

CITY OF MORGAN CITY, LOUISIANA

Financial Report

Year Ended December 31, 2019

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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, 2019, 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, 2019, 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, 2019, 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.

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, schedule of changes in total OPEB liability and related ratios, and notes to required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The City has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements of the City's primary government. Such missing information, although not a part of the basic financial statements of the City's primary government, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements of the City's primary government in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements of the City's primary government is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City's primary government. The 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 25, 2020 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 25, 2020

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MORGAN CITY, LOUISIANA

Statement of Net Position
December 31, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 5,773,006	\$ 843,447	\$ 6,616,453
Investments	1,248,448	-	1,248,448
Receivables, net	287,956	3,229,297	3,517,253
Due from other governmental units	1,283,247	6,485	1,289,732
Internal balances	(815,835)	815,835	-
Inventory	56,713	1,023,726	1,080,439
Prepaid expenses	90,137	227,747	317,884
Total current assets	<u>7,923,672</u>	<u>6,146,537</u>	<u>14,070,209</u>
Noncurrent assets:			
Restricted assets	-	2,781,811	2,781,811
Capital assets			
Land and construction in progress	2,522,516	4,527,201	7,049,717
Other, net of accumulated depreciation	68,209,711	19,022,471	87,232,182
Total noncurrent assets	<u>70,732,227</u>	<u>26,331,483</u>	<u>97,063,710</u>
Total assets	<u>78,655,899</u>	<u>32,478,020</u>	<u>111,133,919</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to -			
Bond refunding	-	37,043	37,043
Net pension liability	2,844,774	895,383	3,740,157
OPEB liability	1,324,758	595,182	1,919,940
Total deferred outflows of resources	<u>4,169,532</u>	<u>1,527,608</u>	<u>5,697,140</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	1,920,984	1,388,618	3,309,602
Unearned revenue	944,159	-	944,159
Bonds and government obligation contract payables	594,382	925,575	1,519,957
Total current liabilities	<u>3,459,525</u>	<u>2,314,193</u>	<u>5,773,718</u>
Noncurrent liabilities:			
Accrued liabilities	637,016	377,248	1,014,264
Net pension liability	13,697,410	4,615,335	18,312,745
OPEB liability	5,786,441	2,477,873	8,264,314
Customers' deposits payable	-	914,776	914,776
Bonds and government obligation contract payables	1,234,618	6,338,670	7,573,288
Total noncurrent liabilities	<u>21,355,485</u>	<u>14,723,902</u>	<u>36,079,387</u>
Total liabilities	<u>24,815,010</u>	<u>17,038,095</u>	<u>41,853,105</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to -			
Net pension liability	1,550,219	167,746	1,717,965
OPEB liability	501,804	187,729	689,533
Total deferred inflows of resources	<u>2,052,023</u>	<u>355,475</u>	<u>2,407,498</u>
NET POSITION			
Net investment in capital assets	68,903,227	16,285,427	85,188,654
Restricted for:			
Capital projects	1,336,412	-	1,336,412
Debt service	495,516	2,781,811	3,277,327
Other purposes	2,071,321	-	2,071,321
Unrestricted (deficit)	<u>(16,848,078)</u>	<u>(2,455,180)</u>	<u>(19,303,258)</u>
Total net position	<u>\$ 55,958,398</u>	<u>\$ 16,612,058</u>	<u>\$ 72,570,456</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, 2019

