

CITY OF MORGAN CITY, LOUISIANA

Financial Report

Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

The Honorable Frank P. Grizzaffi, III, 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, 2018, 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, 2018, 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 previously 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, 2018, 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 Notes 24 and 27, the City implemented the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and corrected misstatements of the prior financial statements. The new standard requires the City to recognize and report its total other post-employment benefits liability, measured according to actuarial methods and approaches prescribed within the standard along with certain disclosures. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison schedule, schedule of employer's share of net pension liability, 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 schedule, schedule of employer's share of net pension liability, schedule of employer pension contributions, and the schedule of changes in total OPEB liability and related ratios 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 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 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 June 26, 2019 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
June 26, 2019

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MORGAN CITY, LOUISIANA

Statement of Net Position
December 31, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 5,607,211	\$ 511,600	\$ 6,118,811
Investments	1,130,158	-	1,130,158
Receivables, net	411,949	3,184,577	3,596,526
Due from other governmental units	1,268,549	9,547	1,278,096
Internal balances	(601,728)	601,728	-
Inventory	53,873	904,417	958,290
Prepaid expenses	73,324	203,808	277,132
Total current assets	<u>7,943,336</u>	<u>5,415,677</u>	<u>13,359,013</u>
Noncurrent assets:			
Restricted assets	-	3,920,451	3,920,451
Capital assets			
Land and construction in progress	2,075,199	3,485,282	5,560,481
Other, net of accumulated depreciation	69,678,247	20,146,301	89,824,548
Net pension asset	34,794	-	34,794
Total noncurrent assets	<u>71,788,240</u>	<u>27,552,034</u>	<u>99,340,274</u>
Total assets	<u>79,731,576</u>	<u>32,967,711</u>	<u>112,699,287</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	-	49,390	49,390
Deferred pension outflows	2,994,494	1,104,630	4,099,124
Total deferred outflows of resources	<u>2,994,494</u>	<u>1,154,020</u>	<u>4,148,514</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	1,732,865	2,150,946	3,883,811
Unearned revenue	801,954	-	801,954
Bonds payable	544,000	898,553	1,442,553
Total current liabilities	<u>3,078,819</u>	<u>3,049,499</u>	<u>6,128,318</u>
Noncurrent liabilities:			
Accrued liabilities	4,862,871	2,097,673	6,960,544
Net pension liability	13,336,903	4,541,507	17,878,410
Customers' deposits payable	-	915,224	915,224
Bonds payable	1,479,000	7,252,911	8,731,911
Total noncurrent liabilities	<u>19,678,774</u>	<u>14,807,315</u>	<u>34,486,089</u>
Total liabilities	<u>22,757,593</u>	<u>17,856,814</u>	<u>40,614,407</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to -			
Net pension liability	1,637,691	261,138	1,898,829
OPEB liability	545,057	207,161	752,218
Total deferred inflows of resources	<u>2,182,748</u>	<u>468,299</u>	<u>2,651,047</u>
NET POSITION			
Net investment in capital assets	69,730,446	15,480,119	85,210,565
Restricted for:			
Capital projects	1,426,802	-	1,426,802
Debt service	483,467	3,920,451	4,403,918
Other purposes	2,025,002	-	2,025,002
Unrestricted (deficit)	<u>(15,879,988)</u>	<u>(3,603,952)</u>	<u>(19,483,940)</u>
Total net position	<u>\$ 57,785,729</u>	<u>\$ 15,796,618</u>	<u>\$ 73,582,347</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, 2018

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	\$ 5,300,053	\$ 779,082	\$ 291,833	\$ 412,148	\$ (3,816,990)	\$ -	\$ (3,816,990)
Culture and recreation	3,138,474	1,183,885	126,097	1,102,911	(725,581)	-	(725,581)
Public safety	8,137,787	1,486,435	530,766	-	(6,120,586)	-	(6,120,586)
Public works	2,128,428	229,568	61,000	84,514	(1,753,346)	-	(1,753,346)
Interest on long-term debt	66,498	-	-	-	(66,498)	-	(66,498)
Total governmental activities	<u>18,771,240</u>	<u>3,678,970</u>	<u>1,009,696</u>	<u>1,599,573</u>	<u>(12,483,001)</u>	<u>-</u>	<u>(12,483,001)</u>
Business-type activities:							
Electric, gas, and water	18,162,545	22,013,335	-	300,000	-	4,150,790	4,150,790
Sanitation and sewer	3,102,752	3,057,424	-	-	-	(45,328)	(45,328)
Interest on long-term debt	185,418	-	-	-	-	(185,418)	(185,418)
Total business-type activities	<u>21,450,715</u>	<u>25,070,759</u>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>3,920,044</u>	<u>3,920,044</u>
Total	<u>\$ 40,221,955</u>	<u>\$ 28,749,729</u>	<u>\$ 1,009,696</u>	<u>\$ 1,899,573</u>	<u>(12,483,001)</u>	<u>3,920,044</u>	<u>(8,562,957)</u>
General revenues:							
Taxes -							
Property taxes					2,526,734	-	2,526,734
Sales and use taxes					5,153,276	-	5,153,276
Licenses and permits					854,942	8,140	863,082
Grants and contributions not restricted to specific programs -							
State sources					159,009	-	159,009
Insurance proceeds					610,372	7,658	618,030
Interest and investment earnings					34,745	9,220	43,965
Miscellaneous					90,675	13,130	103,805
Transfers					2,580,600	(2,580,600)	-
Total general revenues and transfers					<u>12,010,353</u>	<u>(2,542,452)</u>	<u>9,467,901</u>
Change in net position					(472,648)	1,377,592	904,944
Net position, as restated - January 1, 2018					<u>58,258,377</u>	<u>14,419,026</u>	<u>72,677,403</u>
Net position - December 31, 2018					<u>\$ 57,785,729</u>	<u>\$ 15,796,618</u>	<u>\$ 73,582,347</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.

CITY OF MORGAN CITY, LOUISIANA
Governmental Funds

Balance Sheet
December 31, 2018

	General	Other Governmental Funds	Total
ASSETS			
Cash	\$ 2,067,105	\$ 3,212,597	\$ 5,279,702
Interest-bearing deposits	-	108,445	108,445
Investments	-	1,125,906	1,125,906
Receivables:			
Taxes	196,785	38,520	235,305
Accounts	111,379	3,244	114,623
Due from other funds	733,018	538,218	1,271,236
Due from other governmental units	658,820	609,729	1,268,549
Other	7,033	827	7,860
Inventory	53,873	-	53,873
Prepaid items	73,324	-	73,324
Advances to other funds	-	250,000	250,000
Total assets	<u>\$ 3,901,337</u>	<u>\$ 5,887,486</u>	<u>\$ 9,788,823</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,001,773	\$ 250,063	\$ 1,251,836
Accrued liabilities	122,860	22,289	145,149
Due to other funds	882,155	990,809	1,872,964
Unearned revenue	-	801,954	801,954
Advances from other funds	250,000	-	250,000
Total liabilities	<u>2,256,788</u>	<u>2,065,115</u>	<u>4,321,903</u>
Deferred inflows of resources:			
Unavailable tax and grant revenues	<u>55,954</u>	<u>75,930</u>	<u>131,884</u>
Fund balances:			
Nonspendable	127,197	764,005	891,202
Restricted	-	3,421,266	3,421,266
Unassigned (deficit)	<u>1,461,398</u>	<u>(438,830)</u>	<u>1,022,568</u>
Total fund balances	<u>1,588,595</u>	<u>3,746,441</u>	<u>5,335,036</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,901,337</u>	<u>\$ 5,887,486</u>	<u>\$ 9,788,823</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Governmental Funds

Balance Sheet (continued)
December 31, 2018

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

Total fund balances for governmental funds at December 31, 2018		\$ 5,335,036
Cost of capital assets:		
Land	\$ 1,810,835	
Construction in progress	264,364	
Capital assets, net of accumulated depreciation	<u>69,678,247</u>	71,753,446
Net pension asset		34,794
Deferred outflows of resources related to net pension liability		2,994,494
Internal service funds are used by management to charge the costs of certain activities to individual funds.		(44,144)
Certain other assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.		131,884
Liabilities:		
Bonds payable	(2,023,000)	
Accrued interest payable	(14,259)	
Compensated absences	(633,486)	
Net OPEB obligations payable	(4,229,385)	
Net pension liability	<u>(13,336,903)</u>	(20,237,033)
Deferred inflows related to-		
Net pension liability	(1,637,691)	
OPEB liability	<u>(545,057)</u>	<u>(2,182,748)</u>
Total net position of governmental activities at December 31, 2018		<u>\$ 57,785,729</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, 2018

	General	Other Governmental Funds	Total
Revenues:			
Taxes	\$ 5,014,626	\$ 2,648,708	\$ 7,663,334
Licenses and permits	854,942	-	854,942
Intergovernmental	328,139	571,540	899,679
Charges for services	85,944	1,107,712	1,193,656
Proceeds from workers compensation	256,143	-	256,143
Donations	25,295	264,050	289,345
Fines and forfeits	166,521	70,459	236,980
Interest	245	34,500	34,745
Miscellaneous	162,116	71,824	233,940
Total revenues	6,893,971	4,768,793	11,662,764
Expenditures:			
Current -			
General government			
Administrative	2,317,281	47,608	2,364,889
Purchasing	203,225	-	203,225
Planning and zoning	342,594	-	342,594
Public safety	5,617,468	535,037	6,152,505
Public works:			
Streets and drainage	1,049,623	354,314	1,403,937
Storm water	1,661	-	1,661
Cemetery	171,116	-	171,116
Culture and recreation	106,861	2,111,807	2,218,668
Capital outlay	23,441	713,258	736,699
Debt service -			
Principal retirement	-	529,000	529,000
Interest and fiscal charges	20,660	49,519	70,179
Total expenditures	9,853,930	4,340,543	14,194,473
Excess (deficiency) of revenues over expenditures	(2,959,959)	428,250	(2,531,709)
Other financing sources (uses):			
Transfers in	3,802,500	1,013,765	4,816,265
Transfers out	(411,942)	(1,823,723)	(2,235,665)
Total other financing sources (uses)	3,390,558	(809,958)	2,580,600
Net changes in fund balances	430,599	(381,708)	48,891
Fund balances, beginning, as restated	1,157,996	4,128,149	5,286,145
Fund balances, ending	\$ 1,588,595	\$ 3,746,441	\$ 5,335,036

(continued)

CITY OF MORGAN CITY, LOUISIANA
Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Year Ended December 31, 2018

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, 2018 per		
Statement of Revenues, Expenditures and Changes in Fund Balances	\$	48,891
Cost of capital assets		736,699
Contribution revenues for contributed general capital assets		1,378,250
Depreciation Expense		(2,791,453)
Principal payments		529,000
Changes in accrued interest		3,681
Internal service funds are used by management to charge the costs of certain activities to individual funds.		(105,829)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(78,516)
Net change in compensated absences		(64,425)
Effects of recording net OPEB obligation and deferred inflows of resources related to net OPEB obligation:		
Increase in OPEB expense	(545,057)	
Change in Net OPEB obligation	<u>469,904</u>	(75,153)
Effects of recording net pension liability and deferred outflows and inflows of resources related to net pension liability:		
Increase in pension expense	(388,088)	
Nonemployer contribution revenue	<u>334,295</u>	<u>(53,793)</u>
Total changes in net position at December 31, 2018 per Statement of Activities	\$	<u>(472,648)</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, 2018

	Enterprise Funds			Internal Service Funds
	Electric, Gas, and Water	Sanitation and Sewer	Totals	
ASSETS				
Current assets:				
Cash and Interest-bearing deposits	\$ 209,509	\$ 300,271	\$ 509,780	\$ 220,884
Investments	-	-	-	4,252
Receivables, net	2,785,688	408,436	3,194,124	54,161
Due from other funds	645,113	-	645,113	-
Inventory	830,596	73,821	904,417	-
Prepaid expenses	121,254	82,554	203,808	-
Total current assets	<u>4,592,160</u>	<u>865,082</u>	<u>5,457,242</u>	<u>279,297</u>
Noncurrent assets:				
Restricted assets -				
Cash and Interest-bearing deposits	2,397,040	1,262,195	3,659,235	-
Investments	261,216	-	261,216	-
Loans to other funds	-	3,375,708	3,375,708	-
Capital assets:				
Land and construction in progress	3,385,132	100,150	3,485,282	-
Other, net of accumulated depreciation	<u>13,728,793</u>	<u>6,411,938</u>	<u>20,140,731</u>	<u>5,570</u>
Total noncurrent assets	<u>19,772,181</u>	<u>11,149,991</u>	<u>30,922,172</u>	<u>5,570</u>
Total assets	<u>24,364,341</u>	<u>12,015,073</u>	<u>36,379,414</u>	<u>284,867</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on refunding	49,390	-	49,390	-
Deferred pension outflows	<u>872,658</u>	<u>231,972</u>	<u>1,104,630</u>	<u>-</u>
Total deferred outflows of resources	<u>922,048</u>	<u>231,972</u>	<u>1,154,020</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,877,568	225,805	2,103,373	-
Accrued liabilities	41,542	6,031	47,573	340,575
Due to other funds	-	4,120	4,120	39,265
Payable from restricted assets -				
Revenue bonds	<u>658,553</u>	<u>240,000</u>	<u>898,553</u>	<u>-</u>
Total current liabilities	<u>2,577,663</u>	<u>475,956</u>	<u>3,053,619</u>	<u>379,840</u>
Noncurrent liabilities:				
Accrued liabilities	1,525,516	553,203	2,078,719	-
Loans from other funds	3,375,708	-	3,375,708	-
Net pension liability	3,587,790	953,717	4,541,507	-
Payable from restricted assets -				
Revenue bonds	4,207,114	3,045,797	7,252,911	-
Customers' deposits payable	<u>915,224</u>	<u>-</u>	<u>915,224</u>	<u>-</u>
Total noncurrent liabilities	<u>13,611,352</u>	<u>4,552,717</u>	<u>18,164,069</u>	<u>-</u>
Total liabilities	<u>16,189,015</u>	<u>5,028,673</u>	<u>21,217,688</u>	<u>379,840</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to -				
Net pension liability	206,383	54,755	261,138	-
OPEB liability	<u>155,333</u>	<u>51,828</u>	<u>207,161</u>	<u>-</u>
Total deferred inflows of resources	<u>361,716</u>	<u>106,583</u>	<u>468,299</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	12,248,258	3,226,291	15,474,549	5,570
Restricted for:				
Debt service	2,658,256	1,262,195	3,920,451	-
Unrestricted (deficit)	<u>(6,170,856)</u>	<u>2,623,303</u>	<u>(3,547,553)</u>	<u>(100,543)</u>
Total net position	<u>\$ 8,735,658</u>	<u>\$ 7,111,789</u>	<u>\$ 15,847,447</u>	<u>\$ (94,973)</u>

CITY OF MORGAN CITY, LOUISIANA
Proprietary Funds

Statement of Net Position (continued)
December 31, 2018

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

Net position at December 31, 2018	\$ 15,847,447
Internal service funds are used by management to charge the costs of certain activities to individual funds.	<u>(50,829)</u>
Total net position of business type activities at December 31, 2018	<u>\$ 15,796,618</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, 2018

	Enterprise Funds			Internal Service Funds
	Electric, Gas, and Water	Sanitation and Sewer	Totals	
Operating revenues:				
Charges for services -				
Customers	\$21,410,090	\$2,916,779	\$24,326,869	\$ -
Other	513,245	58,785	572,030	180,000
Insurance premiums	-	-	-	2,086,906
Insurance claim proceeds	-	-	-	342,894
Total operating revenues	<u>21,923,335</u>	<u>2,975,564</u>	<u>24,898,899</u>	<u>2,609,800</u>
Operating expenses:				
Personnel services	2,680,337	782,564	3,462,901	147,158
Supplies and materials	539,342	84,405	623,747	1,394
Fuel cost	12,501,826	-	12,501,826	-
Contractual services	652,197	1,523,288	2,175,485	6,178
Repairs and maintenance	584,872	175,871	760,743	6,763
Other charges	118,773	24,923	143,696	77
Depreciation	1,003,767	430,270	1,434,037	1,291
Insurance claim loss	-	-	-	2,535,709
Total operating expenses	<u>18,081,114</u>	<u>3,021,321</u>	<u>21,102,435</u>	<u>2,698,570</u>
Operating income (loss)	<u>3,842,221</u>	<u>(45,757)</u>	<u>3,796,464</u>	<u>(88,770)</u>
Nonoperating revenues (expenses):				
Insurance proceeds	7,658	-	7,658	-
Interest income	7,686	1,528	9,214	85
Interest and fiscal charges	(133,388)	(52,030)	(185,418)	-
Other	-	13,130	13,130	-
Total nonoperating revenues (expenses)	<u>(118,044)</u>	<u>(37,372)</u>	<u>(155,416)</u>	<u>85</u>
Income (loss) before transfers and contributions	3,724,177	(83,129)	3,641,048	(88,685)
Capital contributions	300,000	-	300,000	-
Transfers, net	<u>(3,350,000)</u>	<u>769,400</u>	<u>(2,580,600)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,050,000)</u>	<u>769,400</u>	<u>(2,280,600)</u>	<u>-</u>
Change in net position	674,177	686,271	1,360,448	(88,685)
Net position (deficit), beginning, as restated	<u>8,061,481</u>	<u>6,425,518</u>	<u>14,486,999</u>	<u>(6,288)</u>
Net position, ending	<u>\$ 8,735,658</u>	<u>\$7,111,789</u>	<u>\$15,847,447</u>	<u>\$ (94,973)</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Proprietary Funds

Statement of Revenues, Expenses, and Changes in Fund Net Position (continued)
Year Ended December 31, 2018

Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Net Position of Business Type Funds to the Statement of Activities

Total changes in net position at December 31, 2018 per Statement of Revenues, Expenditures and Changes in Net Position	\$ 1,360,448
Internal service funds are used by management to charge the costs of certain activities to individual funds.	<u>17,144</u>
Total changes in net position at December 31, 2018 per Statement of Activities	<u>\$ 1,377,592</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, 2018

