond #1	Totals
Revenues:			
Taxes	\$ -	\$ 6,595	\$ 6,595
Interest	<u>217</u>	<u>-</u>	<u>217</u>
Total revenues	<u>217</u>	<u>6,595</u>	<u>6,812</u>
Expenditures:			
Principle retirement	435,000	129,000	564,000
Interest and fiscal charges	<u>24,636</u>	<u>1,814</u>	<u>26,450</u>
Total expenditures	<u>459,636</u>	<u>130,814</u>	<u>590,450</u>
Deficiency of revenues over expenditures	<u>(459,419)</u>	<u>(124,219)</u>	<u>(583,638)</u>
Other financing sources:			
Operating transfers in	<u>468,633</u>	<u>5,514</u>	<u>474,147</u>
Net change in fund balances	9,214	(118,705)	(109,491)
Fund balances, beginning	<u>375,492</u>	<u>120,025</u>	<u>495,517</u>
Fund balances, ending	<u>\$ 384,706</u>	<u>\$ 1,320</u>	<u>\$ 386,026</u>

NONMAJOR CAPITAL PROJECTS FUNDS

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, 2020

	City Hall Complex Construction	Road Improvement Construction	LCDBG	Louisiana Capital Outlay	Sidewalk Assessment	Totals
ASSETS						
Cash	\$ 306,087	\$ 104,285	\$ 66,368	\$ 82,200	\$ 4,972	\$ 563,912
Investments	247,519	-	-	-	-	247,519
Due from other funds	50,000	-	57,305	-	20,500	127,805
Total assets	\$ 603,606	\$ 104,285	\$ 123,673	\$ 82,200	\$ 25,472	\$ 939,236
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to other funds	\$ -	\$ -	\$ 123,046	\$ -	\$ 30,933	\$ 153,979
Advances from other funds	-	-	-	227,962	-	227,962
Total liabilities	-	-	123,046	227,962	30,933	381,941
Fund balances:						
Restricted	603,606	104,285	-	-	-	707,891
Unassigned (deficit)	-	-	627	(145,762)	(5,461)	(150,596)
Total fund balances (deficit)	603,606	104,285	627	(145,762)	(5,461)	557,295
Total liabilities and fund balances	\$ 603,606	\$ 104,285	\$ 123,673	\$ 82,200	\$ 25,472	\$ 939,236

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Capital Projects Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2020

	City Hall Complex Construction	Road Improvements Construction	LCDBG	Louisiana Capital Outlay	Sidewalk Assessment	Totals
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ 31,525	\$ 21,049	\$ 52,574
Interest	<u>1,800</u>	<u>103</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>1,905</u>
Total revenues	<u>1,800</u>	<u>103</u>	<u>-</u>	<u>31,527</u>	<u>21,049</u>	<u>54,479</u>
Expenditures:						
Public works	<u>2,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,011</u>	<u>56,740</u>
Excess (deficiency) of revenues over expenditures	(929)	103	-	31,527	(32,962)	(2,261)
Other financing sources:						
Transfers in	-	-	-	115,000	25,000	140,000
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(65,000)</u>	<u>-</u>	<u>(65,000)</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>25,000</u>	<u>75,000</u>
Net change in fund balance	(929)	103	-	81,527	(7,962)	72,739
Fund balances (deficit), beginning	<u>604,535</u>	<u>104,182</u>	<u>627</u>	<u>(227,289)</u>	<u>2,501</u>	<u>484,556</u>
Fund balances (deficit), ending	<u>\$ 603,606</u>	<u>\$ 104,285</u>	<u>\$ 627</u>	<u>\$ (145,762)</u>	<u>\$ (5,461)</u>	<u>\$ 557,295</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, 2020

	<u>Central Garage</u>	<u>Self Insurance</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash	\$ 4,650	\$ 480,166	\$ 484,816
Investments	-	4,420	4,420
Accounts receivable	-	60,450	60,450
Due from other funds	<u>142,030</u>	<u>12,504</u>	<u>154,534</u>
Total current assets	<u>146,680</u>	<u>557,540</u>	<u>704,220</u>
Equipment, at cost, net of accumulated depreciation	<u>3,276</u>	<u>-</u>	<u>3,276</u>
Total assets	<u>\$ 149,956</u>	<u>\$ 557,540</u>	<u>\$ 707,496</u>
LIABILITIES AND NET POSITION			
Liabilities:			
Accounts payable	\$ -	\$ 35,041	35,041
Accrued liabilities	12,498	97,986	110,484
Due to other funds	<u>129,918</u>	<u>-</u>	<u>129,918</u>
Total liabilities	<u>142,416</u>	<u>133,027</u>	<u>275,443</u>
Net position:			
Net investment in capital assets	3,276	-	3,276
Unrestricted	<u>4,264</u>	<u>424,513</u>	<u>428,777</u>
Total net position	<u>7,540</u>	<u>424,513</u>	<u>432,053</u>
Total liabilities and net position	<u>\$ 149,956</u>	<u>\$ 557,540</u>	<u>\$ 707,496</u>