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	\$ 5,968,341	\$ 773,360	\$ 181,537	\$ 17,500	\$ (4,995,944)	\$ -	\$ (4,995,944)
Culture and recreation	3,171,928	1,127,064	231,769	103,655	(1,709,440)	-	(1,709,440)
Public safety	8,398,642	1,445,133	618,490	6,500	(6,328,519)	-	(6,328,519)
Public works	2,121,452	191,083	91,022	932,337	(907,010)	-	(907,010)
Interest on long-term debt	55,697	-	-	-	(55,697)	-	(55,697)
Total governmental activities	<u>19,716,060</u>	<u>3,536,640</u>	<u>1,122,818</u>	<u>1,059,992</u>	<u>(13,996,610)</u>	<u>-</u>	<u>(13,996,610)</u>
Business-type activities:							
Electric, gas, and water	17,087,636	21,026,875	-	-	-	3,939,239	3,939,239
Sanitation and sewer	3,395,547	3,082,746	-	-	-	(312,801)	(312,801)
Interest on long-term debt	213,665	-	-	-	-	(213,665)	(213,665)
Total business-type activities	<u>20,696,848</u>	<u>24,109,621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,412,773</u>	<u>3,412,773</u>
Total	<u>\$ 40,412,908</u>	<u>\$ 27,646,261</u>	<u>\$ 1,122,818</u>	<u>\$ 1,059,992</u>	<u>(13,996,610)</u>	<u>3,412,773</u>	<u>(10,583,837)</u>
General revenues:							
Taxes -							
Property taxes					2,445,639	-	2,445,639
Sales and use taxes					5,159,714	-	5,159,714
Licenses and permits					896,809	6,735	903,544
Grants and contributions not restricted to specific programs -							
State sources					172,497	-	172,497
Insurance dividends					526,328	21,298	547,626
Interest and investment earnings					231,885	10,187	242,072
Miscellaneous					91,040	9,819	100,859
Transfers					2,645,367	(2,645,367)	-
Total general revenues and transfers					<u>12,169,279</u>	<u>(2,597,328)</u>	<u>9,571,951</u>
Change in net position					(1,827,331)	815,445	(1,011,886)
Net position - January 1, 2019					<u>57,785,729</u>	<u>15,796,613</u>	<u>73,582,342</u>
Net position - December 31, 2019					<u>\$ 55,958,398</u>	<u>\$ 16,612,058</u>	<u>\$ 72,570,456</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, 2019

	General	Other Governmental Funds	Total
ASSETS			
Cash	\$ 1,992,966	\$ 3,535,382	\$ 5,528,348
Interest-bearing deposits	-	58,355	58,355
Investments	-	1,244,056	1,244,056
Receivables:			
Taxes	152,339	30,751	183,090
Accounts	97,149	177,741	274,890
Due from other funds	879,468	1,041,758	1,921,226
Due from other governmental units	588,884	511,273	1,100,157
Other	12,222	844	13,066
Inventory	56,713	-	56,713
Prepaid items	86,381	3,756	90,137
Advances to other funds	-	250,000	250,000
Total assets	<u>\$ 3,866,122</u>	<u>\$ 6,853,916</u>	<u>\$10,720,038</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,111,431	\$ 491,939	\$ 1,603,370
Accrued liabilities	32,866	200	33,066
Due to other funds	810,411	1,926,650	2,737,061
Unearned revenue	-	944,159	944,159
Advances from other funds	250,000	-	250,000
Total liabilities	<u>2,204,708</u>	<u>3,362,948</u>	<u>5,567,656</u>
Deferred inflows of resources:			
Unavailable tax and grant revenues	<u>49,824</u>	<u>90,345</u>	<u>140,169</u>
Fund balances:			
Nonspendable	143,094	849,747	992,841
Restricted	-	3,307,258	3,307,258
Unassigned (deficit)	<u>1,468,496</u>	<u>(756,382)</u>	<u>712,114</u>
Total fund balances	<u>1,611,590</u>	<u>3,400,623</u>	<u>5,012,213</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,866,122</u>	<u>\$ 6,853,916</u>	<u>\$10,720,038</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Governmental Funds