	Enterprise Funds			Internal Service Funds
	Electric, Gas, and Water	Sanitation and Sewer	Totals	
Cash flows from operating activities:				
Receipts from customers	\$ 22,014,570	\$ 2,935,876	\$ 24,950,446	\$ -
Receipts from interfund services provided	-	-	-	2,777,115
Payments to suppliers	(14,553,864)	(1,785,452)	(16,339,316)	(2,553,478)
Payments to employees	(2,403,324)	(782,446)	(3,185,770)	(147,158)
Net cash provided by operating activities	<u>5,057,382</u>	<u>367,978</u>	<u>5,425,360</u>	<u>76,479</u>
Cash flows from noncapital financing activities:				
Receipts from other funds	130,201	769,400	899,601	-
Other receipts	7,658	13,130	20,788	-
Payments of meter deposits	(17,725)	-	(17,725)	-
Payments to other funds	(3,350,000)	(523,924)	(3,873,924)	(20,248)
Net cash provided (used) by noncapital financing activities	<u>(3,229,866)</u>	<u>258,606</u>	<u>(2,971,260)</u>	<u>(20,248)</u>
Cash flows from capital and related financing activities:				
Acquisition of property, plant and equipment	(1,496,465)	(161,908)	(1,658,373)	-
Capital contributions	300,000	-	300,000	-
Interest and fiscal charges paid	(121,041)	(52,030)	(173,071)	-
Proceeds from bonds	1,470,667	-	1,470,667	-
Principal paid on bonds	(590,000)	(148,903)	(738,903)	-
Net cash (used) by capital and related financing activities	<u>(436,839)</u>	<u>(362,841)</u>	<u>(799,680)</u>	<u>-</u>
Cash flows from investing activities:				
Interest received on investments	2,741	1,528	4,269	5
Net increase in cash and cash equivalents	1,393,418	265,271	1,658,689	56,236
Cash and cash equivalents, beginning	<u>1,213,131</u>	<u>1,297,195</u>	<u>2,510,326</u>	<u>164,648</u>
Cash and cash equivalents, ending	<u>\$ 2,606,549</u>	<u>\$ 1,562,466</u>	<u>\$ 4,169,015</u>	<u>\$ 220,884</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Proprietary Funds

Statement of Cash Flows (continued)
Year Ended December 31, 2018

	Enterprise Funds			Internal Service Funds
	Electric, Gas, and Water	Sanitation and Sewer	Totals	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 3,842,221	\$ (45,757)	\$ 3,796,464	\$ (88,690)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:				
Depreciation	1,003,767	430,270	1,434,037	1,291
Pension expense, net of nonemployer contributions	216,276	67,921	284,197	-
Changes in current assets and liabilities:				
Accounts receivable	145,283	(25,320)	119,963	167,275
Inventory	(34,229)	3,141	(31,088)	-
Prepaid expenses	(4,369)	28,491	24,122	-
Accounts payable	(12,630)	(8,597)	(21,227)	(16,776)
Accrued liabilities	(98,937)	(82,171)	(181,108)	13,379
Net cash provided by operating activities	<u>\$ 5,057,382</u>	<u>\$ 367,978</u>	<u>\$ 5,425,360</u>	<u>\$ 76,479</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	\$ 417,965	\$ 202,899	\$ 620,864	\$ 164,648
Cash - restricted	795,166	1,094,296	1,889,462	-
Total cash and cash equivalents	<u>1,213,131</u>	<u>1,297,195</u>	<u>2,510,326</u>	<u>164,648</u>
Cash and cash equivalents, end of period -				
Cash - unrestricted	209,509	300,271	509,780	220,884
Cash - restricted	2,397,040	1,262,195	3,659,235	-
Total cash and cash equivalents	<u>2,606,549</u>	<u>1,562,466</u>	<u>4,169,015</u>	<u>220,884</u>
Net increase in cash and cash equivalents	<u>\$ 1,393,418</u>	<u>\$ 265,271</u>	<u>\$ 1,658,689</u>	<u>\$ 56,236</u>

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

CITY OF MORGAN CITY, LOUISIANA
Fiduciary Funds

Statement of Fiduciary Net Position
December 31, 2018

	Police Pension and Relief Trust	Private Purpose Trusts	Agency
ASSETS			
Cash	\$ 6,823	\$ 229,744	\$ 124,885
Interest-bearing deposits	15,080	-	-
Receivables			
Accrued interest	33	-	-
Other	-	54,695	243,071
Prepaid insurance	-	8,345	-
Total assets	21,936	292,784	367,956
LIABILITIES			
Accounts payable	-	22,490	367,956
NET POSITION			
Held in trust for pension benefits and other purposes	\$ 21,936	\$ 270,294	\$ -

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

CITY OF MORGAN CITY, LOUISIANA
Fiduciary Funds

Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2018

	<u>Police Pension and Relief Trust</u>	<u>Private Purpose Trusts</u>
Additions:		
Contributions:		
Employer	\$ 41,982	\$ -
Donations	-	361,444
Investment earnings:		
Interest	<u>16</u>	<u>81</u>
Total additions	<u>41,998</u>	<u>361,525</u>
Deductions:		
Benefits	41,982	-
Payments in accordance with trust agreement	<u>-</u>	<u>565,808</u>
Total deductions	<u>41,982</u>	<u>565,808</u>
Change in net position	16	(204,283)
Net position, beginning	<u>21,920</u>	<u>474,577</u>
Net position, ending	<u>\$ 21,936</u>	<u>\$ 270,294</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 fund:

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.

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.

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 restricted to expenditures for specific purposes.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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 Funds –

Trust and agency funds

Trust and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include pension trusts, private-purpose trusts, and agency funds. Pension trust funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Private-purpose trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The City's fiduciary funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the city, 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. 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, 2018, 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.

Prepays 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	20-50 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.

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 principle 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 "in good standing", 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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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

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 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.

Interfund Transfers

Permanent reallocations of resource 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.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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 in the course of 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, 2018, the City has cash and interest-bearing deposits (book balances) totaling \$10,154,578 as follows:

Cash and interest-bearing deposits	\$ 9,867,488
Certificates of deposit	<u>287,090</u>
Total	<u>\$ 10,154,578</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 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, 2018 totaling \$9,932,319 are secured as follows:

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Federal deposit insurance	\$ 1,724,903
Uninsured and collateralized with securities	<u>8,207,416</u>
Total federal deposit insurance and pledged securities	<u>\$ 9,932,319</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, 2018, deposits in the amount of \$8,207,416 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, 2018, the City had the following investments and maturities (in years):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>
LAMP	\$ 505,940	\$ 505,940
Mutual funds	<u>885,434</u>	<u>885,434</u>
Total	<u>\$1,391,374</u>	<u>\$ 1,391,374</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.

Concentration of credit risk relates to the amount of investments in any one entity. At December 31, 2018, the City had no investments in any entity which exceeded 5% of total investments.

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.

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.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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, 2018.
- 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, 2018, the fair value of the City's investments decreased \$26,651. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year.

Fair Value Measurements

To the extent available, the City's investments are recorded at fair value as of December 31, 2018. 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.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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, 2018:

	<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	\$ 350,705	\$ -	\$ 350,705
Revenue bond reserve	108,623	-	108,623
Capital additions and contingencies	1,937,712	261,216	2,198,928
Sanitation and Sewer			
Revenue bond sinking	221,282	-	221,282
Revenue bond reserve	570,951	-	570,951
Revenue bond construction	469,962	-	469,962
	<u>\$ 3,659,235</u>	<u>\$ 261,216</u>	<u>\$3,920,451</u>

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.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(5) Receivables and Due from other Governmental Units

At December 31, 2018, the City has receivables and amounts due from other governmental units totaling \$5,172,421 as follows:

Receivable Class	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Taxes:				
Ad valorem	\$ 235,305	\$ -	\$ -	\$ 235,305
Sales and use	993,714	-	-	993,714
Intergovernmental:				
Federal	135,930	9,547	-	145,477
State	138,905	-	-	138,905
Accounts	168,784	3,184,577	-	3,353,361
Other	7,860	-	297,799	305,659
	<u>\$ 1,680,498</u>	<u>\$ 3,194,124</u>	<u>\$ 297,799</u>	<u>\$ 5,172,421</u>

Ad Valorem Taxes and Tax Calendar

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

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

For the year ended December 31, 2018, taxes of 17.64 mills were levied on property with assessed valuations totaling \$142,793,206 and were dedicated as follows:

Purpose	Mill
General government	14.75
Auditorium maintenance	2.00
Auditorium bond	0.89

The Auditorium Maintenance Tax is dedicated to paying the maintenance and other such expenses of the Morgan City Municipal Auditorium. The Auditorium Bond Tax is dedicated to paying the interest and principal due on the bonds issued by the City for the Auditorium.

Total taxes levied in 2018 were \$2,518,873.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(6) Interfund Receivables/Payables

Interfund receivables/payables at December 31, 2018 are as follows:

Receivable Fund	Payable Fund				Total
	Governmental Activities		Business-Type Activities		
	General	Nonmajor Governmental	Sanitation and Sewer	Internal Service	
Governmental Activities:					
General	\$ -	\$ 689,633	\$ 4,120	\$ 39,265	\$ 733,018
Nonmajor Governmental	262,042	276,176	-	-	538,218
Internal Service	-	-	-	-	-
Business-type Activities:					
Electric, Gas and Water	620,113	25,000	-	-	645,113
Sanitation and Sewer	-	-	-	-	-
Total	\$ 882,155	\$ 990,809	\$ 4,120	\$ 39,265	\$ 1,916,349

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 loans are not expected to be repaid in the short term:

Receivable Fund	Payable Fund		Total
	Governmental Activities	Business-Type Activities	
	General	Electric, Gas and Water	
Governmental Activities:			
Nonmajor Governmental	\$ 250,000	\$ -	\$ 250,000
Business-type Activities:			
Sanitation and Sewer	-	3,375,708	3,375,708
Total	\$ 250,000	\$ 3,375,708	\$ 3,625,708

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, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 1,803,085	\$ 7,750	\$ -	\$ 1,810,835
Construction in progress	-	264,364	-	264,364
Total capital assets not being depreciated	<u>1,803,085</u>	<u>272,114</u>	<u>-</u>	<u>2,075,199</u>
Capital assets, being depreciated				
Buildings	11,162,226	1,263,255	-	12,425,481
Improvements other than buildings	17,447,606	35,974	-	17,483,580
Infrastructure	100,195,535	232,505	-	100,428,040
Equipment	<u>6,474,298</u>	<u>311,102</u>	<u>-</u>	<u>6,785,400</u>
Total capital assets being depreciated	<u>135,279,665</u>	<u>1,842,836</u>	<u>-</u>	<u>137,122,501</u>
Less: accumulated depreciation for:				
Buildings	(6,339,938)	(254,245)	-	(6,594,183)
Improvements other than buildings	(8,564,515)	(614,464)	-	(9,178,979)
Infrastructure	(44,822,059)	(1,548,219)	-	(46,370,278)
Equipment	<u>(4,926,289)</u>	<u>(374,525)</u>	<u>-</u>	<u>(5,300,814)</u>
Total accumulated depreciation	<u>(64,652,801)</u>	<u>(2,791,453)</u>	<u>-</u>	<u>(67,444,254)</u>
Total capital assets, being depreciated, net	<u>70,626,864</u>	<u>(948,617)</u>	<u>-</u>	<u>69,678,247</u>
Governmental Activities Capital Assets, net	<u>\$ 72,429,949</u>	<u>\$ (676,503)</u>	<u>\$ -</u>	<u>\$ 71,753,446</u>

Donated Capital Assets

Governmental land, buildings and equipment included in the capital asset activity listed above includes donations to general government and culture and recreation. The equipment donated to general government includes Christmas decorations reported at an estimated price of \$220,500 that would be paid to acquire similar decorations in an orderly market transaction at the acquisition date. The land and buildings donated to culture and recreation include assets of the Brownell Carrillon Towers Park. The land reported at \$7,750, the Brownell Building reported at \$1,000,000 and the Brownell Museum Building reported at \$150,000, were determined based on the amount that would be paid to acquire similar assets in an orderly market transaction at the acquisition date, using comparable real estate sales.

Construction Commitments

As of December 31, 2018, the City had uncompleted construction contracts. The remaining commitment on these construction contracts is \$114,393.

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, 2018 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	1,918,258	1,555,734	-	3,473,992
Total capital assets not being depreciated	<u>1,929,548</u>	<u>1,555,734</u>	<u>-</u>	<u>3,485,282</u>
Capital assets, being depreciated				
Buildings	131,194	-	-	131,194
Infrastructure and related equipment				
Electric power generation and transmission	34,785,967	-	-	34,785,967
Gas distribution	8,853,554	-	-	8,853,554
Water treatment and distribution	16,695,592	-	-	16,695,592
Wastewater collection and treatment	17,899,387	61,757	-	17,961,144
Sanitation	3,440,256	-	-	3,440,256
Other equipment and furniture	2,866,256	40,881	-	2,907,137
Total capital assets being depreciated	<u>84,672,206</u>	<u>102,638</u>	<u>-</u>	<u>84,774,844</u>
Less accumulated depreciation for:				
Buildings	(94,132)	(2,589)	-	(96,721)
Infrastructure and related equipment				
Electric power generation and transmission	(26,943,695)	(490,415)	-	(27,434,110)
Gas distribution	(8,416,703)	(53,719)	-	(8,470,422)
Water treatment and distribution	(10,857,950)	(350,610)	-	(11,208,560)
Wastewater collection and treatment	(12,689,457)	(382,522)	-	(13,071,979)
Sanitation	(1,869,736)	(47,748)	-	(1,917,484)
Other equipment and furniture	(2,328,403)	(106,434)	-	(2,434,837)
Total accumulated depreciation	<u>(63,200,076)</u>	<u>(1,434,037)</u>	<u>-</u>	<u>(64,634,113)</u>
Total capital assets, being depreciated, net	<u>21,472,130</u>	<u>(1,331,399)</u>	<u>-</u>	<u>20,140,731</u>
Business-Type Activities Capital Assets, net	<u>\$23,401,678</u>	<u>\$ 224,335</u>	<u>\$ -</u>	<u>\$ 23,626,013</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Depreciation was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 131,235
Culture and recreation	597,751
Public Safety	295,910
Public Works	220,730
Infrastructure	<u>1,545,827</u>
Total depreciation expense - governmental activities	<u>\$2,791,453</u>
Business-Type Activities:	
Electric, gas and water	\$1,003,767
Sanitation and sewer	<u>430,270</u>
Total depreciation expense - business-type activities	<u>\$1,434,037</u>

(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. The City also entered into a financing arrangement for its commercial property physical damage insurance policy. The following is a summary of short term debt activity for the year ended December 31, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Revenue anticipation notes	\$ 450,000	\$ 600,000	\$ (450,000)	\$ 600,000	\$ 600,000
Finance agreement	-	503,123	(503,123)	-	-
	<u>\$ 450,000</u>	<u>\$ 1,103,123</u>	<u>\$ (953,123)</u>	<u>\$ 600,000</u>	<u>\$ 600,000</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(9) Long-Term Debt

During year ended December 31, 2018, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 569,061	\$ 64,425	\$ -	\$ 633,486	\$ -
Property tax refunding bonds, series 2013	377,000	-	(124,000)	253,000	124,000
Sales tax bonds, series 2012	<u>2,175,000</u>	<u>-</u>	<u>(405,000)</u>	<u>1,770,000</u>	<u>420,000</u>
	<u>\$ 3,137,846</u>	<u>\$ 64,425</u>	<u>\$ (529,000)</u>	<u>\$ 2,656,486</u>	<u>\$ 544,000</u>
Business-Type Activities:					
Compensated absences	\$ 325,271	\$ -	\$ (3,105)	\$ 322,166	\$ -
Water revenue bonds	1,270,000	-	(80,000)	1,190,000	80,000
Sewer revenue bonds	3,434,700	88,097	(237,000)	3,285,797	240,000
Utility revenue refunding bonds	2,715,000	-	(510,000)	2,205,000	530,000
Excess Revenue Note	<u>-</u>	<u>1,470,667</u>	<u>-</u>	<u>1,470,667</u>	<u>48,553</u>
	<u>\$ 7,728,186</u>	<u>\$ 1,558,764</u>	<u>\$ (830,105)</u>	<u>\$ 8,473,630</u>	<u>\$ 898,553</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. Bonds outstanding at December 31, 2018 are summarized as follows:

Governmental Activities -

\$945,000 Property Tax Refunding Bonds, Series 2013 due in annual installments of \$109,000 to \$129,000 through March 1, 2020; interest at 1.89 percent; secured by a pledge of the City's ad valorem taxes.	\$ 253,000
\$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.	<u>1,770,000</u>
Total	<u>\$2,023,000</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Business-Type Activities-

Utility Revenue Refunding Bonds:

\$4,980,000 Utility Revenue Refunding Bonds, Series 2013, due in annual installments of \$305,000 to \$570,000 through December 1, 2022; interest at 1.81 percent. \$ 2,205,000

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. \$ 1,470,667

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. \$ 1,190,000

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. \$ 837,000

\$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. 2,448,797

Total sewer revenue bonds: \$ 3,285,797

The annual requirements to amortize all bonded debt outstanding as of December 31, 2018, are as follows:

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Year Ending December 31,	Sales Tax Bonds		Property Tax Refunding Bonds		Total	
	Series 2012		Series 2013		Principal	Interest
	Principal	Interest	Principal	Interest		
2019	420,000	33,384	124,000	3,610	544,000	36,994
2020	435,000	24,236	129,000	1,219	564,000	25,455
2021	450,000	14,767	-	-	450,000	14,767
2022	465,000	4,976	-	-	465,000	4,976
	<u>\$ 1,770,000</u>	<u>\$ 77,363</u>	<u>\$ 253,000</u>	<u>\$ 4,829</u>	<u>\$ 2,023,000</u>	<u>\$ 82,192</u>

Year Ending December 31,	Sewer Revenue Bonds					
	Series 2009A		Series 2010		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	56,000	24,692	184,000	11,020	240,000	35,712
2020	60,000	23,040	185,000	10,192	245,000	33,232
2021	60,000	21,270	187,000	9,356	247,000	30,626
2022	65,000	19,500	189,000	8,518	254,000	28,018
2023	65,000	17,582	191,000	7,668	256,000	25,250
2024-2028	366,000	57,466	980,000	25,308	1,346,000	82,774
2029-2032	165,000	7,374	532,797	4,456	697,797	11,830
	<u>\$ 837,000</u>	<u>\$ 170,924</u>	<u>\$ 2,448,797</u>	<u>\$ 76,518</u>	<u>\$ 3,285,797</u>	<u>\$ 247,442</u>

Year Ending December 31,	Refunding Bonds					
	Utility Revenue Refunding Bonds		Water Revenue Refunding Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	530,000	39,910	80,000	35,105	610,000	75,015
2020	545,000	30,318	85,000	32,745	630,000	63,063
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
2024-2028	-	-	515,000	81,272	515,000	81,272
2029-2030	-	-	235,000	10,472	235,000	10,472
	<u>\$ 2,205,000</u>	<u>\$ 100,998</u>	<u>\$ 1,190,000</u>	<u>\$ 242,342</u>	<u>\$ 3,395,000</u>	<u>\$ 343,340</u>

Year Ending December 31,	Excess Revenue Note Series 2018		Grand Total	
	Principal	Interest	Principal	Interest
	2019	48,553	61,239	1,442,553
2020	50,575	59,217	1,489,575	180,967
2021	52,681	57,110	1,399,681	153,193
2022	54,874	54,917	1,433,874	125,811
2023	57,159	52,632	408,159	102,810
2024-2028	323,543	225,416	2,184,543	389,462
2029-2033	396,753	152,204	1,329,550	174,506
2034-2038	486,529	62,429	486,529	62,429
	<u>\$ 1,470,667</u>	<u>\$ 725,164</u>	<u>\$ 10,174,464</u>	<u>\$ 1,398,138</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 \$6,680,797 at December 31, 2018. 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 2033. Annual payments of principal and interest are expected to require approximately 40% of net revenues. Principal and interest paid for the current year and total net revenues were \$965,116 and \$5,230,501 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, 2018.