CITY OF MORGAN CITY, LOUISIANA
Internal Service Funds

Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
Year Ended December 31, 2020

	<u>Central Garage</u>	<u>Self Insurance</u>	<u>Totals</u>
Operating revenues:			
Charges for services	\$ 160,000	\$ -	\$ 160,000
Insurance premiums	<u>-</u>	<u>2,251,119</u>	<u>2,251,119</u>
Total operating revenues	<u>160,000</u>	<u>2,251,119</u>	<u>2,411,119</u>
Operating expenses:			
Central garage expenses	169,495	-	169,495
Self-insurance fund expenses	<u>-</u>	<u>1,804,233</u>	<u>1,804,233</u>
Total operating expenses	<u>169,495</u>	<u>1,804,233</u>	<u>1,973,728</u>
Operating income (loss)	(9,495)	446,886	437,391
Non-operating revenues:			
Interest income	<u>6</u>	<u>28</u>	<u>34</u>
Income (loss)	(9,489)	446,914	437,425
Transfers in	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Change in net position	40,511	446,914	487,425
Net position (deficit), beginning, as restated	<u>(32,971)</u>	<u>(22,401)</u>	<u>(55,372)</u>
Net position, ending	<u>\$ 7,540</u>	<u>\$ 424,513</u>	<u>\$ 432,053</u>

CITY OF MORGAN CITY, LOUISIANA

Schedule of Number of Utility Customers
Year Ended December 31, 2020

Records maintained by the City indicated the following number of customers were being serviced during the month of December 31, 2020:

<u>Department</u>	
Electric	5,592
Water	5,056
Gas	3,545
Mosquito	5,753
Sanitation	4,208
Sewer	4,909

CITY OF MORGAN CITY, LOUISIANA

Schedule of Utility Rates
Year Ended December 31, 2020

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.

CITY OF MORGAN CITY, LOUISIANA

Schedule of Utility Rates (continued)
Year Ended December 31, 2020

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
Year Ended December 31, 2020

Records maintained by the City indicated the following amounts billed for services during the year ended December 31, 2020:

<u>Department</u>	
Electric	15,449,810
Water	2,033,422
Gas	1,377,224
Mosquito	141,327
Sanitation	1,120,898
Sewer	1,861,876

CITY OF MORGAN CITY, LOUISIANA

Schedule of Average Monthly Billings Per User
Year Ended December 31, 2020

Records maintained by the City indicated the following average monthly billing per user for services during the year ended December 31, 2020:

<u>Department</u>	
Electric	230
Water	34
Gas	32
Mosquito	2
Sanitation	22
Sewer	32

CITY OF MORGAN CITY, LOUISIANA

Analysis of Additions, Replacements, and Improvements to Utility System
Year Ended December 31, 2020

The following were added to the utility system:

Electric, Water, and Gas

Surveillance Cameras	\$	9,995
Steam Plant Foundation		4,500
Computer		2,115
Droplet Tester		9,275
Ice Machine		5,251
Utility Vehicle		119,167
Vehicle		<u>17,157</u>
Total Electric, Water, and Gas Additions	\$	<u>167,460</u>

Sanitation and Sewer

Trailer	\$	2,149
61" Mower		9,474
Bypass Pump		<u>44,000</u>
Total Sanitation and Sewer Additions	\$	<u>55,623</u>

CITY OF MORGAN CITY, LOUISIANA

Schedule of Insurance in Force
Year Ended December 31, 2020

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

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
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Stephen J. Anderson, CPA*
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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, 2020, 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 September 15, 2021. 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.

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 may exist that have not been identified.

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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
September 15, 2021

CITY OF MORGAN CITY, LOUISIANA

Schedule of Audit Results and Findings
Year Ended December 31, 2020

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
Road and Royalty	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	_____ <input checked="" type="checkbox"/> no
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Other

4. Management letter issued?

_____ yes	_____ <input checked="" type="checkbox"/> no
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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-

No findings are reported under this section.

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, 2020

A. Internal Control-

No findings were reported under this section.

B. Compliance-

2019-001- Local Government Budget Act

CONDITION: Budget variance in excess of 5% was incurred in the Road and Royalty Fund.

CURRENT STATUS: This issue did not reoccur.

C. Uniform Guidance-

Not applicable in prior period.

D. Management Letter-

CONDITION: The City did not maintain and/or properly implement policies and procedures to allow management and/or its employees to prevent, detect and correct personnel and payroll processing errors.

CURRENT STATUS: This issue did not reoccur.

CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS

APPENDIX A

There are no reported findings requiring corrective action.