Balance Sheet (continued)
December 31, 2019

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

Total fund balances for governmental funds at December 31, 2019		\$ 5,012,213
Cost of capital assets:		
Land	\$ 1,810,835	
Construction in progress	711,681	
Capital assets, net of accumulated depreciation	<u>68,209,711</u>	70,732,227
Deferred outflows related to-		
Net pension liability	2,844,774	
OPEB liability	<u>1,324,758</u>	4,169,532
Internal service funds are used by management to charge the costs of certain activities to individual funds.		(76,621)
Certain other assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.		140,169
Liabilities:		
Bonds and government obligation contract payables	(1,829,000)	
Accrued interest payable	(17,232)	
Compensated absences	(637,016)	
Net OPEB obligations payable	(5,786,441)	
Net pension liability	<u>(13,697,410)</u>	(21,967,099)
Deferred inflows related to-		
Net pension liability	(1,550,219)	
OPEB liability	<u>(501,804)</u>	(2,052,023)
Total net position of governmental activities at December 31, 2019		<u>\$ 55,958,398</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, 2019

	General	Other Governmental Funds	Total
Revenues:			
Taxes	\$ 4,965,286	\$ 2,643,043	\$ 7,608,329
Licenses and permits	896,809	-	896,809
Intergovernmental	303,167	1,447,551	1,750,718
Charges for services	91,218	1,029,768	1,120,986
Insurance dividends	522,713	-	522,713
Donations	27,500	297,485	324,985
Fines and forfeits	126,603	43,701	170,304
Interest	268	29,398	29,666
Net change in fair value of investments	-	167,371	167,371
Miscellaneous	123,899	59,708	183,607
Total revenues	<u>7,057,463</u>	<u>5,718,025</u>	<u>12,775,488</u>
Expenditures:			
Current -			
General government			
Administrative	2,343,550	10,561	2,354,111
Purchasing	203,787	-	203,787
Planning and zoning	344,033	-	344,033
Public safety	5,858,926	456,753	6,315,679
Public works:			
Streets and drainage	1,067,813	1,037,979	2,105,792
Storm water	8,080	-	8,080
Cemetery	180,462	-	180,462
Culture and recreation	121,042	2,040,889	2,161,931
Capital outlay	70,044	1,752,581	1,822,625
Debt service -			
Principal retirement	-	544,000	544,000
Interest and fiscal charges	14,731	37,993	52,724
Total expenditures	<u>10,212,468</u>	<u>5,880,756</u>	<u>16,093,224</u>
Deficiency of revenues over expenditures	<u>(3,155,005)</u>	<u>(162,731)</u>	<u>(3,317,736)</u>
Other financing sources (uses):			
Transfers in	3,852,502	1,642,388	5,494,890
Transfers out	(674,500)	(2,175,023)	(2,849,523)
Proceeds from general obligation contract	-	350,000	350,000
Total other financing sources (uses)	<u>3,178,002</u>	<u>(182,635)</u>	<u>2,995,367</u>
Net changes in fund balances	22,997	(345,366)	(322,369)
Fund balances, beginning	<u>1,588,593</u>	<u>3,745,989</u>	<u>5,334,582</u>
Fund balances, ending	<u>\$ 1,611,590</u>	<u>\$ 3,400,623</u>	<u>\$ 5,012,213</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Year Ended December 31, 2019

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, 2019 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (322,369)
Cost of capital assets	1,822,625
Contribution revenues for contributed general capital assets	6,500
Depreciation Expense	(2,848,148)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales) is to decrease net position	(2,196)
Principal payments	544,000
Changes in accrued interest	(2,973)
Proceeds from general obligation contracts are an other financing source in the funds but increases long-term liabilities in the statement of net position	(350,000)
Internal service funds are used by management to charge the costs of certain activities to individual funds.	(32,478)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	8,285
Net change in compensated absences	(19,644)
Net Change in OPEB obligation	(173,387)
Effects of recording net pension liability and deferred outflows and inflows of resources related to net pension liability:	
Increase in pension expense	(788,550)
Nonemployer contribution revenue	<u>331,004</u> <u>(457,546)</u>
Total changes in net position at December 31, 2019 per Statement of Activities	\$ <u>(1,827,331)</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, 2019