(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.

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.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(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 (2018 collections \$1,671,494; 2017 collections \$1,574,806; 2016 collections \$1,593,045) 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 (2018 collections \$1,484,257; 2017 collections \$1,405,215; 2016 collections \$1,418,054) 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 (2018 collections \$751,357; 2017 collections \$695,675; 2016 collections \$805,477) 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 (2018 collections \$494,631; 2017 collections \$468,290; 2016 collections \$472,588) 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.

E. Proceeds of a 3/10% sales and use tax levied by the City 2011 (2018 collections \$751,537; 2017 collections \$695,384; 2016 collections \$805,126) 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.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(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.

Retirement Benefits: 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) years or more of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.
3. Any age with five (5) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years creditable service with legal spouse at least last 12 months before death – 40% at age 60 or minimum of 20% immediately (actuarially calculated).
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced 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 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 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 with an actuarially reduced benefit.
5. Survivor's benefits require five years of creditable service with legal spouse at least last 12 months before death – 40% at age 60 or minimum of 20% immediately (actuarially calculated).

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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.

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 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.

Any member of Plan A who had not withdrawn their accumulated contributions and had at least twenty years of service credit at time of death, surviving spouse shall receive benefits for as long as he/she lives as outlined in the statutes.

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.

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 forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service whichever is greater or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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, 2018, the actual employer contribution rate was 24.75% 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 parish and state revenue sharing funds. 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, 2018, The City reported liabilities in its government-wide financial statements of \$5,331,335 and \$4,541,507 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, 2018 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, 2018, the City's proportional share of MERS was 2.384354%, which was a decrease of 0.092507% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the City recognized pension expense of \$762,813 and \$649,804 in its governmental activities and business-type activities, respectively, related to its participation in MERS.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to MERS from the following sources:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>
Difference between expected and actual experience	\$ -	\$ 189,552	\$ -	\$ 161,471
Changes in Assumption	160,491	-	136,714	-
Net difference between projected and actual earnings on pension plan investments	816,994	-	695,957	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,826	116,532	11,778	99,667
Employer contributions subsequent to the measurement date	<u>305,427</u>	<u>-</u>	<u>260,181</u>	<u>-</u>
	<u>\$ 1,296,738</u>	<u>\$ 306,084</u>	<u>\$ 1,104,630</u>	<u>\$ 261,138</u>

The \$565,608 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, 2019. 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>	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
2019	\$ 398,658	\$ 339,597	\$ 738,255
2020	191,159	162,840	353,999
2021	72,059	61,384	133,443
2022	<u>23,351</u>	<u>19,490</u>	<u>42,841</u>
	<u>\$ 685,227</u>	<u>\$ 583,311</u>	<u>\$ 1,268,538</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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, 2018 valuation was based on the results of an experience study, for the period July 2009 through June 30, 2014.

Actuarial Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

	Municipal Employees' Retirement System (MERS)
	<hr/>
Valuation Date	June 30, 2018
Actuarial cost method	Entry Age Normal
Actuarial cost assumptions:	
Investment rate of return	7.275%, net of investment expense
Inflation rate	2.60%
Projected salary increases	5.00%
Mortality Rates	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA for annuitants and beneficiaries RP-2000 Employees Sex Distinct Tables set back 2 years for both males and females for employees RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females for disables lives
Expected remaining service lives	3 years

The investment rate of return was 7.275%, which was a .125% decrease from the rate used as of June 30, 2017. 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.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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, 2018 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	50%	2.2%
Public fixed income	35%	1.5%
Alternatives	15%	0.6%
Totals	<u>100%</u>	<u>4.3%</u>
Inflation		<u>2.7%</u>
Expected Arithmetic Nominal Return		<u>7.0%</u>

Discount Rate: The discount rate used to measure the total pension liability was 7.275%, which was a .125% decrease from the rate used as of June 30, 2017. 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 7.275%, 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, 2018:

	Changes in Discount Rate:		
	MERS - Plan A		
	1% Decrease	Current Discount Rate	1% Increase
Net Pension Liability	<u>\$ 12,682,565</u>	<u>\$ 9,872,842</u>	<u>\$ 7,474,644</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, 2018, the City recognized revenue as a result of support received from the non-employer contributing entities of \$148,730 for its participation in MERS.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Payables to the Pension Plan: The City recorded accrued liabilities to MERS for the year ended December 31, 2018 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, 2018 is \$89,622.

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. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200.00 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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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% 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.

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 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.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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, 2018, 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 30.75% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 30.75% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 33.25% 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, 2018, and excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At December 31, 2018, The City reported liabilities in its government-wide financial statements of \$4,805,880 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, 2018 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, 2018, the City's proportional share of MPERS was 0.568470%, which was a decrease of 0.010251% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the City recognized pension expense of \$597,403 in its governmental activities related to its participation in MPERS.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

At December 31, 2018, 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	\$ 21,665	\$ 245,590
Changes in Assumption	314,061	-
Net difference between projected and actual earnings on pension plan investments	230,383	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	118,252	166,819
Employer contributions subsequent to the measurement date	<u>266,847</u>	<u>-</u>
	<u>\$ 951,208</u>	<u>\$ 412,409</u>

The \$266,847 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, 2019. 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>	
2019	\$ 324,886
2020	89,458
2021	(150,759)
2022	<u>8,367</u>
	<u>\$ 271,952</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Actuarial Assumptions: The actuarial assumptions used in the June 30, 2018 valuation were based on the assumptions used in the June 30, 2018 actuarial funding valuation and were based on the results of an actuarial experience study for the period of July 1, 2009 through June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

	<u>Municipal Police Employees' Retirement System (MPERS)</u>	
Valuation Date	June 30, 2018	
Actuarial cost method	Entry Age Normal	
Actuarial cost assumptions:		
Expected emaining service lives	4 years	
Investment rate of return	7.20%, net of investment expense	
Inflation rate	2.60%	
Projected salary increases	Yrs of Service	Salary Growth
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 nu Scale AA (set back 1 year for females)for healthy annuitants and beneficiaries	
	RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants	
	RP-2000 Employee Table set back 4 years for males and 3 years for females for active members	
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 increases not yet authorized by the Board of Trustees.	

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, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The investment rate of return was 7.20%, which was a .125% decrease from the discount rate used as of June 30, 2017.

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, 2018 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	52.00%	3.58%
Fixed Income	22.00%	0.46%
Alternative	20.00%	1.07%
Other	<u>6.00%</u>	<u>0.17%</u>
Totals	<u>100%</u>	5.28%
Inflation		<u>2.75%</u>
Expected Nominal Return		<u>8.03%</u>

The discount rate used to measure the total pension liability was 7.20%, which was a .125% decrease from the discount rate used as of June 30, 2017. 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 7.20%, 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 6.20% or one percentage point higher 8.20% than the current rate as of June 30, 2018:

	Changes in Discount Rate:		
	MPERS		
	1% Decrease	Current Discount Rate	1% Increase
Net Pension Liability	<u>\$ 6,753,592</u>	<u>\$ 4,805,880</u>	<u>\$ 3,171,825</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, 2018, the City recognized revenue as a result of support received from the non-employer contributing entities of \$112,179 for its participation in MPERS.

Payables to the Pension Plan: The City recorded accrued liabilities to MPERS for the year ended December 31, 2018 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, 2018 is \$40,910.

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: Membership in FFRS is a condition of employment for any full time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System. 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. No person who has attained age fifty or over shall become a member of FFRS, unless the person becomes a member by reason of a merger or unless FFRS received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years 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.

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.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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 in the form of "X x (A+B)," where "X" is any amount up to \$1 per month, and "A" is equal to the number of years of credited service accrued at retirement or at death of the member or retiree, and "B" is equal to the number of years since retirement or since death of the member or retiree to June 30th of the initial year of such increase.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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, 2018, employer and employee contributions for members above the poverty line were 26.50% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 28.50% and 8.0%, 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, 2018 and were excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At December 31, 2018, The City reported liabilities in its government-wide financial statements of \$3,065,472 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, 2017 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, 2018, the City's proportional share of the System was 0.532933%, which was a decrease of 0.111436% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the City recognized pension expense of \$461,886 in its governmental activities related to its participation in the System.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the Firefighters' Retirement System 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	\$ -	\$ 233,317
Changes in Assumption	213,847	486
Net difference between projected and actual earnings on pension plan investments	199,332	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	83,321	577,791
Employer contributions subsequent to the measurement date	<u>159,147</u>	<u>-</u>
	<u>\$ 655,647</u>	<u>\$ 811,594</u>

The \$159,147 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, 2019. 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>	
2019	\$ 110,072
2020	(6,518)
2021	(174,052)
2022	(83,801)
2023	(77,265)
2024	<u>(83,530)</u>
	<u>\$ (315,094)</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Actuarial Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

	<u>Firefighters' Retirement System</u>
Valuation Date	June 30, 2018
Actuarial cost method	Entry Age Normal
Actuarial cost assumptions:	
Expected remaining service lives	7 years
Investment rate of return	7.3% per annum (net of investment expenses, including inflation)
Inflation rate	2.700% per annum
Projected salary increases	Vary from 15% in the first two years of service to 4.75% with 25 or more years of service; includes inflation and merit increases
Cost of Living Adjustments	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.

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009, through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

The investment rate of return was 7.30%, which was a .10% decrease from the rate used as of June 30, 2017. The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates 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, 2.75%. The resulting long term expected arithmetic nominal rate of return was 8.09% as of June 30, 2018. Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2018, are summarized in the following table:

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Asset Class	Target Asset Allocation	Long-Term Expected Real Rates of Return
Equity:		
U.S. Equity	22.00%	6.14%
Non-U.S. Equity	22.00%	7.46%
Global Equity	10.00%	6.74%
Fixed Income	26.00%	1.76%
Alternatives:		
Real Estate	6.00%	4.38%
Private Equity	4.00%	8.73%
Multi-Asset Strategies:		
Global Tactical Asset Allocation	5.00%	4.31%
Risk Parity	<u>5.00%</u>	4.89%
	<u>100.00%</u>	

The discount rate used to measure the total pension liability was 7.30%, which was a decrease of .10% from the discount rate used as of June 30, 2017. 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 7.30%, 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 6.30% or one percentage point higher 8.30% than the current rate as of June 30, 2018.

	Changes in Discount Rate: Firefighters' Retirement System		
	Current		
	1% Decrease	Discount Rate	1% Increase
	6.30%	7.30%	8.30%
Net Pension Liability	<u>\$ 4,473,249</u>	<u>\$ 3,065,472</u>	<u>\$ 1,882,455</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, 2018, the City recognized revenue as a result of support received from the non-employer contributing entities of \$138,317 for its

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

participation in FFRS.

Payables to the Pension Plan: The City recorded accrued liabilities to the System for the year ended December 31, 2018 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, 2018 is \$27,513.

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

D. Louisiana State Employees' Retirement System (LASERS)

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

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

Retirement: The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Our rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service, at age 55 upon completing 25 years of credible service, and at age 60 upon completing 10 years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members 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 1.0% 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,

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% 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.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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

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

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

Upon reaching age 60, 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,

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

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

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

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

Contributions: The employer contribution rate is established annually under La. R.S. 11:401-11:104 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, 2018 for the various plans are as follows:

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Plan	Plan Status	Contributions Employer
Appellate Law Clerks	Closed	37.9%
Appellate Law Clerks hired on or after 7/01/06	Open	37.9%
Alcohol Tobacco Control	Closed	32.7%
Bridge Police	Closed	36.5%
Bridge Police hired on or after 7/01/06	Closed	36.5%
Corrections Primary	Closed	33.2%
Corrections Secondary	Closed	37.6%
Harbor Police	Closed	6.1%
Hazardous Duty	Open	38.3%
Judges hired before 1/1/2011	Closed	40.1%
Judges hired after 12/31/2010	Closed	39.6%
Judges hired on or after 7/1/15	Open	39.6%
Legislators	Closed	41.7%
Optional Retirement Plan (ORP) before 7/01/06	Closed	37.9%
Optional Retirement Plan (ORP) on or after 7/01/06	Closed	37.9%
Peace Officers	Closed	36.7%
Regular Employees hired before 7/01/06	Closed	37.9%
Regular Employees hired on or after 7/01/06	Closed	37.9%
Regular Employees hired on or after 1/1/11	Closed	37.9%
Regular Employees hired on or after 7/1/15	Open	37.9%
Special Legislative Employees	Closed	43.7%
Wildlife Agents	Closed	46.6%
Aggregate Rate		37.8%

The agency's contractually required composite contribution rate for the year ended December 31, 2018 was 41.0% 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. Contributions to the pension plan from the Court were \$14,436 for the year ended December 31, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2018, the City reported a liability of \$134,216 for its proportionate share of the LASERS net pension liability. The net pension liability was measured as of June 30, 2018 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, 2018, the City's proportion was 0.00197%, which was a decrease of 0.00007% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the City recognized pension expense of \$8,924 in its governmental activities related to its participation in LASERS.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

At December 31, 2018, 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	\$ -	\$ 1,505
Change of assumptions	1,366	-
Net differences between projected and actual earnings on pension plan investments	1,740	-
Change in proportion and differences between employer contributions and proportionate share of contributions	-	3,188
Employer contributions subsequent to the measurement date	<u>7,218</u>	<u>-</u>
Total	<u>\$ 10,324</u>	<u>\$ 4,693</u>

Deferred outflows of resources of \$7,218 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, 2018. 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>	
2019	\$ 2,324
2020	(140)
2021	(3,280)
2022	<u>(491)</u>
	<u>\$ (1,587)</u>

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Actuarial Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

	<u>LASERS Retirement System</u>		
Valuation Date	June 30, 2018		
Actuarial Cost Method	Entry Age Normal		
Expected Remaining Service Lives	3 years		
Investment Rate of Return	7.65% per annum		
Inflation Rate	2.75% per annum		
Mortality Rates	Non-disabled members - Mortality rates based on the RP-2000 Combined Health Mortality Table with mortality improvement projected to 2015. 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 (2009-2013) experience study of the System's members.		
Salary Increases	Salary increases were projected based on a 2009-2013 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	3.8%	12.8%
	Judges	2.8%	5.3%
	Corrections	3.4%	14.3%
	Hazardous Duty	3.4%	14.3%
	Wildlife	3.4%	14.3%
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 was 7.65%, which was a .05% decrease from the rate used as of June 30, 2017. 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 3.25% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.83% for 2018. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	-0.48%
Domestic equity	4.31%
International equity	5.26%
Domestic fixed income	1.49%
International fixed income	2.23%
Alternative investments	7.67%
Risk Parity	4.96%
Total Fund	5.40%

The discount rate used to measure the total pension liability was 7.65%, which was a .05% decrease from the discount rate used as of June 30, 2017. 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, actuarially determined. 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 7.65%, 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 (6.65%) or one percentage-point higher (8.65%) than the current rate:

	Changes in Discount Rate:		
	<u>LASERS Retirement System</u>		
	1.00% Decrease 6.65%	Current Discount Rate 7.65%	1.00% Increase 8.65%
Net Pension Liability	<u>\$ 169,390</u>	<u>\$ 134,216</u>	<u>\$ 103,923</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, 2018 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, 2018 is \$1,203.

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2018 Comprehensive Annual Financial Report at www.lasersonline.org.

E. Louisiana Parochial Employees' Retirement System

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.

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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.

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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 three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

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, 2017, the actuarially determined contribution rate was 9.35% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2017 was 12.50% for Plan A.

Non-employer Contributions: According to state statute, the System also receives 1/4 of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. During the year ended December 31, 2018, the District recognized revenue as a result of support received from non-employer contributing entities of \$3,485 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, 2018, the City reported an asset of \$34,794 for its proportionate share of the net pension asset, which was reported in the governmental activities. The net pension asset was measured as of December 31, 2017 and the total pension asset 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 asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2016, the City's proportional share of PERS was 0.046876%, which was an increase of 0.003611% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the City recognized pension expense of \$44,190 in its activities.

At December 31, 2018, 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	\$ -	\$ 22,523
Changes in Assumption	43,915	-
Net difference between projected and actual earnings on pension plan investments	-	80,383
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,267	5
Employer contributions subsequent to the measurement date	<u>35,395</u>	<u>-</u>
	<u>\$ 80,577</u>	<u>\$ 102,911</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The \$35,395 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, 2019. 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>	
2019	\$ 6,357
2020	(5,543)
2021	(26,683)
2022	<u>(31,860)</u>
	<u>\$ (57,729)</u>

Actuarial Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2017 are as follows:

	<u>Parochial Employees' Retirement System (PERS)</u>
Valuation Date	December 31, 2017
Actuarial cost method	Entry Age Normal
Actuarial cost assumptions:	
Investment rate of return	6.75%, net of investment expense, including inflation
Projected salary increases	5.25% (2.5% Inflation, 2.75% Merit)
Mortality Rates	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Tables were selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
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 increases not yet authorized by the Board of Trustees.
Inflation rate	2.50%

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The discount rate used to measure the total pension asset was 6.75% for Plan A, which was a .25% decrease from the discount rate used as of December 31, 2016. 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, 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 investment rate of return was 6.75% for Plan A, which was a .25% decrease from the rate used as of December 31, 2016. The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM 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 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.62%.

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of December 31, 2017 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%	1.24%
Equity	52%	3.57%
Alternative	11%	0.69%
Real Assets	<u>2%</u>	<u>0.12%</u>
Totals	<u>100%</u>	5.62%
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Return		<u>7.62%</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, 2010 through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Healthy Annuitant Mortality Sex Distinct Tables (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table, set back five years for males and three years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back four years for males and three years for females was used.

Sensitivity to Change in Discount Rate: The following presents the net pension asset of the participating employers calculated using the discount rate of 6.75%, 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 5.75% or one percentage point higher 7.75% than the current rate.

Changes in Discount Rate:			
PERS - Plan A			
	1%	Current	1%
	Decrease	Discount	Increase
	5.75%	6.75%	7.75%
Net Pension Liability (Asset)	<u>\$ 171,545</u>	<u>\$ (34,794)</u>	<u>\$ (218,524)</u>

Payables to the Pension Plan: The City recorded accrued liabilities to PERS for the year ended December 31, 2018 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, 2018 is \$8,326.

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

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Employer's Proportionate Share of Net Pension Asset:

	Governmental Activities	Business-Type Activities	Total
PERS	\$ 34,794	\$ -	\$ 34,794

Employer's Proportionate Share of Net Pension Liability:

	Governmental Activities	Business-Type Activities	Total
MERS	\$ 5,331,335	\$ 4,541,507	\$ 9,872,842
MPERS	4,805,880	-	4,805,880
FFRS	3,065,472	-	3,065,472
LASERS	134,216	-	134,216
Total	\$ 13,336,903	\$ 4,541,507	\$ 17,878,410

Deferred Outflows of Resources:

	Governmental Activities	Business-Type Activities	Total
MERS	\$ 1,296,738	\$ 1,104,630	\$ 2,401,368
MPERS	951,208	-	951,208
FFRS	655,647	-	655,647
LASERS	10,324	-	10,324
PERS	80,577	-	80,577
Total	\$ 2,994,494	\$ 1,104,630	\$ 4,099,124

Deferred Inflows of Resources:

	Governmental Activities	Business-Type Activities	Total
MERS	\$ 306,084	\$ 261,138	\$ 567,222
MPERS	412,409	-	412,409
FFRS	811,594	-	811,594
LASERS	4,693	-	4,693
PERS	102,911	-	102,911
Total	\$ 1,637,691	\$ 261,138	\$ 1,898,829

Pension Expense:

	Governmental Activities	Business-Type Activities	Total
MERS	\$ 762,813	\$ 649,804	\$ 1,412,617
MPERS	597,403	-	597,403
FFRS	461,886	-	461,886
LASERS	8,924	-	8,924
PERS	44,190	-	44,190
Total	\$ 1,875,216	\$ 649,804	\$ 2,525,020

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, 2018, 2017, and 2016 were \$41,982, \$41,982, and \$43,065, respectively.

(13) 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, 2018, 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	\$ 386,756
Ward Six Marshal of the Parish of St. Mary	<u>130,320</u>
Total	<u>\$ 517,076</u>

(14) Long-Term 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.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

- 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.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31, 2018 are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2019	41,900
2020	41,900
2021	41,900
2022	41,900
2023	41,900
2024	40,700
	<u>\$ 250,200</u>

Expenditures related to the leases totaled \$41,900 for the year ended December 31, 2018.

(15) 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:

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund balances:			
Nonspendable -			
Permanent fund	\$ -	\$ 514,005	\$ 514,005
Inventory	53,873	-	53,873
Prepaid items	73,324	-	73,324
Interfund loans	-	250,000	250,000
Total fund balances - nonspendable	<u>127,197</u>	<u>764,005</u>	<u>891,202</u>
Restricted for -			
Debt service	-	483,467	483,467
Capital improvements	-	705,212	705,212
Special programs	-	2,232,587	2,232,587
Total fund balances - restricted	<u>-</u>	<u>3,421,266</u>	<u>3,421,266</u>
Unassigned (deficit)	<u>1,461,398</u>	<u>(438,830)</u>	<u>1,022,568</u>
Total fund balances	<u>\$ 1,588,595</u>	<u>\$ 3,746,441</u>	<u>\$ 5,335,036</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(16) Interfund Transfers

Interfund transfers for the year ended December 31, 2018 are as follows:

Receiving Fund	Transferring Fund				Total
	Governmental Activities		Business-Type Activities		
	General	Nonmajor Governmental	Electric, Gas and Water	Sanitation and Sewer	
Governmental Activities:					
General	\$ -	\$ 2,500	\$ 3,350,000	\$ 450,000	\$ 3,802,500
Nonmajor governmental	411,942	601,823	-	-	1,013,765
Business-type Activities:					
Sanitation and Sewer	-	1,219,400	-	-	1,219,400
	<u>\$ 411,942</u>	<u>\$ 1,823,723</u>	<u>\$ 3,350,000</u>	<u>\$ 450,000</u>	<u>\$ 6,035,665</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.

(17) Private Purpose Trust Fund

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. At December 31, 2018, there was a balance in this fund which amounted to \$209,256, detailed as follows:

Cemetery	1,642
Bike Path Grant	12,000
General Administration	(225)
Mosquito Control	47
Morgan City Municipal Auditorium	147,181
Beautification	7,267
Morgan City Police Department	6,405
Recreation Department	1,425
Library	(1,519)
Wharf Fund	30,000
Feral Cat Project	5,033
	<u>\$ 209,256</u>

(18) Natural Gas Purchases

The City purchased natural gas for resale from Texas Gas Transmission, LLC during 2018 in the amount of \$648,174 pursuant to a natural gas sales and purchase contract.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(19) 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, 2018, the City's demand and energy charges were \$3,184,980 and \$7,067,490 respectively. These costs are included in operating expenses – fuel costs in the Statement of Revenue, Expenses, and Changes in Fund Net Position – Proprietary Funds.
- B. The agreement for the purchase of Rodemacher Unit No. 2 dependable capacity requires the City to sell to LEPA the output from its entitlement share of project capability, as required to be purchased under the power sales contract dated October 1, 1982. During the year ended December 2018, the City's entitlement share of power (capital) costs and energy (fuel) costs which was sold to LEPA was \$2,258,960 and \$253,112, 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, 2018, the City's entitlement share of power (capital) costs and energy (fuel) costs (proceeds) which was sold through MISO Energy Market was \$1,839,894 and \$(132,167), 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.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(20) Contingencies

Pending Litigation

There are several lawsuits presently pending against the City as of December 31, 2018. 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, 2018. 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 \$75,000 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. Settled claims did not exceed this commercial coverage in the 2018 fiscal year.

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. However, at December 31, 2018, the fund reported a deficit of \$44,144. The claims liability of \$321,621 reported in the fund at December 31, 2018 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, 2018, \$124,752 of those covered liabilities are still outstanding. Changes in the fund's claims liability amount in the fiscal year were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2018	\$ 313,170	2,037,331	(2,028,880)	321,621
2017	194,177	2,128,214	(2,009,221)	313,170
2016	-	1,374,284	(1,180,107)	194,177

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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.

(21) Fund Deficits

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

Special Revenue Funds:	
Cemetery	\$ 42,981
State Prisoner's	33,277
Capital Project:	
LCDBG	151,163
Louisiana Capital Outlay	227,288
Internal Service:	
Central Garage	50,829
Self Insurance	44,144

It is anticipated that the deficits will be funded through the settlement of interfund balances, by excess revenues in subsequent periods, or by appropriations from the enterprise funds.

The deficits in the Cemetery fund, State Prisoner's fund, and the LCDBG fund are due to revenue recognition limitations under the modified accrual basis of accounting. The deficit will be funded by the collection of anticipated donations, 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 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.

The deficit in the Central Garage fund is due to accumulated costs in excess of billings to the funds in prior years. The deficit in the Self-Insurance fund is due to accumulation of health insurance claim payments in excess of interfund premium collections. These deficits will be funded by transfers from other funds.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(22) 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, 2018 was as follows:

	Electric Department	Gas Department	Water Department	Mosquito Department	Sewer Department	Sanitation Department	Total Enterprise Funds
Operating revenues:	\$ 17,822,883	\$ 1,742,736	\$ 2,213,651	\$ 144,065	\$ 1,841,560	\$ 1,134,004	\$ 24,898,899
Operating expenses:							
Depreciation	551,745	61,630	386,476	3,916	382,522	47,748	1,434,037
Other	14,167,141	1,121,498	1,663,960	124,748	1,222,793	1,368,258	19,668,398
Total operating expenses	14,718,886	1,183,128	2,050,436	128,664	1,605,315	1,416,006	21,102,435
Operating income (loss)	3,103,997	559,608	163,215	15,401	236,245	(282,002)	3,796,464
Nonoperating revenues (expenses)	(95,616)	(9,444)	(11,804)	(1,180)	(23,171)	(14,201)	(155,416)
Transfers and contributions	(2,470,500)	(244,000)	(305,000)	(30,500)	477,028	292,372	(2,280,600)
Change in net position	537,881	306,164	(153,589)	(16,279)	690,102	(3,831)	1,360,448
Net position, beginning, as restated	6,529,800	644,918	806,148	80,615	3,983,821	2,441,697	14,486,999
Net position, ending	\$ 7,067,681	\$ 951,082	\$ 652,559	\$ 64,336	\$ 4,673,923	\$ 2,437,866	\$ 15,847,447

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.

(23) Summary of Federal Grant Funding

The City recognized revenue and deferred inflows related to federal grants during the year ended December 31, 2018 as follows:

Funding Source	Award Number	Recognized Revenues	Deferred Inflows
U.S Department of Housing and Urban Development: Passed through Louisiana Division of Administration: Community Development Block Program	CGMS 673563	\$ 62,053	\$ -
U.S. Department of Homeland Security Passed through Louisiana Office of Homeland Security Disaster Grants - Public Assistance - Presidentially Declared Disasters	PA-4080	7,836	66,041
Total		\$ 69,889	\$ 66,041

Recognized revenues and deferred inflows shown above pertain to federal grants related to expenditures incurred in prior years.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(24) Post-employment 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's defined benefit postemployment health care plan provides OPEB to eligible retired employees. Retirees are considered eligible if they meet the retirement eligibility requirements of the respective retirement plan. The City's OPEB plan is a single employer defined benefit OPEB plan administered by the City. The premium rates are established and may be amended by the group health insurance carrier with the City determining the contribution requirements of the retirees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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 there 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. Retiree insurance coverage amounts are a flat \$5,000.

Benefits provided

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 January 1, 2018, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits payments	44
Active employees	<u>185</u>
Total	<u><u>229</u></u>

The City's total OPEB liability of \$6,007,715 was measured as of December 31, 2018 and was determined by an actuarial valuation as of January 1, 2018.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2018 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:	3.44% annually (Beginning of Year to Determine ADC)
	4.10% annually (As of End of Year to Measurement Date)
Health Care Cost Trend Rate	5.5% annually

The discount rate of 4.10% was based on the Bond Buyers' 20 year General Obligation Municipal Bond Index as of December 31, 2018, the measurement date at the end of the applicable measurement period and 3.44% as of December 31 2017, the measurement date at the end of the immediately preceding measurement period.

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the those used in the valuation and actuarial experience.

Changes in Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/2017	<u>\$ 6,656,217</u>
Charges for the year:	
Service Cost	107,717
Interest	226,094
Differences between expected and actual experience	(91,541)
Changes in Assumptions/Inputs	(723,362)
Benefit Payments	<u>(167,410)</u>
Net Changes	<u>(648,502)</u>
Balance at 12/31/2018	<u>\$ 6,007,715</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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 (3.1 percent) or 1-percentage-point higher (5.1 percent) than the current discount rate:

	1% Decrease 3.1%	Discount Rate 4.1%	1% Increase 5.1%
Total OPEB Liability	<u>\$ 7,176,086</u>	<u>\$ 6,007,715</u>	<u>\$ 5,094,143</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 or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Trend Rate	1% Increase
Total OPEB Liability	<u>\$ 5,072,404</u>	<u>\$ 6,007,715</u>	<u>\$ 7,194,783</u>

For the year ended December 31, 2018, the City recognized an OPEB expense of \$271,126. At December 31, 2018, 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	\$ -	\$ 84,499
Changes in assumptions or other inputs	-	<u>667,719</u>
Total	<u>\$ -</u>	<u>\$ 752,218</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	
December 31:	
2019	\$ 62,685
2020	62,685
2021	62,685
2022	62,685
2023	62,685
Thereafter	<u>438,793</u>
Total	<u>\$ 752,218</u>

(25) Compensation of City Officials

A detail of compensation paid to the Mayor and City Council for the year ended December 31, 2018 follows:

Mayor:	
Frank P. Grizzaffi, III	\$ 63,000
City Council:	
Ray Autrey	9,600
Ron Bias	9,600
Steve Domangue	800
James Fontenot	800
Timmy T. Hymel	9,600
Mark Stephens	9,600
Louis J. Tamporello, Jr.	<u>9,600</u>
Total	<u>\$ 112,600</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, 2018, payments made to Mayor Frank P. Grizzaffi, III requiring disclosure are as follows:

Salary	\$ 63,000
Benefits - Insurance	9,188
Benefits - Retirement	15,986
Car and cell phone allowance	<u>6,600</u>
Total	<u>\$ 94,774</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(26) 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, 2018, 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 fulfill its commitments under the agreement. For the year ended December 31, 2018, \$72,210 in City ad valorem tax revenues were abated by the state of Louisiana through ITEP.

(27) Prior Period Adjustments

During the year ended December 31, 2018, the City implemented the provisions of Governmental Auditing Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The City also reported correction of prior period misstatements due to court order and an error on part of another governmental entity. Therefore, the restatement of net position and fund balances reported as disclosed below:

	As Previously Reported	Adjustments	As Restated
Government-wide financial statements			
Governmental Activities	60,517,605	(2,259,228)	58,258,377
Business-type Activities	15,615,074	(1,196,048)	14,419,026
Fund financial statements			
Governmental Funds			
General Fund	1,096,557	61,439	1,157,996
Other Governmental Funds	4,098,689	29,460	4,128,149
Proprietary Funds			
Electric, Gas, and Water	8,886,209	(824,728)	8,061,481
Sanitation and Sewer	6,715,911	(290,393)	6,425,518

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(28) 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 83, Certain Asset Retirement Obligations (ARO). This standard establishes criteria for determining the timing and pattern of recognition of an ARO liability and a corresponding deferred outflow of resources. An ARO is a legally enforceable liability associated with the sale, recycling, retirement, abandonment or disposal in some other manner of a tangible capital asset permanently removed from service. The standard is effective for annual reporting periods beginning after June 15, 2018. The City will include the requirements of this standard, as applicable, in its December 31, 2019 financial statements. The effect of this standard or its applicability to the City are unknown at this time.

GASB Statement 84, Fiduciary Activities. This standard defines and establishes criteria for identifying and reporting fiduciary activities. The focus of the criteria is on (1) whether the City controls the assets in a fiduciary activity and (2) there are separate identifiable beneficiaries with whom a fiduciary relationship exists. The standard is effective for annual reporting periods beginning after December 15, 2018. The City will include the requirements of this standard, as applicable, in its December 31, 2019 financial statements. The effect of this standard or its applicability to the City are unknown at this time.

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 an 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. The City will include the requirements of this standard, as applicable, in its December 31, 2020 financial statements. All of the City's lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the City are unknown at this time.

(29) Subsequent Events

Subsequent to year end, the City issued \$2,000,000 of Revenue Anticipation Note, Series 2019, with an interest rate of 5.5% payable through March 1, 2020. The City drew down on this note in the amount of \$25,000 on March 19, 2019, and \$150,000 on May 29, 2019. The note is being used to pay current expenditures.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule
Year Ended December 31, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Taxes	\$ 4,423,767	\$ 4,946,505	\$ 5,014,626	\$ 68,121
Licenses and permits	842,000	877,000	854,942	(22,058)
Intergovernmental	251,472	259,920	328,139	68,219
Charges for services	79,500	78,100	85,944	7,844
Fines and forfeits	140,000	150,000	166,521	16,521
Miscellaneous	322,650	451,038	443,799	(7,239)
Total revenues	<u>6,059,389</u>	<u>6,762,563</u>	<u>6,893,971</u>	<u>131,408</u>
Expenditures:				
General government:				
Administrative	2,129,284	2,291,206	2,317,281	(26,075)
Purchasing	197,122	197,617	203,225	(5,608)
Planning and zoning	355,311	349,734	342,594	7,140
Public safety:				
Police	3,187,439	3,470,130	3,450,772	19,358
Fire	2,188,485	2,171,275	2,166,696	4,579
Public works:				
Streets and drainage	1,197,760	1,109,442	1,049,623	59,819
Storm water	73,454	13,540	1,661	11,879
Cemetery	193,346	189,253	171,116	18,137
Culture and recreation	118,272	115,249	106,861	8,388
Capital outlay	1,500	51,488	23,441	28,047
Debt Service-				
Interest and fiscal charges	-	30,000	20,660	9,340
Total expenditures	<u>9,641,973</u>	<u>9,988,934</u>	<u>9,853,930</u>	<u>135,004</u>
Deficiency of revenues over expenditures	<u>(3,582,584)</u>	<u>(3,226,371)</u>	<u>(2,959,959)</u>	<u>266,412</u>
Other financing sources (uses):				
Transfers in	3,852,500	3,902,500	3,802,500	(100,000)
Transfers out	(520,000)	(560,000)	(411,942)	148,058
Total other financing sources (uses)	<u>3,332,500</u>	<u>3,342,500</u>	<u>3,390,558</u>	<u>48,058</u>
Net changes in fund balance	(250,084)	116,129	430,599	314,470
Fund balance, beginning	<u>1,157,996</u>	<u>1,157,996</u>	<u>1,157,996</u>	<u>-</u>
Fund balance, ending	<u>\$ 907,912</u>	<u>\$ 1,274,125</u>	<u>\$ 1,588,595</u>	<u>\$ 314,470</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, 2018

Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
Municipal Employees' Retirement System					
2015	2.497060%	8,919,889	4,262,713	209.3%	66.18%
2016	2.452422%	10,051,767	4,089,843	245.8%	62.11%
2017	2.476861%	10,361,754	4,497,987	230.4%	62.49%
2018	2.384354%	9,872,842	4,353,148	226.8%	63.94%
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%
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%
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%
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%

CITY OF MORGAN CITY, LOUISIANA

Schedule of Employer Contributions
Year Ended December 31, 2018

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%
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%
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%
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%
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%

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

CITY OF MORGAN CITY, LOUISIANA

Schedule of Changes in Total OPEB Liability and Related Ratios
Year Ended December 31, 2018

	<u>2018</u>
Total OPEB Liability	
Service Cost	\$ 107,717
Interest	226,094
Changes in benefit terms	0
Differences between expected and actual experience	(91,541)
Changes in assumptions or other inputs	(723,362)
Benefit payments	<u>(167,410)</u>
Net Change in Total OPEB Liability	<u>(648,502)</u>
Total OPEB Liability -beginning	<u>6,656,217</u>
Total OPEB Liability -end	<u><u>\$ 6,007,715</u></u>
Covered Employee Payroll	<u>\$ 6,830,004</u>
Total OPEB Liability as a percentage of covered employee payroll	<u>87.96%</u>

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

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) Retirement Systems

A. Municipal Employees' Retirement System

Changes of benefit terms – There were no changes of benefit terms for the year ended December 31, 2018.