	Enterprise Funds			
	Electric, Gas, and Water	Sanitation and Sewer	Totals	Internal Service Funds
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 466,722	\$ 374,056	\$ 840,778	\$ 188,972
Investments	-	-	-	4,392
Receivables, net	2,793,226	442,556	3,235,782	-
Due from other funds	728,524	115,671	844,195	2,030
Inventory	942,707	81,019	1,023,726	-
Prepaid expenses	165,188	62,559	227,747	-
Total current assets	5,096,367	1,075,861	6,172,228	195,394
Noncurrent assets:				
Restricted assets -				
Cash and interest-bearing deposits	1,176,130	1,338,543	2,514,673	-
Investments	267,138	-	267,138	-
Loans to other funds	-	3,691,151	3,691,151	-
Capital assets:				
Land and construction in progress	4,527,201	-	4,527,201	-
Other, net of accumulated depreciation	12,799,853	6,218,749	19,018,602	3,869
Total noncurrent assets	18,770,322	11,248,443	30,018,765	3,869
Total assets	23,866,689	12,324,304	36,190,993	199,263
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to -				
Bond refunding	37,043	-	37,043	-
Net pension liability	709,445	185,938	895,383	-
OPEB liability	446,194	148,988	595,182	-
Total deferred outflows of resources	1,192,682	334,926	1,527,608	-
LIABILITIES				
Current liabilities:				
Accounts payable	1,203,036	183,702	1,386,738	-
Accrued liabilities	1,880	42,447	44,327	284,287
Due to other funds	5,620	201	5,821	24,569
Payable from restricted assets -				
Revenue bonds	680,575	245,000	925,575	-
Accrued interest payable	30,094	-	30,094	-
Total current liabilities	1,921,205	471,350	2,392,555	308,856
Noncurrent liabilities:				
Accrued liabilities	240,279	47,457	287,736	-
Loans from other funds	3,691,151	-	3,691,151	-
Net pension liability	3,645,376	969,959	4,615,335	-
OPEB liability	1,836,913	640,960	2,477,873	-
Payable from restricted assets -				
Revenue bonds	3,526,539	2,812,131	6,338,670	-
Customers' deposits payable	914,776	-	914,776	-
Total noncurrent liabilities	13,855,034	4,470,507	18,325,541	-
Total liabilities	15,776,239	4,941,857	20,718,096	308,856
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to -				
Net pension liability	133,537	34,209	167,746	-
OPEB liability	140,765	46,964	187,729	-
Total deferred inflows of resources	274,302	81,173	355,475	-
NET POSITION				
Net investment in capital assets	13,119,940	3,161,618	16,281,558	3,869
Restricted for:				
Debt service	1,443,268	1,338,543	2,781,811	-
Unrestricted (deficit)	(5,554,378)	3,136,039	(2,418,339)	(113,462)
Total net position	\$ 9,008,830	\$ 7,636,200	\$ 16,645,030	\$ (109,593)

CITY OF MORGAN CITY, LOUISIANA
Proprietary Funds

Statement of Net Position (continued)
December 31, 2019

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

Net position at December 31, 2019	\$ 16,645,030
Internal service funds are used by management to charge the costs of certain activities to individual funds.	<u>(32,972)</u>
Total net position of business-type activities at December 31, 2019	<u>\$ 16,612,058</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, 2019