CITY OF MORGAN CITY, LOUISIANA

Notes to Required Supplementary Information (continued)

Changes of assumptions –

Year ended December 31,	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%

B. Municipal Police Employees' Retirement System

Changes of benefit terms – There were no changes of benefit terms for the year ended December 31, 2018.

Changes of assumptions –

Year ended December 31,	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%

C. Firefighters' Retirement System

Changes of benefit terms – There were no changes of benefit terms for the year ended December 31, 2018.

Changes of assumptions –

Year ended December 31,	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%

CITY OF MORGAN CITY, LOUISIANA

Notes to Required Supplementary Information (continued)

D. Louisiana State Employees' Retirement System

Changes of benefit terms – There were no changes of benefit terms for the year ended December 31, 2019.

Changes of assumptions –

Year ended December 31,	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%
1905	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%

E. Louisiana Parochial Employees' Retirement System

Changes of benefit terms – There were no changes of benefit terms for the year ended December 31, 2018.

Changes of assumptions –

Year ended December 31,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2016	7.000%	7.000%	2.500%	4	5.250%
2017	7.000%	7.000%	2.500%	4	5.250%
2018	6.750%	6.750%	2.500%	4	5.250%

(4) 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:

2017	3.44%
2018	4.10%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

OTHER SUPPLEMENTARY INFORMATION

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
Year Ended December 31, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes:				
Ad valorem	\$ 1,633,838	\$ 2,107,352	\$2,097,144	\$ (10,208)
Sales	<u>2,789,929</u>	<u>2,839,153</u>	<u>2,917,482</u>	<u>78,329</u>
Total taxes	<u>4,423,767</u>	<u>4,946,505</u>	<u>5,014,626</u>	<u>68,121</u>
Licenses and permits:				
Liquor and beer licenses	25,000	25,000	24,760	(240)
Occupational licenses	750,000	800,000	773,346	(26,654)
Building permits	16,000	20,000	19,021	(979)
Chain store	6,000	7,000	8,945	1,945
Other	<u>45,000</u>	<u>25,000</u>	<u>28,870</u>	<u>3,870</u>
Total licenses and permits	<u>842,000</u>	<u>877,000</u>	<u>854,942</u>	<u>(22,058)</u>
Intergovernmental:				
State of Louisiana -				
Beer taxes	15,000	17,000	17,157	157
Video poker	115,000	95,000	90,394	(4,606)
City Court	33,600	35,000	79,788	44,788
Police	6,462	6,462	8,369	1,907
Other	16,410	55,000	79,384	24,384
St. Mary Parish Council -				
Fire insurance tax	65,000	51,458	51,458	-
Think Stream Grant	<u>-</u>	<u>-</u>	<u>1,589</u>	<u>1,589</u>
Total intergovernmental	<u>251,472</u>	<u>259,920</u>	<u>328,139</u>	<u>68,219</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues (continued)
Year Ended December 31, 2018

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Charges for services:				
Inspection fees	\$ 23,500	\$ 15,000	\$ 16,208	\$ 1,208
Petting Zoo	25,000	18,000	18,119	119
Probation fees	25,000	40,000	46,125	6,125
Police accident reports, etc.	6,000	5,100	5,492	392
Total charges for services	<u>79,500</u>	<u>78,100</u>	<u>85,944</u>	<u>7,844</u>
Fines and forfeits:				
Fines and forfeits	<u>140,000</u>	<u>150,000</u>	<u>166,521</u>	<u>16,521</u>
Miscellaneous:				
Property rentals	30,000	33,000	32,260	(740)
Cemetery lot sales	50,000	60,000	74,596	14,596
Proceeds from workers comp	200,000	256,143	256,143	-
Donations	-	-	25,295	25,295
Notice fees	5,000	9,500	9,863	363
Insurance claim proceeds	-	5,255	5,255	-
Subpoena collections	5,000	5,000	7,375	2,375
Interest earned	150	150	245	95
Other sources	32,500	81,990	32,767	(49,223)
Total miscellaneous	<u>322,650</u>	<u>451,038</u>	<u>443,799</u>	<u>(7,239)</u>
Total revenues	<u>\$ 6,059,389</u>	<u>\$ 6,762,563</u>	<u>\$6,893,971</u>	<u>\$ 131,408</u>

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
Year Ended December 31, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT				
Administrative:				
Personnel services				
Salaries and wages-				
Administration	\$ 541,608	\$ 592,408	\$ 593,289	\$ (881)
City court	383,146	387,557	384,374	3,183
Payroll taxes	16,870	18,107	18,512	(405)
Hospitalization	256,286	243,346	242,134	1,212
Workers compensation	8,765	9,174	8,381	793
Retirement	181,509	181,386	180,502	884
Automobile allowance	13,500	13,500	13,500	-
Other allowances	6,300	3,300	3,300	-
	<u>1,407,984</u>	<u>1,448,778</u>	<u>1,443,992</u>	<u>4,786</u>
Supplies and materials-				
Vehicle expense	500	500	639	(139)
Miscellaneous	8,350	10,350	55,792	(45,442)
Office	35,600	30,500	29,108	1,392
Uniforms	500	500	137	363
	<u>44,950</u>	<u>41,850</u>	<u>85,676</u>	<u>(43,826)</u>
Contractual services-				
Engineering, inspection, zoning, civil defense, and public relations	3,000	6,500	6,835	(335)
Insurance and bonds	150,000	163,000	157,084	5,916
Professional fees	165,000	207,228	210,914	(3,686)
Subscriptions and publishing	17,000	17,000	15,905	1,095
Equipment rentals	5,200	5,200	5,201	(1)
Telephone	14,500	13,000	13,109	(109)
Community services	23,000	33,000	29,639	3,361
Travel and conventions	5,000	1,500	150	1,350
Utilities	255,000	300,000	304,328	(4,328)
Other	650	650	495	155
	<u>638,350</u>	<u>747,078</u>	<u>743,660</u>	<u>3,418</u>
Repairs and maintenance	<u>38,000</u>	<u>53,500</u>	<u>43,953</u>	<u>9,547</u>
Total administrative	<u>2,129,284</u>	<u>2,291,206</u>	<u>2,317,281</u>	<u>(26,075)</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Purchasing:				
Personnel services-				
Salaries	124,404	125,648	125,890	(242)
Payroll taxes	1,804	1,822	1,856	(34)
Hospitalization	22,293	22,293	22,199	94
Workers compensation	442	446	400	46
Retirement	31,412	31,726	31,997	(271)
Automobile allowances	4,200	3,000	3,000	-
Other allowances	1,200	1,200	1,200	-
	<u>185,755</u>	<u>186,135</u>	<u>186,542</u>	<u>(407)</u>
Supplies and materials -				
Miscellaneous	655	770	5,747	(4,977)
Office	2,000	2,000	2,092	(92)
	<u>2,655</u>	<u>2,770</u>	<u>7,839</u>	<u>(5,069)</u>
Contractual services-				
Equipment rentals	2,812	2,812	2,962	(150)
Telephone	1,700	1,700	1,804	(104)
Utilities	3,200	3,200	3,331	(131)
	<u>7,712</u>	<u>7,712</u>	<u>8,097</u>	<u>(385)</u>
Repairs and maintenance	<u>1,000</u>	<u>1,000</u>	<u>747</u>	<u>253</u>
Total purchasing	<u>197,122</u>	<u>197,617</u>	<u>203,225</u>	<u>(5,608)</u>
Planning and zoning:				
Personnel services-				
Salaries	197,414	199,388	199,461	(73)
Payroll taxes	2,863	2,891	2,888	3
Hospitalization	32,275	32,275	32,473	(198)
Workers compensation	9,962	14,785	14,571	214
Retirement	49,847	50,345	50,728	(383)
Automobile allowances	6,000	6,000	6,000	-
Other allowances	2,100	2,100	2,175	(75)
	<u>300,461</u>	<u>307,784</u>	<u>308,296</u>	<u>(512)</u>
Supplies and materials -				
Office	4,000	4,000	4,956	(956)
Vehicle expense	2,500	2,500	2,686	(186)
Miscellaneous	7,650	4,650	657	3,993
	<u>14,150</u>	<u>11,150</u>	<u>8,299</u>	<u>2,851</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Contractual services-				
Dues and subscriptions	2,000	1,000	664	336
Professional fees	2,500	1,000	-	1,000
Telephone	3,600	3,600	3,321	279
Utilities	2,500	3,000	2,895	105
Equipment rentals	5,500	5,500	5,174	326
Travel	2,500	2,500	2,344	156
Training	4,500	1,000	704	296
	<u>23,100</u>	<u>17,600</u>	<u>15,102</u>	<u>2,498</u>
Repairs and maintenance	<u>17,600</u>	<u>13,200</u>	<u>10,897</u>	<u>2,303</u>
Total planning and zoning	<u>355,311</u>	<u>349,734</u>	<u>342,594</u>	<u>7,140</u>
PUBLIC SAFETY				
Police:				
Personnel services-				
Salaries	1,750,128	1,831,854	1,814,279	17,575
Payroll taxes	28,770	28,770	28,849	(79)
Hospitalization	339,870	325,652	325,167	485
Pension and relief fund	-	42,000	41,982	18
Retirement - state plan	511,223	480,323	473,054	7,269
Retirement and unemployment	141,748	132,149	136,833	(4,684)
Subpoena expense	500	500	-	500
Automobile allowance	6,000	6,000	6,000	-
Other allowances	12,300	15,338	12,727	2,611
	<u>2,790,539</u>	<u>2,862,586</u>	<u>2,838,891</u>	<u>23,695</u>
Supplies and materials -				
Vehicle expense	75,000	112,000	109,417	2,583
Guns and ammunition	5,000	5,000	3,418	1,582
Miscellaneous	9,850	18,774	18,385	389
Office supplies	15,250	14,250	13,288	962
Uniforms and equipment	10,500	24,500	23,064	1,436
	<u>115,600</u>	<u>174,524</u>	<u>167,572</u>	<u>6,952</u>
Contractual services-				
Legal fees	1,000	3,200	3,613	(413)
Dog pound charges	20,000	40,000	40,510	(510)
Autopsy reports	12,500	33,000	33,782	(782)
Housing prisoners	25,000	25,000	24,381	619
Telephone	32,000	32,000	33,055	(1,055)
Insurance loss claims	25,000	125,000	132,149	(7,149)
Training schools and conventions	17,000	13,100	7,842	5,258
Utilities	55,000	55,000	54,847	153
Insurance	7,300	3,220	3,220	-
Other	4,500	4,500	3,967	533
	<u>199,300</u>	<u>334,020</u>	<u>337,366</u>	<u>(3,346)</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Repairs and maintenance	<u>82,000</u>	<u>99,000</u>	<u>106,943</u>	<u>(7,943)</u>
Total police	<u>3,187,439</u>	<u>3,470,130</u>	<u>3,450,772</u>	<u>19,358</u>
Fire:				
Personnel services-				
Salaries	1,270,128	1,287,166	1,293,265	(6,099)
Payroll taxes	19,991	20,391	19,548	843
Hospitalization	238,256	223,559	226,670	(3,111)
Workers compensation	106,107	108,000	98,908	9,092
Retirement	383,813	325,919	324,666	1,253
Automobile allowance	10,440	10,440	10,440	-
Other allowances	1,800	1,800	1,800	-
	<u>2,030,535</u>	<u>1,977,275</u>	<u>1,975,297</u>	<u>1,978</u>
Supplies and materials -				
Uniforms	6,000	6,000	5,693	307
Fire fighting equipment	25,000	22,000	27,268	(5,268)
Miscellaneous	9,850	13,250	13,377	(127)
Office	10,000	10,000	12,399	(2,399)
Small tools/supplies	1,750	1,750	1,117	633
Truck expense	14,000	13,250	12,218	1,032
Fire prevention supplies	5,000	5,000	5,051	(51)
	<u>71,600</u>	<u>71,250</u>	<u>77,123</u>	<u>(5,873)</u>
Contractual services-				
Insurance - volunteer fire department	1,300	1,300	1,621	(321)
Telephone	10,000	10,000	10,977	(977)
Training schools and conventions	10,450	16,450	9,080	7,370
Rentals	3,600	1,800	1,681	119
Utilities	17,000	28,000	29,665	(1,665)
Other	500	500	513	(13)
	<u>42,850</u>	<u>58,050</u>	<u>53,537</u>	<u>4,513</u>
Repairs and maintenance	<u>43,500</u>	<u>64,700</u>	<u>60,739</u>	<u>3,961</u>
Total fire	<u>2,188,485</u>	<u>2,171,275</u>	<u>2,166,696</u>	<u>4,579</u>
Total public safety	<u>5,375,924</u>	<u>5,641,405</u>	<u>5,617,468</u>	<u>23,937</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
PUBLIC WORKS				
Streets and drainage:				
Personnel services-				
Salaries	576,758	532,275	527,308	4,967
Payroll taxes	8,363	7,430	7,526	(96)
Hospitalization	94,311	99,861	97,134	2,727
Unemployment compensation	70,920	56,357	55,681	676
Retirement	124,108	122,283	118,632	3,651
Contract Labor	2,000	-	-	-
Automobile allowance	1,500	1,500	1,500	-
Other allowances	450	450	263	187
	<u>878,410</u>	<u>820,156</u>	<u>808,044</u>	<u>12,112</u>
Supplies and materials -				
Fill, shells, concrete, and asphalt	20,000	20,000	15,555	4,445
Vehicle expense	50,500	50,500	50,217	283
Uniforms	5,000	4,000	4,035	(35)
Supplies	3,000	1,500	818	682
Miscellaneous	45,750	47,750	50,240	(2,490)
Small tools	6,000	6,000	5,383	617
Chemicals	2,000	2,000	2,139	(139)
	<u>132,250</u>	<u>131,750</u>	<u>128,387</u>	<u>3,363</u>
Contractual services-				
Equipment rental	2,500	2,500	1,425	1,075
Insurance claims	5,000	20,000	33,856	(13,856)
Telephone	1,500	1,500	2,507	(1,007)
Training personnel	500	500	-	500
Utilities	5,000	2,500	2,466	34
Other	350	350	129	221
	<u>14,850</u>	<u>27,350</u>	<u>40,383</u>	<u>(13,033)</u>
Repairs and maintenance -				
Drainage pumps and systems	20,000	10,000	3,650	6,350
Trucks, equipment and buildings	152,250	120,186	69,159	51,027
	<u>172,250</u>	<u>130,186</u>	<u>72,809</u>	<u>57,377</u>
Total streets and drainage	<u>1,197,760</u>	<u>1,109,442</u>	<u>1,049,623</u>	<u>59,819</u>
Storm water:				
Personnel services-				
Salaries	31,200	-	-	-
Payroll taxes	452	-	-	-
Hospitalization	7,061	-	-	-
Unemployment compensation	3,823	-	-	-
Retirement	7,878	-	-	-
	<u>50,414</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contractual services-				
Licenses	500	500	-	500
Miscellaneous	16,540	10,040	1,661	8,379
Professional services	4,000	2,000	-	2,000
Training personnel	2,000	1,000	-	1,000
	<u>23,040</u>	<u>13,540</u>	<u>1,661</u>	<u>11,879</u>
Total storm water	<u>73,454</u>	<u>13,540</u>	<u>1,661</u>	<u>11,879</u>

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Cemetery:				
Personnel services-				
Salaries	47,626	51,025	50,273	752
Payroll taxes	691	697	911	(214)
Hospitalization	14,048	14,048	13,953	95
Workers compensation	4,534	4,578	4,047	531
Retirement	11,722	11,840	11,895	(55)
	<u>78,621</u>	<u>82,188</u>	<u>81,079</u>	<u>1,109</u>
Supplies and materials -				
Gasoline and oil - truck	4,250	3,750	3,069	681
Uniforms	600	600	-	600
Office supplies	500	750	889	(139)
Miscellaneous	12,250	8,750	6,316	2,434
Chemicals	6,000	3,000	3,092	(92)
Small tools	2,500	2,500	671	1,829
	<u>26,100</u>	<u>19,350</u>	<u>14,037</u>	<u>5,313</u>
Contractual services-				
Equipment rental	1,500	500	107	393
Telephone	765	765	296	469
Utilities	4,500	8,000	7,676	324
	<u>6,765</u>	<u>9,265</u>	<u>8,079</u>	<u>1,186</u>
Repairs and maintenance	<u>81,860</u>	<u>78,450</u>	<u>67,921</u>	<u>10,529</u>
Total cemetery	<u>193,346</u>	<u>189,253</u>	<u>171,116</u>	<u>18,137</u>
Total public works	<u>1,414,146</u>	<u>1,312,235</u>	<u>1,222,400</u>	<u>89,835</u>
CULTURE AND RECREATION				
Petting zoo/ cypress park:				
Personnel services-				
Salaries	54,699	52,873	50,653	2,220
Payroll taxes	793	798	722	76
Hospitalization	15,738	15,738	14,541	1,197
Insurance Claims	-	300	552	(252)
Workers compensation	4,781	3,388	3,231	157
Retirement	13,811	13,902	12,567	1,335
	<u>89,822</u>	<u>86,999</u>	<u>82,266</u>	<u>4,733</u>
Supplies and materials -				
Gasoline and oil - trucks and equipment	1,000	500	10	490
Miscellaneous	8,850	7,850	5,367	2,483
Petting zoo	8,000	10,000	11,406	(1,406)
Office supplies	500	500	67	433
Small tools/supplies	2,600	2,600	1,086	1,514
Special events	1,500	500	421	79
	<u>22,450</u>	<u>21,950</u>	<u>18,357</u>	<u>3,593</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Contractual services-				
Telephone	1,000	1,000	855	145
Utilities	3,500	3,000	2,649	351
	<u>4,500</u>	<u>4,000</u>	<u>3,504</u>	<u>496</u>
Repairs and maintenance	<u>1,500</u>	<u>2,300</u>	<u>2,734</u>	<u>(434)</u>
Total culture and recreation	<u>118,272</u>	<u>115,249</u>	<u>106,861</u>	<u>8,388</u>
CAPITAL OUTLAY				
General government :				
General administrative - equipment	-	-	15,295	(15,295)
Public safety :				
Police	-	2,458	2,458	-
Public works:				
Streets and drainage-				
Equipment	1,500	41,500	-	41,500
Culture & recreation:	-	7,530	5,688	1,842
Total capital outlay	<u>1,500</u>	<u>51,488</u>	<u>23,441</u>	<u>28,047</u>
DEBT SERVICE				
General Government:				
Interest and fiscal charges	-	30,000	20,660	9,340
Total expenditures	<u>\$ 9,641,973</u>	<u>\$ 9,988,934</u>	<u>\$ 9,853,930</u>	<u>\$ 135,004</u>

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

Budgetary Comparison Schedule - Revenues
Year Ended December 31, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Operating revenues:			
Charges for services -			
Electric sales	\$ 16,698,755	\$ 17,407,154	\$ 708,399
Gas sales	1,613,474	1,701,677	88,203
Water sales	2,191,702	2,162,326	(29,376)
Mosquito control sales	140,210	138,933	(1,277)
Other	<u>486,717</u>	<u>513,245</u>	<u>26,528</u>
Total operating revenues	<u>21,130,858</u>	<u>21,923,335</u>	<u>792,477</u>
Nonoperating revenues (expenses):			
Insurance proceeds	7,650	7,658	8
Interest income	7,500	7,686	186
Interest and fiscal charges	<u>(92,957)</u>	<u>(133,388)</u>	<u>(40,431)</u>
Total nonoperating revenue (expense)	<u>(77,807)</u>	<u>(118,044)</u>	<u>(40,237)</u>
Total revenues	<u>\$ 21,053,051</u>	<u>\$ 21,805,291</u>	<u>\$ 752,240</u>

CITY OF MORGAN CITY, LOUISIANA
Enterprise Fund
Electric, Gas, and Water Utility Fund
Budgetary Comparison Schedule - Expenses
Year Ended December 31, 2018

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Operating expenses:			
Fuel costs:			
LEPA - energy	\$8,606,095	\$8,668,672	\$ (62,577)
LEPA - demand	<u>3,220,989</u>	<u>3,184,980</u>	<u>36,009</u>
	<u>11,827,084</u>	<u>11,853,652</u>	<u>(26,568)</u>
Contractual services:			
Telephone	500	485	15
Utilities	<u>3,500</u>	<u>7,582</u>	<u>(4,082)</u>
	<u>4,000</u>	<u>8,067</u>	<u>(4,067)</u>
Depreciation	<u>195,000</u>	<u>194,601</u>	<u>399</u>
Total electric generation	<u>12,026,084</u>	<u>12,056,320</u>	<u>(30,236)</u>
Electric transmission and distribution -			
Personnel services:			
Salaries and wages	598,209	597,859	350
Payroll taxes	10,017	8,204	1,813
Hospitalization and life insurance	75,170	82,180	(7,010)
Workers compensation	21,416	19,272	2,144
Retirement	138,622	176,245	(37,623)
Other	<u>4,600</u>	<u>4,600</u>	<u>-</u>
	<u>848,034</u>	<u>888,360</u>	<u>(40,326)</u>
Supplies and materials:			
Auto and truck	15,000	13,431	1,569
Uniforms	6,500	7,035	(535)
Lamps and street lights	35,000	39,359	(4,359)
Office supplies	5,000	4,365	635
Training	2,000	-	2,000
Miscellaneous	8,650	7,909	741
Small tools and supplies	<u>7,500</u>	<u>11,488</u>	<u>(3,988)</u>
	<u>79,650</u>	<u>83,587</u>	<u>(3,937)</u>
Contractual services:			
Professional fees	2,000	2,310	(310)
Insurance	15,000	11,934	3,066
Equipment rental	13,640	11,165	2,475
Environmental monitoring	30,000	29,029	971
Telephone	3,000	2,829	171
Travel	1,625	1,046	579
Utilities	7,000	6,738	262
Other	<u>400</u>	<u>172</u>	<u>228</u>
	<u>72,665</u>	<u>65,223</u>	<u>7,442</u>

(continued)

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

Budgetary Comparison Schedule - Expenses (continued)
Year Ended December 31, 2018

	Budget	Actual	Variance - Favorable (Unfavorable)
Repairs and maintenance:			
Building	1,000	1,350	(350)
Equipment	100,000	124,012	(24,012)
Poles	10,000	11,752	(1,752)
Lines	40,000	35,533	4,467
Meters	15,000	21,071	(6,071)
Transformers	70,000	69,891	109
Contract line repair	-	-	-
Maintenance agreements	43,500	33,465	10,035
	279,500	297,074	(17,574)
Depreciation	310,000	308,202	1,798
Total electric transmission and distribution	1,589,849	1,642,446	(52,597)
Water manufacturing -			
Personnel services:			
Salaries and wages	430,883	439,347	(8,464)
Payroll taxes	5,784	5,187	597
Hospitalization and life insurance	51,706	57,330	(5,624)
Workers compensation	22,870	22,339	531
Retirement	102,630	131,898	(29,268)
Other	3,890	4,640	(750)
	617,763	660,741	(42,978)
Supplies and materials:			
Auto and truck	6,500	3,903	2,597
Chemicals	250,000	241,427	8,573
Uniforms	1,500	-	1,500
Office supplies	1,500	1,706	(206)
Miscellaneous	2,800	1,239	1,561
Small tools and supplies	9,500	6,586	2,914
	271,800	254,861	16,939
Contractual services:			
Equipment rental	500	1,320	(820)
Utilities	120,000	114,609	5,391
Telephone	3,000	3,203	(203)
Training	1,000	25	975
Professional fees	9,000	10,289	(1,289)
Other	500	281	219
	134,000	129,727	4,273
Repairs and maintenance:			
Building	3,000	803	2,197
Equipment	22,300	15,150	7,150
Water tower	101,498	80,505	20,993
Pumping station and lines	2,000	-	2,000
	128,798	96,458	32,340
Depreciation	249,800	248,465	1,335
Total water manufacturing	1,402,161	1,390,252	11,909

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

Budgetary Comparison Schedule - Expenses (continued)
Year Ended December 31, 2018

	Budget	Actual	Variance - Favorable (Unfavorable)
Water distribution -			
Personnel services:			
Salaries and wages	95,477	93,573	1,904
Payroll taxes	1,736	1,321	415
Hospitalization and life insurance	14,016	15,677	(1,661)
Workers compensation	2,000	2,095	(95)
Retirement	21,168	27,020	(5,852)
Other	1,850	1,850	-
Training	-	-	-
	<u>136,247</u>	<u>141,536</u>	<u>(5,289)</u>
Supplies and materials:			
Auto and truck	3,500	2,035	1,465
Uniforms	2,500	1,094	1,406
Office expense	2,000	1,279	721
Miscellaneous	3,350	1,184	2,166
Small tools and supplies	6,500	3,815	2,685
Fill shells and concrete	60,000	55,544	4,456
	<u>77,850</u>	<u>64,951</u>	<u>12,899</u>
Contractual services:			
Insurance	-	40	(40)
Professional services	1,000	196	804
Service connections	10,000	-	10,000
Rentals	3,400	904	2,496
Telephone	750	991	(241)
Utilities	4,000	4,072	(72)
Other	-	356	(356)
	<u>19,150</u>	<u>6,559</u>	<u>12,591</u>
Repairs and maintenance:			
Contract repairs	10,000	44,599	(34,599)
Repair parts - meters and lines	26,200	72,380	(46,180)
Towers and lines	30,000	26,228	3,772
Equipment	1,000	-	1,000
	<u>67,200</u>	<u>143,207</u>	<u>(76,007)</u>
Depreciation	<u>131,900</u>	<u>131,194</u>	<u>706</u>
Total water distribution	<u>432,347</u>	<u>487,447</u>	<u>(55,100)</u>
Gas distribution -			
Personnel services:			
Salaries and wages	228,656	229,780	(1,124)
Payroll taxes	4,764	4,569	195
Hospitalization and life insurance	28,183	30,786	(2,603)
Workers compensation	6,933	7,104	(171)
Retirement	44,100	58,711	(14,611)
Other	4,050	4,050	-
	<u>316,686</u>	<u>335,000</u>	<u>(18,314)</u>
Supplies and materials:			
Auto and truck	12,000	11,869	131
Uniforms	1,500	1,722	(222)
Office supplies	1,500	1,753	(253)
Miscellaneous	12,500	9,336	3,164
Fill shells, asphalt and concrete	3,000	-	3,000
Small tools and supplies	4,000	1,336	2,664
	<u>34,500</u>	<u>26,016</u>	<u>8,484</u>

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

Budgetary Comparison Schedule - Expenses (continued)
Year Ended December 31, 2018

	Budget	Actual	Variance - Favorable (Unfavorable)
Fuel costs:			
Gas purchased	600,000	648,174	(48,174)
Contractual services:			
Consultant fees	18,000	23,303	(5,303)
Rentals	1,000	856	144
Service connections	8,000	-	8,000
Utilities	700	657	43
Other	100	-	100
	<u>27,800</u>	<u>24,816</u>	<u>2,984</u>
Repairs and maintenance:			
Lines, meters and equipment	38,000	9,474	28,526
Depreciation	58,000	57,698	302
Total gas distribution	<u>1,074,986</u>	<u>1,101,178</u>	<u>(26,192)</u>
General and administrative -			
Personnel services:			
Salaries and wages	333,365	334,788	(1,423)
Payroll taxes	4,990	4,791	199
Hospitalization and life insurance	73,529	78,294	(4,765)
Workers compensation	6,328	5,956	372
Retirement	83,541	107,870	(24,329)
Other	3,600	3,900	(300)
	<u>505,353</u>	<u>535,599</u>	<u>(30,246)</u>
Supplies and materials:			
Miscellaneous	52,500	50,703	1,797
Office supplies	12,000	10,445	1,555
Postage	7,000	6,171	829
Meters	10,000	9,438	562
Small tools and supplies	1,500	2,593	(1,093)
Truck and auto	7,500	7,205	295
	<u>90,500</u>	<u>86,555</u>	<u>3,945</u>
Contractual services:			
Equipment rentals	5,400	6,082	(682)
Insurance	300,000	292,924	7,076
Professional fees	108,000	105,780	2,220
Telephone	3,500	3,268	232
Utilities	7,500	7,195	305
Other	683	45	638
	<u>425,083</u>	<u>415,294</u>	<u>9,789</u>

(continued)

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

Budgetary Comparison Schedule - Expenses (continued)
Year Ended December 31, 2018

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Repairs and maintenance:			
Equipment	40,375	37,796	2,579
Other charges:			
Bad debts	118,000	117,703	297
Depreciation	60,500	60,118	382
Total general and administrative	<u>1,239,811</u>	<u>1,253,065</u>	<u>(13,254)</u>
Mosquito Control-			
Personnel services:			
Salaries and wages	45,700	62,482	(16,782)
Payroll taxes	834	775	59
Hospitalization and life insurance	6,986	8,261	(1,275)
Workers compensation	4,767	5,049	(282)
Retirement	9,983	14,010	(4,027)
Other	-	-	-
	<u>68,270</u>	<u>90,577</u>	<u>(22,307)</u>
Supplies and materials:			
Auto and truck	3,000	3,078	(78)
Miscellaneous	3,350	2,920	430
Small tools and supplies	1,250	1,988	(738)
Chemicals	15,500	15,386	114
	<u>23,100</u>	<u>23,372</u>	<u>(272)</u>
Contractual services:			
Professional fees	700	984	(284)
Training	2,000	465	1,535
Utilities	100	17	83
Other	-	-	-
	<u>2,800</u>	<u>1,466</u>	<u>1,334</u>
Repairs and maintenance	1,700	863	837
Depreciation	3,500	3,489	11
Total mosquito control	<u>99,370</u>	<u>119,767</u>	<u>(20,397)</u>
Backflow Prevention			
Salaries and wages	18,682	18,391	291
Payroll taxes	268	202	66
Hospitalization and life insurance	4,085	4,108	(23)
Retirement	4,671	5,823	(1,152)
Miscellaneous	2,234	1,045	1,189
Other	2,220	20	2,200
Training	1,500	1,050	450
	<u>33,660</u>	<u>30,639</u>	<u>3,021</u>
Total operating expenses	<u>\$ 17,898,268</u>	<u>\$ 18,081,114</u>	<u>\$ (182,846)</u>

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

Budgetary Comparison Schedule - Revenues
 Year Ended December 31, 2018

	Budget	Actual	Variance - Favorable (Unfavorable)
Operating revenues:			
Charges for services -			
Sanitation customers	\$ 1,122,000	\$ 1,111,666	\$ (10,334)
Sewer customers	1,802,000	1,805,113	3,113
Other	-	58,785	58,785
Total operating revenues	2,924,000	2,975,564	51,564
Nonoperating revenues (expenses):			
Other	67,580	13,130	(54,450)
Interest and fiscal charges	(52,000)	(52,030)	(30)
Interest income	1,500	1,528	28
Total nonoperating revenue (expense)	17,080	(37,372)	(54,452)
Total revenues	\$ 2,941,080	\$ 2,938,192	\$ (2,888)

CITY OF MORGAN CITY, LOUISIANA
Enterprise Fund
Sanitation and Sewer Utility Fund
Budgetary Comparison Schedule - Expenses
Year Ended December 31, 2018

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Expenses:			
Sanitation -			
Personnel services:			
Salaries	\$ 114,907	\$ 103,243	\$ 11,664
Payroll taxes	1,752	1,503	249
Hospitalization and life insurance	22,293	23,578	(1,285)
Workers compensation	20,432	15,460	4,972
Retirement benefits	27,479	34,687	(7,208)
Other	600	600	-
	<u>187,463</u>	<u>179,071</u>	<u>8,392</u>
Supplies and materials:			
Small tools and supplies	650	201	449
Office supplies	500	422	78
Truck expense	22,000	24,674	(2,674)
Miscellaneous	6,500	1,496	5,004
	<u>29,650</u>	<u>26,793</u>	<u>2,857</u>
Contractual services:			
Insurance	73,460	73,216	244
Solid waste collection	981,500	980,747	753
Solid waste disposal	55,000	53,576	1,424
Environmental	500	-	500
Telephone	300	296	4
Utilities	2,000	2,061	(61)
Other	250	200	50
	<u>1,113,010</u>	<u>1,110,096</u>	<u>2,914</u>
Repairs and maintenance	12,800	52,298	(39,498)
Depreciation	51,840	47,748	4,092
Total sanitation expenses	<u>1,394,763</u>	<u>1,416,006</u>	<u>(21,243)</u>
Sewer -			
Personnel services:			
Salaries	212,078	208,131	3,947
Payroll taxes	3,111	3,091	20
Hospitalization and life insurance	31,380	33,008	(1,628)
Workers compensation	14,300	14,287	13
Retirement benefits	42,117	54,082	(11,965)
Other	350	350	-
	<u>303,336</u>	<u>312,949</u>	<u>(9,613)</u>
Supplies and materials:			
Small tools and supplies	3,750	3,207	543
Uniforms	1,500	1,328	172
Office supplies	2,000	1,895	105
Truck expense	2,000	1,897	103
Miscellaneous	9,200	7,622	1,578
Fill shells and concrete	15,000	17,041	(2,041)
	<u>33,450</u>	<u>32,990</u>	<u>460</u>

(continued)

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

Budgetary Comparison Schedule - Expenses (continued)
Year Ended December 31, 2018

	Budget	Actual	Variance - Favorable (Unfavorable)
Contractual services:			
Equipment rental	1,475	1,297	178
Insurance	25,000	23,534	1,466
Utilities and telephone	107,500	100,896	6,604
Other	100	-	100
	<u>134,075</u>	<u>125,727</u>	<u>8,348</u>
Repairs and maintenance:			
Equipment	21,000	59,177	(38,177)
Pumps and lines	45,000	51,014	(6,014)
	<u>66,000</u>	<u>110,191</u>	<u>(44,191)</u>
Depreciation	158,750	153,402	5,348
Total sewer expenses	<u>695,611</u>	<u>735,259</u>	<u>(39,648)</u>
Sewer treatment plant -			
Personnel services:			
Salaries	215,936	184,565	31,371
Payroll taxes	954	853	101
Hospitalization and life insurance	30,461	31,184	(723)
Workers compensation	14,992	14,710	282
Retirement benefits	45,288	57,296	(12,008)
Other	2,210	1,936	274
	<u>309,841</u>	<u>290,544</u>	<u>19,297</u>
Supplies and materials:			
Truck expense	5,500	4,667	833
Chemicals	30,000	15,520	14,480
Miscellaneous	4,000	1,611	2,389
Office supplies	1,000	1,129	(129)
Small tools and supplies	2,200	1,695	505
	<u>42,700</u>	<u>24,622</u>	<u>18,078</u>
Contractual services:			
Insurance	55,000	48,266	6,734
Dues and subscriptions	460	290	170
Maintenance agreements	2,000	1,855	145
Land rentals	41,900	41,900	-
Licenses	15,000	14,607	393
Utilities	150,000	162,497	(12,497)
Telephone	2,000	1,909	91
Professional fees	12,000	15,841	(3,841)
Other	200	300	(100)
	<u>278,560</u>	<u>287,465</u>	<u>(8,905)</u>
Repairs and maintenance	<u>27,000</u>	<u>13,382</u>	<u>13,618</u>
Other charges:			
Bad debts	30,000	24,923	5,077
Depreciation	<u>227,400</u>	<u>229,120</u>	<u>(1,720)</u>
Total sewer treatment plant expenses	<u>915,501</u>	<u>870,056</u>	<u>45,445</u>
Total expenses	<u>\$ 3,005,875</u>	<u>\$ 3,021,321</u>	<u>\$ (15,446)</u>

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet
December 31, 2018

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Totals
ASSETS					
Cash	\$ 2,278,196	\$ 371,765	\$ 536,027	\$ 26,609	\$ 3,212,597
Interest-bearing deposits	108,445	-	-	-	108,445
Investments	398,865	-	240,472	486,569	1,125,906
Receivables:					
Accounts	3,244	-	-	-	3,244
Interest	-	-	-	827	827
Taxes	26,600	11,920	-	-	38,520
Due from other funds	368,224	113,674	56,320	-	538,218
Due from other governmental units	547,676	-	62,053	-	609,729
Loans to other funds	250,000	-	-	-	250,000
Total assets	<u>\$ 3,981,250</u>	<u>\$ 497,359</u>	<u>\$ 894,872</u>	<u>\$ 514,005</u>	<u>\$ 5,887,486</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 240,694	\$ 350	\$ 9,019	\$ -	\$ 250,063
Unearned revenue	801,954	-	-	-	801,954
Accrued liabilities	22,289	-	-	-	22,289
Due to other funds	428,255	10,530	552,024	-	990,809
Total liabilities	<u>1,493,192</u>	<u>10,880</u>	<u>561,043</u>	<u>-</u>	<u>2,065,115</u>
Deferred inflows of resources:					
Unavailable tax and grant revenues	72,918	3,012	-	-	75,930
Fund balances:					
Nonspendable	250,000	-	-	514,005	764,005
Restricted	2,232,587	483,467	705,212	-	3,421,266
Unassigned (deficit)	(67,447)	-	(371,383)	-	(438,830)
Total fund balances	<u>2,415,140</u>	<u>483,467</u>	<u>333,829</u>	<u>514,005</u>	<u>3,746,441</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,981,250</u>	<u>\$ 497,359</u>	<u>\$ 894,872</u>	<u>\$ 514,005</u>	<u>\$ 5,887,486</u>