	Enterprise Funds			Internal Service Funds
	Electric, Gas, and Water	Sanitation and Sewer	Totals	
Operating revenues:				
Charges for services -				
Customers	\$20,455,288	\$2,947,907	\$23,403,195	\$ -
Other	481,587	51,574	533,161	180,000
Insurance premiums	-	-	-	2,123,008
Total operating revenues	<u>20,936,875</u>	<u>2,999,481</u>	<u>23,936,356</u>	<u>2,303,008</u>
Operating expenses:				
Personnel services	3,129,782	910,401	4,040,183	147,693
Supplies and materials	517,786	84,334	602,120	2,542
Fuel cost	10,928,096	-	10,928,096	-
Contractual services	680,322	1,521,427	2,201,749	6,630
Repairs and maintenance	610,942	322,482	933,424	2,668
Other charges	139,656	29,355	169,011	914
Depreciation	999,978	446,474	1,446,452	1,701
Insurance claim loss	-	-	-	2,155,625
Total operating expenses	<u>17,006,562</u>	<u>3,314,473</u>	<u>20,321,035</u>	<u>2,317,773</u>
Operating income (loss)	<u>3,930,313</u>	<u>(314,992)</u>	<u>3,615,321</u>	<u>(14,765)</u>
Nonoperating revenues (expenses):				
Insurance proceeds	21,298	-	21,298	-
Interest income	8,474	1,707	10,181	145
Interest and fiscal charges	(166,908)	(46,757)	(213,665)	-
Other	-	9,819	9,819	-
Total nonoperating revenues (expenses)	<u>(137,136)</u>	<u>(35,231)</u>	<u>(172,367)</u>	<u>145</u>
Income (loss) before transfers	3,793,177	(350,223)	3,442,954	(14,620)
Transfers, net	<u>(3,520,002)</u>	<u>874,635</u>	<u>(2,645,367)</u>	<u>-</u>
Change in net position	273,175	524,412	797,587	(14,620)
Net position (deficit), beginning	<u>8,735,655</u>	<u>7,111,788</u>	<u>15,847,443</u>	<u>(94,973)</u>
Net position (deficit), ending	<u>\$ 9,008,830</u>	<u>\$7,636,200</u>	<u>\$16,645,030</u>	<u>\$ (109,593)</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Proprietary Funds

Statement of Revenues, Expenses, and Changes in Fund Net Position (continued)
Year Ended December 31, 2019

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, 2019 per Statement of Revenues, Expenditures and Changes in Net Position	\$ 797,587
Internal service funds are used by management to charge the costs of certain activities to individual funds.	<u>17,858</u>
Total changes in net position at December 31, 2019 per Statement of Activities	<u>\$ 815,445</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, 2019

	Enterprise Funds			Internal Service Funds
	Electric, Gas, and Water	Sanitation and Sewer	Totals	
Cash flows from operating activities:				
Receipts from customers	\$ 20,874,053	\$ 2,949,768	\$ 23,823,821	\$ -
Receipts from interfund services provided	-	-	-	2,357,169
Payments to suppliers	(13,680,140)	(1,986,905)	(15,667,045)	(2,224,667)
Payments to employees	(2,902,535)	(835,301)	(3,737,836)	(147,693)
Net cash provided (used) by operating activities	<u>4,291,378</u>	<u>127,562</u>	<u>4,418,940</u>	<u>(15,191)</u>
Cash flows from noncapital financing activities:				
Receipts from other funds	237,652	874,638	1,112,290	-
Other receipts	21,298	9,819	31,117	-
Payments of meter deposits	(448)	-	(448)	-
Payments to other funds	(3,520,002)	(435,033)	(3,955,035)	(16,726)
Net cash provided (used) by noncapital financing activities	<u>(3,261,500)</u>	<u>449,424</u>	<u>(2,812,076)</u>	<u>(16,726)</u>
Cash flows from capital and related financing activities:				
Acquisition of property, plant and equipment	(1,213,107)	(153,134)	(1,366,241)	-
Interest and fiscal charges paid	(154,561)	(46,757)	(201,318)	-
Principal paid on bonds	(628,459)	(228,666)	(857,125)	-
Net cash used by capital and related financing activities	<u>(1,996,127)</u>	<u>(428,557)</u>	<u>(2,424,684)</u>	<u>-</u>
Cash flows from investing activities:				
Interest received on investments	<u>2,552</u>	<u>1,707</u>	<u>4,259</u>	<u>5</u>
Net increase (decrease) in cash and cash equivalents	(963,697)	150,136	(813,561)	(31,912)
Cash and cash equivalents, beginning	<u>2,606,549</u>	<u>1,562,463</u>	<u>4,169,012</u>	<u>220,884</u>
Cash and cash equivalents, ending	<u>\$ 1,642,852</u>	<u>\$ 1,712,599</u>	<u>\$ 3,355,451</u>	<u>\$ 188,972</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Proprietary Funds