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2018

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Totals
Revenues:					
Taxes	\$ 2,521,536	\$ 127,172	\$ -	\$ -	\$ 2,648,708
Intergovernmental	489,687	-	81,853	-	571,540
Charges for services	1,102,982	-	-	4,730	1,107,712
Donations	261,550	-	2,500	-	264,050
Fines and forfeitures	70,459	-	-	-	70,459
Interest	14,914	206	5,576	13,804	34,500
Miscellaneous	71,824	-	-	-	71,824
Total revenues	<u>4,532,952</u>	<u>127,378</u>	<u>89,929</u>	<u>18,534</u>	<u>4,768,793</u>
Expenditures:					
General government	-	-	1,325	46,283	47,608
Public safety - police and fire	535,037	-	-	-	535,037
Public works	321,217	-	33,097	-	354,314
Culture and recreation	2,111,807	-	-	-	2,111,807
Capital outlay	692,184	-	21,074	-	713,258
Principle retirement	-	529,000	-	-	529,000
Interest and fiscal charges	-	49,519	-	-	49,519
Total expenditures	<u>3,660,245</u>	<u>578,519</u>	<u>55,496</u>	<u>46,283</u>	<u>4,340,543</u>
Excess (deficiency) of revenues over expenditures	<u>872,707</u>	<u>(451,141)</u>	<u>34,433</u>	<u>(27,749)</u>	<u>428,250</u>
Other financing sources (uses):					
Transfers in	531,942	456,823	25,000	-	1,013,765
Transfers out	<u>(1,823,723)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,823,723)</u>
Total other financing sources (uses)	<u>(1,291,781)</u>	<u>456,823</u>	<u>25,000</u>	<u>-</u>	<u>(809,958)</u>
Net changes in fund balances	(419,074)	5,682	59,433	(27,749)	(381,708)
Fund balances, beginning, as restated	<u>2,834,214</u>	<u>477,785</u>	<u>274,396</u>	<u>541,754</u>	<u>4,128,149</u>
Fund balances, ending	<u>\$ 2,415,140</u>	<u>\$ 483,467</u>	<u>\$ 333,829</u>	<u>\$ 514,005</u>	<u>\$ 3,746,441</u>

NONMAJOR SPECIAL REVENUE FUNDS

City Recreation Program Fund

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

Library Commission Fund

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

Municipal Auditorium Fund

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

Pollution Abatement Fund

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

Morgan City Beautification Fund

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

Road and Royalty Fund

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

Cemetery Fund

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

Fire Apparatus Purchase Fund

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

Lake End Park 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.

SPECIAL REVENUE FUNDS (CONTINUED)

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.

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.

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Special Revenue Funds

Combining Balance Sheet
December 31, 2018

	City Recreation Program	Library Commission	Municipal Auditorium	Pollution Abatement	Morgan City Beautification
ASSETS					
Cash	\$ 107,467	\$ 40,336	\$ 94,931	\$ 218,180	\$ 24,144
Interest-bearing deposits	-	-	-	-	-
Investments at fair value	-	-	-	-	-
Receivables:					
Accounts	-	-	717	-	-
Due from other governmental units	-	-	-	280,935	-
Taxes	-	-	26,600	-	-
Due from other funds	-	-	131,975	-	11,577
Advances to other funds	-	-	-	-	-
	<u>\$ 107,467</u>	<u>\$ 40,336</u>	<u>\$ 254,223</u>	<u>\$ 499,115</u>	<u>\$ 35,721</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 13,650	\$ 1,276	\$ 14,540	\$ 54,315	\$ 2,539
Unearned revenue	-	-	7,525	-	-
Accrued liabilities	477	1,976	8,721	-	1,775
Due to other funds	463	234	-	-	-
Total liabilities	<u>14,590</u>	<u>3,486</u>	<u>30,786</u>	<u>54,315</u>	<u>4,314</u>
Deferred inflows of resources:					
Unavailable tax and grant revenues	-	-	6,876	-	-
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	92,877	36,850	216,561	444,800	31,407
Unassigned (deficit)	-	-	-	-	-
Total fund balances	<u>92,877</u>	<u>36,850</u>	<u>216,561</u>	<u>444,800</u>	<u>31,407</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 107,467</u>	<u>\$ 40,336</u>	<u>\$ 254,223</u>	<u>\$ 499,115</u>	<u>\$ 35,721</u>

<u>Road and Royalty</u>	<u>Cemetery</u>	<u>Fire Apparatus Purchase</u>	<u>Lake End Park</u>	<u>Morgan City Archives</u>	<u>State Prisoners'</u>	<u>Real Estate Acquisition</u>
\$ 1,249,240	\$ 43,435	\$ 800	\$ 273,718	\$ 40,291	\$ 100,146	\$ 11,500
-	-	-	-	-	-	-
-	-	-	-	398,865	-	-
-	-	-	2,527	-	-	-
200,700	-	-	-	-	-	-
-	-	-	-	-	-	-
95,000	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,544,940</u>	<u>\$ 43,435</u>	<u>\$ 800</u>	<u>\$ 276,245</u>	<u>\$ 439,156</u>	<u>\$ 100,146</u>	<u>\$ 11,500</u>
\$ 41,346	\$ 31,416	\$ -	\$ 9,496	\$ 242	\$ 56,121	\$ -
782,004	-	-	4,422	-	-	-
-	-	-	4,377	-	-	-
<u>-</u>	<u>55,000</u>	<u>-</u>	<u>209,012</u>	<u>79,924</u>	<u>77,302</u>	<u>-</u>
<u>823,350</u>	<u>86,416</u>	<u>-</u>	<u>227,307</u>	<u>80,166</u>	<u>133,423</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
721,590	-	800	48,938	358,990	-	11,500
<u>-</u>	<u>(42,981)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,277)</u>	<u>-</u>
<u>721,590</u>	<u>(42,981)</u>	<u>800</u>	<u>48,938</u>	<u>358,990</u>	<u>(33,277)</u>	<u>11,500</u>
<u>\$ 1,544,940</u>	<u>\$ 43,435</u>	<u>\$ 800</u>	<u>\$ 276,245</u>	<u>\$ 439,156</u>	<u>\$ 100,146</u>	<u>\$ 11,500</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Special Revenue Funds

Combining Balance Sheet (continued)
December 31, 2018

	Wharf	Lake End Park Marina	Emergency Management
ASSETS			
Cash	\$ 4,570	\$ 17,663	\$ 8,812
Interest-bearing deposits	4,517	69,835	-
Investments at fair value	-	-	-
Receivables:			
Accounts	-	-	-
Due from other governmental units	-	-	66,041
Taxes	-	-	-
Due from other funds	8,515	11,672	-
Advances to other funds	-	-	-
Total assets	\$ 17,602	\$ 99,170	\$ 74,853
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,663	\$ -	\$ -
Unearned revenue	-	-	-
Accrued liabilities	-	200	-
Due to other funds	6,320	-	-
Total liabilities	7,983	200	-
Deferred inflows of resources:			
Unavailable tax and grant revenues	-	-	66,042
Fund balances:			
Nonspendable	-	-	-
Restricted	9,619	98,970	-
Unassigned (deficit)	-	-	8,811
Total fund balances	9,619	98,970	8,811
Total liabilities, deferred inflows of resources and fund balances	\$ 17,602	\$ 99,170	\$ 74,853

<u>Main Street Commission</u>	<u>Housing Initiative</u>	<u>Lake End Parkway</u>	<u>Totals</u>
\$ 39,142	\$ -	\$ 3,821	\$ 2,278,196
34,093	-	-	108,445
-	-	-	398,865
-	-	-	3,244
-	-	-	547,676
-	-	-	26,600
4,881	-	104,604	368,224
<u>-</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
<u>\$ 78,116</u>	<u>\$ 250,000</u>	<u>\$ 108,425</u>	<u>\$ 3,981,250</u>
\$ 2,953	\$ -	\$ 11,137	\$ 240,694
-	-	8,003	801,954
-	-	4,763	22,289
-	-	-	428,255
<u>2,953</u>	<u>-</u>	<u>23,903</u>	<u>1,493,192</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>72,918</u>
-	250,000	-	250,000
75,163	-	84,522	2,232,587
-	-	-	(67,447)
<u>75,163</u>	<u>250,000</u>	<u>84,522</u>	<u>2,415,140</u>
<u>\$ 78,116</u>	<u>\$ 250,000</u>	<u>\$ 108,425</u>	<u>\$ 3,981,250</u>

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Special Revenue Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2018

	City Recreation Program	Library Commission	Municipal Auditorium	Pollution Abatement	Morgan City Beautification
Revenues:					
Taxes	\$ -	\$ -	\$ 285,742	\$1,484,257	\$ -
Intergovernmental	-	12,000	-	-	-
Charges for services	135,973	4,561	105,834	-	-
Donations	4,995	36,043	113,255	-	5,000
Fines and forfeitures	-	-	-	-	-
Interest	94	18	100	-	-
Miscellaneous	387	-	2,328	-	-
Total revenues	<u>141,449</u>	<u>52,622</u>	<u>507,259</u>	<u>1,484,257</u>	<u>5,000</u>
Expenditures:					
Public safety - police and fire	-	-	-	-	-
Public works	-	-	-	37,450	-
Culture and recreation	419,512	118,458	456,356	-	153,639
Capital outlay	-	-	118,603	55,756	-
Total expenditures	<u>419,512</u>	<u>118,458</u>	<u>574,959</u>	<u>93,206</u>	<u>153,639</u>
Excess (deficiency) of revenues over expenditures	<u>(278,063)</u>	<u>(65,836)</u>	<u>(67,700)</u>	<u>1,391,051</u>	<u>(148,639)</u>
Other financing sources (uses):					
Transfers in	194,000	77,942	100,000	-	120,000
Transfers out	-	-	-	(1,339,400)	-
Total other financing sources (uses)	<u>194,000</u>	<u>77,942</u>	<u>100,000</u>	<u>(1,339,400)</u>	<u>120,000</u>
Net change in fund balances	(84,063)	12,106	32,300	51,651	(28,639)
Fund balances, beginning	<u>176,940</u>	<u>24,744</u>	<u>184,261</u>	<u>393,149</u>	<u>60,046</u>
Fund balances (deficit), ending	<u>\$ 92,877</u>	<u>\$ 36,850</u>	<u>\$ 216,561</u>	<u>\$ 444,800</u>	<u>\$ 31,407</u>

<u>Road and Royalty</u>	<u>Cemetery</u>	<u>Fire Apparatus Purchase</u>	<u>Lake End Park</u>	<u>Morgan City Archives</u>	<u>State Prisoners'</u>	<u>Real Estate Acquisition</u>
\$ 751,537	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
178,996	-	-	-	-	290,855	-
-	111,036	-	351,558	82	26,557	-
-	58,357	-	40,000	1,000	-	-
-	-	-	-	-	70,459	-
691	-	-	294	13,591	-	11
-	-	-	5,128	-	57,981	-
<u>931,224</u>	<u>169,393</u>	<u>-</u>	<u>396,980</u>	<u>14,673</u>	<u>445,852</u>	<u>11</u>
-	-	-	-	-	535,037	-
223,692	60,075	-	-	-	-	-
-	-	-	468,531	64,877	-	-
<u>117,996</u>	<u>373,185</u>	<u>-</u>	<u>11,744</u>	<u>-</u>	<u>14,900</u>	<u>-</u>
<u>341,688</u>	<u>433,260</u>	<u>-</u>	<u>480,275</u>	<u>64,877</u>	<u>549,937</u>	<u>-</u>
<u>589,536</u>	<u>(263,867)</u>	<u>-</u>	<u>(83,295)</u>	<u>(50,204)</u>	<u>(104,085)</u>	<u>11</u>
-	-	-	-	-	-	-
<u>(481,823)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(481,823)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
107,713	(263,867)	-	(83,295)	(50,204)	(104,085)	11
<u>613,877</u>	<u>220,886</u>	<u>800</u>	<u>132,233</u>	<u>409,194</u>	<u>70,808</u>	<u>11,489</u>
<u>\$ 721,590</u>	<u>\$ (42,981)</u>	<u>\$ 800</u>	<u>\$ 48,938</u>	<u>\$ 358,990</u>	<u>\$ (33,277)</u>	<u>\$ 11,500</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, 2018

	<u>Wharf</u>	<u>Lake End Park Marina</u>	<u>Emergency Management</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	7,836
Charges for services	12,919	41,642	-
Donations	2,900	-	-
Fines and forfeitures	-	-	-
Interest	6	65	-
Miscellaneous	-	-	-
Total revenues	<u>15,825</u>	<u>41,707</u>	<u>7,836</u>
Expenditures:			
Public safety - police and fire	-	-	-
Public works	-	-	-
Culture and recreation	6,186	356	-
Capital outlay	-	-	-
Total expenditures	<u>6,186</u>	<u>356</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>9,639</u>	<u>41,351</u>	<u>7,836</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	<u>(2,500)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,500)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	7,139	41,351	7,836
Fund balances, beginning	<u>2,480</u>	<u>57,619</u>	<u>975</u>
Fund balances, ending	<u>\$ 9,619</u>	<u>\$ 98,970</u>	<u>\$ 8,811</u>

<u>Main Street Commission</u>	<u>Housing Initiative</u>	<u>Lake End Parkway</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$2,521,536
-	-	-	489,687
18,729	-	294,091	1,102,982
-	-	-	261,550
-	-	-	70,459
34	-	10	14,914
-	-	6,000	71,824
<u>18,763</u>	<u>-</u>	<u>300,101</u>	<u>4,532,952</u>
-	-	-	535,037
-	-	-	321,217
61,760	-	362,132	2,111,807
-	-	-	692,184
<u>61,760</u>	<u>-</u>	<u>362,132</u>	<u>3,660,245</u>
<u>(42,997)</u>	<u>-</u>	<u>(62,031)</u>	<u>872,707</u>
40,000	-	-	531,942
-	-	-	(1,823,723)
<u>40,000</u>	<u>-</u>	<u>-</u>	<u>(1,291,781)</u>
(2,997)	-	(62,031)	(419,074)
<u>78,160</u>	<u>250,000</u>	<u>146,553</u>	<u>2,834,214</u>
<u>\$ 75,163</u>	<u>\$250,000</u>	<u>\$ 84,522</u>	<u>\$2,415,140</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, 2018

	<u>Sales Tax Sinking Fund Series 2012</u>	<u>Auditorium Bond #1</u>	<u>Totals</u>
ASSETS			
Cash	\$ 366,175	\$ 5,590	\$ 371,765
Taxes receivable, net	-	11,920	11,920
Due from other funds	<u>-</u>	<u>113,674</u>	<u>113,674</u>
Total assets	<u>\$ 366,175</u>	<u>\$ 131,184</u>	<u>\$ 497,359</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 350	\$ 350
Due to other funds	<u>-</u>	<u>10,530</u>	<u>10,530</u>
Total liabilities	-	10,880	10,880
Deferred inflows of resources:			
Unavailable tax revenues	-	3,012	3,012
Fund balances:			
Restricted	<u>366,175</u>	<u>117,292</u>	<u>483,467</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 366,175</u>	<u>\$ 131,184</u>	<u>\$ 497,359</u>

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Debt Service Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2018

	Sales Tax Sinking Fund Series 2012	Auditorium Bond #1	Totals
Revenues:			
Taxes	\$ -	\$ 127,172	\$ 127,172
Investment income:			
Interest	<u>206</u>	<u>-</u>	<u>206</u>
Total revenues	<u>206</u>	<u>127,172</u>	<u>127,378</u>
Expenditures:			
Principle retirement	405,000	124,000	529,000
Interest and fiscal charges	<u>42,612</u>	<u>6,907</u>	<u>49,519</u>
Total expenditures	<u>447,612</u>	<u>130,907</u>	<u>578,519</u>
Excess (deficiency) of revenues over expenditures	(447,406)	(3,735)	(451,141)
Other financing sources:			
Operating transfers in	<u>456,823</u>	<u>-</u>	<u>456,823</u>
Net change in fund balances	9,417	(3,735)	5,682
Fund balances, beginning	<u>356,758</u>	<u>121,027</u>	<u>477,785</u>
Fund balances, ending	<u>\$ 366,175</u>	<u>\$ 117,292</u>	<u>\$ 483,467</u>

NONMAJOR CAPITAL PROJECTS FUNDS

Lake End Park Construction Fund

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

City Hall Complex Construction Fund

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

Road Improvements Construction Fund

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

LCDBG Fund

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

Louisiana Capital Outlay Fund

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

Sidewalk Assessment Fund

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

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Capital Projects Funds

Combining Balance Sheet
December 31, 2018

	City Hall Complex Construction	Road Improvement Construction	LCDBG	Louisiana Capital Outlay	Sidewalk Assessment	Totals
ASSETS						
Cash	\$ 310,663	\$ 104,077	\$ 105,666	\$ 674	\$ 14,947	\$ 536,027
Investments	240,472	-	-	-	-	240,472
Due from other funds	50,000	-	6,320	-	-	56,320
Due from other governmental units	<u>-</u>	<u>-</u>	<u>62,053</u>	<u>-</u>	<u>-</u>	<u>62,053</u>
Total assets	<u>\$ 601,135</u>	<u>\$ 104,077</u>	<u>\$ 174,039</u>	<u>\$ 674</u>	<u>\$ 14,947</u>	<u>\$ 894,872</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 1,140	\$ -	\$ 7,879	\$ 9,019
Due to other funds	<u>-</u>	<u>-</u>	<u>324,062</u>	<u>227,962</u>	<u>-</u>	<u>552,024</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>325,202</u>	<u>227,962</u>	<u>7,879</u>	<u>561,043</u>
Fund balances:						
Restricted	601,135	104,077	-	-	-	705,212
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>(151,163)</u>	<u>(227,288)</u>	<u>7,068</u>	<u>(371,383)</u>
Total fund balances	<u>601,135</u>	<u>104,077</u>	<u>(151,163)</u>	<u>(227,288)</u>	<u>7,068</u>	<u>333,829</u>
Total liabilities and fund balance	<u>\$ 601,135</u>	<u>\$ 104,077</u>	<u>\$ 174,039</u>	<u>\$ 674</u>	<u>\$ 14,947</u>	<u>\$ 894,872</u>

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Capital Projects Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2018