Statement of Cash Flows (continued)
Year Ended December 31, 2019

	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)	\$ 3,930,313	\$ (314,992)	\$ 3,615,321	\$ (14,765)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:				
Depreciation	999,978	446,474	1,446,452	1,701
Pension expense, net of nonemployer contributions	147,953	41,730	189,683	-
OPEB expense	63,672	21,257	84,929	
Changes in current assets and liabilities:				
Accounts receivable	(7,538)	(34,120)	(41,658)	54,161
Inventory	(112,111)	(7,199)	(119,310)	-
Prepaid expenses	(43,934)	19,995	(23,939)	-
Accounts payable	(674,532)	(42,103)	(716,635)	-
Accrued liabilities	(12,423)	(3,480)	(15,903)	(56,288)
Net cash provided (used) by operating activities	<u>\$ 4,291,378</u>	<u>\$ 127,562</u>	<u>\$ 4,418,940</u>	<u>\$ (15,191)</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	\$ 209,509	\$ 300,269	\$ 509,778	\$ 220,884
Cash - restricted	2,397,040	1,262,194	3,659,234	-
Total cash and cash equivalents	<u>2,606,549</u>	<u>1,562,463</u>	<u>4,169,012</u>	<u>220,884</u>
Cash and cash equivalents, end of period -				
Cash - unrestricted	466,722	374,056	840,778	188,972
Cash - restricted	1,176,130	1,338,543	2,514,673	-
Total cash and cash equivalents	<u>1,642,852</u>	<u>1,712,599</u>	<u>3,355,451</u>	<u>188,972</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (963,697)</u>	<u>\$ 150,136</u>	<u>\$ (813,561)</u>	<u>\$ (31,912)</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, 2019

	Police Pension and Relief Trust	Private Purpose Trusts	Agency
ASSETS			
Cash	\$ 3,324	\$ 383,938	\$ 13,234
Interest-bearing deposits	15,238	-	-
Investments		629,498	
Receivables			
Accrued interest	107	-	-
Other	-	39,306	437,930
Prepaid insurance	-	8,382	-
	<u>18,669</u>	<u>1,061,124</u>	<u>451,164</u>
Total assets			
LIABILITIES			
Accounts payable	-	179,837	451,164
NET POSITION			
Held in trust for pension benefits and other purposes	<u>\$ 18,669</u>	<u>\$ 881,287</u>	<u>\$ -</u>

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, 2019

	Police Pension and Relief Trust	Private Purpose Trusts
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer	\$ 27,684	\$ -
Donations	-	909,045
Investment earnings:		
Interest	232	45,283
Total additions	<u>27,916</u>	<u>954,328</u>
Deductions:		
Benefits	31,182	-
Payments in accordance with trust agreement	-	343,336
Total deductions	<u>31,182</u>	<u>343,336</u>
Change in net position	(3,266)	610,992
Net position, beginning	<u>21,935</u>	<u>270,295</u>
Net position, ending	<u>\$ 18,669</u>	<u>\$ 881,287</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 or other observable inputs. If quoted market prices are not available, fair value is estimated by determining the fair value of investments possessing similar yield, maturity, and repayment and risk characteristics. At December 31, 2019, 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 and OPEB obligations.

Long-term debt

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

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

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

Compensated absences

Vacation is provided to all full-time employees and is earned based on length of service. Employees with one to five complete years of service earn two calendar weeks (ten working days). Employees with six to ten complete years of service earn two calendar weeks plus two additional working days (twelve working days). Employees with over ten complete years earn three calendar weeks plus one additional day for each year over ten years of employment not to exceed thirty calendar days. Vacation is recorded as an expenditure of the period in which it is paid. Vacation must be taken in the year earned and cannot be carried over. Sick leave is earned by employees based upon length of service. For example, employees with one to ten years of service earn fourteen days sick leave per year. Employees with over ten years earn fourteen days plus one additional day for each year of employment over ten years up to twenty-two days. Sick leave is cumulative from year to year. Unused sick leave, at the termination of employment by either retirement or separation, shall be paid according to a specific schedule as set forth in the City's employee leave policy. The schedule sets forth that employees with zero to nine years of

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

employment shall receive payment for none of their accumulated unused sick leave upon separation. Employees with ten to nineteen years of service shall receive payment for 33 percent of their accumulated unused sick leave up to a maximum of 60 days. Employees with twenty to twenty-four years of service shall receive 66 percent of their accumulated unused sick leave up to a maximum of 90 days. Employees with at least 25 years of service shall receive 100 percent of their accumulated unused sick leave up to a maximum of 120 days. Upon the death of an employee eligible for retirement, the designated beneficiary of the employee shall receive one-half of the accrued sick leave due to the employee.