	Lake End Park Construction	City Hall Complex Construction	Road Improvements Construction	LCDBG	Louisiana Capital Outlay	Sidewalk Assessment	Totals
Revenues:							
Intergovernmental	\$ -	\$ -	\$ -	\$ 62,053	\$ -	\$ 19,800	\$ 81,853
Donations	2,500	-	-	-	-	-	2,500
Interest	-	5,472	104	-	-	-	5,576
Total revenues	<u>2,500</u>	<u>5,472</u>	<u>104</u>	<u>62,053</u>	<u>-</u>	<u>19,800</u>	<u>89,929</u>
Expenditures:							
General government	-	-	-	1,325	-	-	1,325
Public works	-	-	-	-	-	33,097	33,097
Capital outlay	-	9,470	-	11,604	-	-	21,074
Total Expenditures	<u>-</u>	<u>9,470</u>	<u>-</u>	<u>12,929</u>	<u>-</u>	<u>33,097</u>	<u>55,496</u>
Excess (deficiency) of revenues over expenditures	2,500	(3,998)	104	49,124	-	(13,297)	34,433
Other financing sources:							
Transfers in	-	-	-	-	-	25,000	25,000
Net change in fund balance	2,500	(3,998)	104	49,124	-	11,703	59,433
Fund balances (deficit), beginning, as restated	<u>(2,500)</u>	<u>605,133</u>	<u>103,973</u>	<u>(200,287)</u>	<u>(227,288)</u>	<u>(4,635)</u>	<u>274,396</u>
Fund balances (deficit), ending	<u>\$ -</u>	<u>\$ 601,135</u>	<u>\$ 104,077</u>	<u>\$(151,163)</u>	<u>\$ (227,288)</u>	<u>\$ 7,068</u>	<u>\$ 333,829</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, 2018

	<u>Central Garage</u>	<u>Self Insurance</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash	\$ 1,820	\$ 219,064	\$ 220,884
Investments	-	4,252	4,252
Accounts receivable	-	54,161	54,161
Total current assets	<u>1,820</u>	<u>277,477</u>	<u>279,297</u>
Equipment, at cost, net of accumulated depreciation	<u>5,570</u>	<u>-</u>	<u>5,570</u>
Total assets	<u>\$ 7,390</u>	<u>\$ 277,477</u>	<u>\$ 284,867</u>
LIABILITIES AND NET POSITION			
Liabilities:			
Accrued liabilities	\$ 18,954	\$ 321,621	\$ 340,575
Due to other funds	39,265	-	39,265
Total liabilities	<u>58,219</u>	<u>321,621</u>	<u>379,840</u>
Net position (deficit):			
Net investment in capital assets	5,570	-	5,570
Unrestricted (deficit)	<u>(56,399)</u>	<u>(44,144)</u>	<u>(100,543)</u>
Total net position (deficit)	<u>(50,829)</u>	<u>(44,144)</u>	<u>(94,973)</u>
Total liabilities and net position	<u>\$ 7,390</u>	<u>\$ 277,477</u>	<u>\$ 284,867</u>

CITY OF MORGAN CITY, LOUISIANA
Internal Service Funds

Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
Year Ended December 31, 2018

	<u>Central Garage</u>	<u>Self Insurance</u>	<u>Totals</u>
Operating revenues:			
Charges for services	\$ 180,000	\$ -	\$ 180,000
Insurance premiums	-	2,086,906	2,086,906
Insurance claim proceeds	<u>-</u>	<u>342,894</u>	<u>342,894</u>
Total operating revenues	<u>180,000</u>	<u>2,429,800</u>	<u>2,609,800</u>
Operating expenses:			
Central garage expenses	162,861	-	162,861
Self-insurance fund expenses	<u>-</u>	<u>2,535,709</u>	<u>2,535,709</u>
Total operating expenses	<u>162,861</u>	<u>2,535,709</u>	<u>2,698,570</u>
Operating income (loss)	17,139	(105,909)	(88,770)
Non-operating revenues:			
Interest income	<u>5</u>	<u>80</u>	<u>85</u>
Change in net position	17,144	(105,829)	(88,685)
Net position (deficit), beginning	<u>(67,973)</u>	<u>61,685</u>	<u>(6,288)</u>
Net position (deficit), ending	<u>\$ (50,829)</u>	<u>\$ (44,144)</u>	<u>\$ (94,973)</u>

CITY OF MORGAN CITY, LOUISIANA
Fiduciary Funds

Combining Balance Sheet
December 31, 2018

	<u>Police Pension and Relief Trust</u>	<u>Private Purpose Trusts</u>	<u>Agency</u>	<u>Totals</u>
ASSETS				
Cash	\$ 6,823	\$ 229,744	\$ 124,885	\$ 361,452
Interest-bearing deposits, at cost	15,080	-	-	15,080
Receivables:				
Accounts receivable	-	54,695	243,071	297,766
Accrued interest	33	-	-	33
Prepaid insurance	<u>-</u>	<u>8,345</u>	<u>-</u>	<u>8,345</u>
Total assets	<u>\$ 21,936</u>	<u>\$ 292,784</u>	<u>\$ 367,956</u>	<u>\$ 682,676</u>
LIABILITIES AND NET POSITION				
Liabilities:				
Accounts payable	<u>\$ -</u>	<u>\$ 22,490</u>	<u>\$ 367,956</u>	<u>\$ 390,446</u>
Net Position				
Held in trust for pension benefits and other purposes	<u>21,936</u>	<u>270,294</u>	<u>-</u>	<u>292,230</u>
Total net position	<u>21,936</u>	<u>270,294</u>	<u>-</u>	<u>292,230</u>
Total liabilities and net position	<u>\$ 21,936</u>	<u>\$ 292,784</u>	<u>\$ 367,956</u>	<u>\$ 682,676</u>

CITY OF MORGAN CITY, LOUISIANA
Fiduciary Funds
Private Purpose Trusts
Combining Balance Sheet
December 31, 2018

	Brownell Carrillon Towers	Morgan City Young	Morgan City Museum House	Schreier House	Totals
ASSETS					
Cash	\$ 34,456	\$ 165,730	\$ 27,193	\$ 2,365	\$ 229,744
Accounts receivable	-	51,806	2,889	-	54,695
Prepaid expenses	4,538	-	3,807	-	8,345
Total assets	\$ 38,994	\$ 217,536	\$ 33,889	\$ 2,365	\$ 292,784
LIABILITIES AND NET POSITION					
Liabilities:					
Accounts payable	\$ 2,825	\$ 8,280	\$ 10,000	\$ 1,385	\$ 22,490
Net Position:					
Held in trust for other purposes	36,169	209,256	23,889	980	270,294
Total net position	36,169	209,256	23,889	980	270,294
Total liabilities and net position	\$ 38,994	\$ 217,536	\$ 33,889	\$ 2,365	\$ 292,784

CITY OF MORGAN CITY, LOUISIANA
Fiduciary Funds
Private Purpose Trusts

Combining Schedule of Changes in Fiduciary Net Position
Year Ended December 31, 2018

	<u>Brownell Carrillon Towers</u>	<u>Morgan City Young</u>	<u>Morgan City Museum House</u>	<u>Schreier House</u>	<u>Totals</u>
Additions:					
Interest	\$ 21	\$ -	\$ 56	\$ 4	\$ 81
Contributions	<u>57,504</u>	<u>303,940</u>	<u>-</u>	<u>-</u>	<u>361,444</u>
Total additions	<u>57,525</u>	<u>303,940</u>	<u>56</u>	<u>4</u>	<u>361,525</u>
Deductions:					
Administrative	-	3,500	-	-	3,500
Beautification	-	5,000	-	-	5,000
Culture and recreation	21,356	203,683	2,269	-	227,308
Library	-	30,000	-	-	30,000
Utility	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Total deductions	<u>21,356</u>	<u>542,183</u>	<u>2,269</u>	<u>-</u>	<u>565,808</u>
Excess (deficiency) of additions over deductions	36,169	(238,243)	(2,213)	4	(204,283)
Net position, beginning	<u>-</u>	<u>447,499</u>	<u>26,102</u>	<u>976</u>	<u>474,577</u>
Net position, ending	<u>\$ 36,169</u>	<u>\$ 209,256</u>	<u>\$ 23,889</u>	<u>\$ 980</u>	<u>\$ 270,294</u>

CITY OF MORGAN CITY, LOUISIANA

Schedule of Number of Utility Customers
Year Ended December 31, 2018

Records maintained by the City indicated the following number of customers were being serviced during the month of December 31, 2018:

<u>Department</u>	
Electric	5,602
Water	5,065
Gas	3,562
Mosquito	5,735
Sanitation	4,250
Sewer	4,918

CITY OF MORGAN CITY, LOUISIANA

Schedule of Utility Rates
Year Ended December 31, 2018

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, 2018

Monthly Gas Rates

\$7.00 customer charge (residential) or \$10.00 customer charge (commercial) per month, \$100.00 meter deposit, and fuel adjustment averaging \$3.51 per month for 2018. 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

\$7.00 customer charge (residential) or \$15.00 customer charge (commercial) per month and one hundred percent (100%) of the total monthly water usage for residential and commercial water customers.

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, 2018

Records maintained by the City indicated the following amounts billed for services during the year ended December 31, 2018:

<u>Department</u>	
Electric	17,407,154
Water	2,162,326
Gas	1,701,677
Mosquito	138,933
Sanitation	1,111,666
Sewer	1,805,113

CITY OF MORGAN CITY, LOUISIANA

Schedule of Average Monthly Billings Per User
Year Ended December 31, 2018

Records maintained by the City indicated the following average monthly billing per user for services during the year ended December 31, 2018:

<u>Department</u>	
Electric	259
Water	36
Gas	40
Mosquito	2
Sanitation	22
Sewer	31

CITY OF MORGAN CITY, LOUISIANA

Analysis of Additions, Replacements, and Improvements to Utility System
Year Ended December 31, 2018

The following were added to the utility system:

Electric, Water, and Gas

Ice machine(s)	\$	8,968
John Deere Gator		14,268
2019 RAM 1500		<u>17,645</u>
Total Electric, Water, and Gas Additions	\$	<u>40,881</u>

Sanitation and Sewer

TORO lawn mower	\$	5,132
Treatment plant roof		<u>56,625</u>
Total Sanitation and Sewer Additions	\$	<u>61,757</u>

CITY OF MORGAN CITY, LOUISIANA

Schedule of Insurance in Force
Year Ended December 31, 2018

Description of Coverage	Coverage Amounts
General Liability:	
General Aggregate	\$3,000,000
Products/Completed Operations	2,000,000
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	1,000,000
Each Wrongful Act	1,000,000
Law Enforcement Liability:	
Limit	2,000,000
Each Wrongful Act	1,000,000
Automobiles and trucks:	
Bodily injury and property damage	1,000,000
Public Officials:	
Limit	1,000,000
Each Wrongful Act	1,000,000
Property:	
Limit per occurrence	5,000,000
Excess Property:	
Limit	10,000,000
Sublimit for named windstorm	5,000,000
Boiler and Machinery:	
Total Limit per Accident	5,000,000
Pollution:	
Limit	1,000,000

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

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

The Honorable Frank P. Grizzaffi, III, 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, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government, and have issued our report thereon dated June 26, 2019. 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
June 26, 2019

CITY OF MORGAN CITY, LOUISIANA

Schedule of Audit Results and Findings
Year Ended December 31, 2018

Part I. Summary of Auditor's Results

- i. Unmodified opinions have been issued on the financial statements of the City's governmental activities, business-type activities, each major fund, and the aggregate remaining fund information. Additionally, the opinion on the aggregate discretely presented component units was adverse because the City issues primary government only financial statements.
- ii. No deficiencies in internal control over reporting required to be reported under *Government Auditing Standards* were reported.
- iii. No instances of noncompliance required to be reported under *Governmental Auditing Standards* are included in Part II.
- iv. A management letter was issued.

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

A. Internal Control Findings-

No findings are reported under this section.

B. Compliance Finding-

No findings are reported under this section.

CITY OF MORGAN CITY, LOUISIANA

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2018

A. Internal Control Findings-

No findings were reported under this section.

B. Compliance Finding-

No findings were reported under this section.

C. Uniform Guidance-

Not applicable in prior period.

D. Management Letter-

Not issued in prior period.

CITY OF MORGAN CITY, LOUISIANA

Statewide Agreed-Upon Procedures

Fiscal period January 1, 2018 through December 31, 2018

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES TO CONTROL AND COMPLIANCE AREAS IDENTIFIED BY THE LOUISIANA LEGISLATIVE AUDITOR

The Honorable Frank P. Grizzaffi, III, Mayor and
The Honorable Members of the City Council of the City of Morgan City, and
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the City of Morgan City (hereinafter "City") and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018, as required by the *Louisiana Governmental Audit Guide*. The City's management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable provisions of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated exceptions are as follows:

Written Policies and Procedures

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

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

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

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

Written policies and procedures were obtained and address the function (1) how purchases are initiated.

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

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

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

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

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

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

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

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

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

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

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

Written policies and procedures were obtained and address the functions noted above, with the exception of (2) dollar thresholds by category of expense.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

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

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

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

Board or Finance Committee

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 2: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2."

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

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent documents.
- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Bank Reconciliations

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

Obtained listing of client bank accounts from management, identifying the City's main operating account, and management's representation that the listing is complete. Selected the City's main operating account and randomly selected four (4) additional accounts. Randomly selected one month from the fiscal period.

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

No exceptions noted.

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

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

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

Not applicable. None of the five (5) bank accounts selected included reconciling items that have been outstanding for more than 12 months from the statement closing date.

Collections

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

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

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site, obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each collection location such that:

Obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site and obtained the required information.

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

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

No exceptions noted.

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

Randomly selected two (2) deposit dates for the five (5) bank accounts selected for procedure #3 and obtained supporting documentation for each deposit.

- a) Observe that receipts are sequentially pre-numbered.

No exceptions noted.

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

Deposit slips could not be obtained for one (1) of the five (5) bank accounts selected for testing.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Deposit slips could not be obtained for one (1) of the five (5) bank accounts selected for testing.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

The two (2) deposits selected at one (1) of the five (5) collection locations were not deposited within one business day of receipt.

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

No exceptions noted.

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

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

Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Selected the City's three (3) locations that process payments.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Obtained listing of those employees involved with non-payroll purchasing and payments functions, and obtained required information related to employee job duties.

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

No exceptions noted.

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

In accordance with the City's policies and procedures, two (2) employees are involved in processing and approving payments to vendors unless the transaction is recurring (e.g. utility, telephone and other similar services).

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

The individual responsible for processing payments is not prohibited from adding/modifying vendor files. Furthermore, another employee not responsible for periodically reviewing changes to vendor files.

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

The employee responsible for processing payments is also responsible for mailing payments at two (2) of the three (3) locations that process payments.

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

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

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

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

No exceptions noted.

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

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

Obtained listing of active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and associated vehicle number, and management's representation that the listing is complete. The City maintains only fuel cards. Each fuel card is assigned to a vehicle number.

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

Randomly selected five (5) cards used during the fiscal period and one (1) month during the fiscal period.

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

Obtained the monthly statements or combined statements for the randomly selected month during the fiscal year for the five (5) fuel cards randomly selected for testing, noting that statements did not evidence review or approval, in writing, by someone other than the authorized cardholder.

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

Finance charges and/or late fees were not observed on the statements.

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

Not applicable.

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

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

Obtained listing of travel and travel-related expense reimbursements during the fiscal period from management and management's representation that the listing/general ledger is complete. Randomly selected five (5) reimbursements and obtained required documentation.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Contracts

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

Obtained listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period from management and management's representation that the listing is complete. Randomly selected five (5) contracts.

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

No exceptions noted.

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

No exceptions noted.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Not applicable.

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

No exceptions noted.

Payroll and Personnel

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

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

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

Randomly selected one pay period during the fiscal period and obtained the required documentation.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

Obtained a listing of employees/officials that received terminations payments during the fiscal period from management and management's representation that the listing is complete. Randomly selected two (2) employees/officials noting no exceptions.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensations premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor’s Statewide Agreed-Upon Procedures, Year 2: “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2.”

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity’s ethics policy during the fiscal period.

Debt Service (excluding nonprofits)

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor’s Statewide Agreed-Upon Procedures, Year 2: “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2.”

21. Obtain a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Other

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor’s Statewide Agreed-Upon Procedures, Year 2: “Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2.”

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Management’s Response

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

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information of and use by the City's management and the LLA. Accordingly, this report is not suitable for any other purpose and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
June 26, 2019

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RON BIAS - District 3
STEVE DOMANGUE - District 4
LOUIS J. TAMPORELLO, JR. - District 5

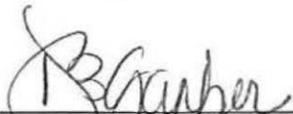
June 26, 2019

Kolder, Slaven and Company, LLC
1201 David Dr.
Morgan City, Louisiana 70380

RE: Response to Agreed-Upon Procedures Exceptions

The City of Morgan City concurs with the exceptions and are (is) working to address the deficiencies identified.

Sincerely,



Deborah Garber, Director of Finance

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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MANAGEMENT LETTER

Deborah Garber, Director of Finance
City of Morgan City, Louisiana

We have audited the financial statements of the governmental activities, 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, 2018 and have issued our report thereon dated June 26, 2019.

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

During our audit we noted matters involving internal control or compliance that is summarized below for your consideration. These comments and the related recommendations are intended to improve the City's internal control and/or its compliance with laws, regulations, contracts, and grant agreements and other matters. Our comments are not intended to reflect upon the ability or integrity of the City's personnel.

2018-ML-1 Controls Over Personnel Data and Payroll Processing

During the fiscal year ended December 31, 2018, audit procedures identified various errors pertaining to personnel data and payroll processing.

The City did not maintain and/or properly implement policies and procedures to allow management and/or its employees to prevent, detect and correct the issues identified above.

We recommend that the City design and implement policies and procedures to allow management and/or its employees to prevent, detect and correct personnel and payroll processing errors. The City should also re-evaluate established policies and procedures to ensure that controls are sufficient and properly executed by the appropriate personnel.

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

City of Morgan City
Management Letter

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

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

KOLDER, SLAVEN & COMPANY, LLC
Certified Public Accountants

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RON BIAS - District 3
STEVE DOMANGUE - District 4
LOUIS J. TAMPORELLO, JR. - District 5

June 26, 2019

RE: Response to Management Letter

2018-ML-1 Controls Over Personnel Data and Payroll Processing

The City of Morgan City will re-evaluate its current policies and procedures to ensure that controls are sufficient and properly executed by the appropriate personnel. The City will also design and implement policies and procedures to allow management and/or its employees to prevent, detect and correct personnel and payroll processing errors.

Sincerely,

Deborah Garber, Director of Finance