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

Deferred Inflows of Resources

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

Equity classifications

Government-wide financial statements

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

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted – all other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

Fund financial statements

Proprietary fund equity is classified the same as in the government-wide statements. Governmental fund equity is classified as fund balance. Fund balance for the City's governmental funds is displayed depicting the relative strength of the spending constraints placed on the purposes for which resources can be used. In the governmental fund financial statements, fund balances are classified as follows:

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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

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

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Interfund Transfers

Permanent reallocations of 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.

F. Pensions

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

G. Capitalization of Interest Expense

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

H. Use of Estimates

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

(2) Cash and Interest-Bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2019, the City has cash and interest-bearing deposits (book balances) totaling \$9,546,860 as follows:

Cash and interest-bearing deposits	\$ 9,323,796
Certificates of deposit	<u>223,064</u>
Total	<u>\$ 9,546,860</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2019 totaling \$10,245,515 are secured as follows:

Federal deposit insurance	\$ 1,639,450
Uninsured and collateralized with securities	<u>8,606,065</u>
Total federal deposit insurance and pledged securities	<u>\$10,245,515</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, 2019, deposits in the amount of \$8,606,065 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, 2019, the City had the following investments and maturities (in years):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>
LAMP	\$ 517,454	\$ 517,454
Mutual funds	<u>1,627,630</u>	<u>1,627,630</u>
Total	<u>\$ 2,145,084</u>	<u>\$ 2,145,084</u>

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

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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

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

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

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

- Credit risk: LAMP is rated AAAm by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 60 days as of December 31, 2019.
- 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, 2019, the fair value of the City's investments increased \$124,212. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Fair Value Measurements

To the extent available, the City's investments are recorded at fair value as of December 31, 2019. GASB Statement No. 72, *Fair Value Measurements and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

(4) Restricted Assets

Certain proceeds of the City's utility revenue bonds, as well as resources set aside for their repayment, are classified as restricted on the balance sheet because their use is limited by applicable bond covenants. Restricted assets consisted of the following at December 31, 2019:

	<u>Business-Type Activities</u>		
	Cash and		
	Interest-Bearing		
	<u>Deposits</u>	<u>Investments</u>	<u>Total</u>
Proprietary fund-			
Electric, Gas and Water			
Revenue bond sinking	\$ 369,079	\$ -	\$ 369,079
Revenue bond reserve	108,773	-	108,773
Capital additions and contingencies	698,278	267,138	965,416
Sanitation and Sewer			
Revenue bond sinking	230,905	-	230,905
Revenue bond reserve	644,804	-	644,804
Revenue bond construction	462,834	-	462,834
	<u>\$ 2,514,673</u>	<u>\$ 267,138</u>	<u>\$ 2,781,811</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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

(5) Receivables and Due from other Governmental Units

At December 31, 2019, the City has receivables and amounts due from other governmental units totaling \$5,284,328 as follows:

Receivable Class	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Taxes:				
Ad valorem	\$ 183,090	\$ -	\$ -	\$ 183,090
Sales and use	927,276	-	-	927,276
Intergovernmental:				
Federal	77,302	6,485	-	83,787
State	8,264	-	-	8,264
St. Mary Parish	43,484			43,484
City Court of Morgan City	10,922	-		10,922
Other governments	32,909	-		32,909
Accounts	274,890	3,229,297	-	3,504,187
Other	13,066	-	477,343	490,409
	<u>\$ 1,571,203</u>	<u>\$ 3,235,782</u>	<u>\$ 477,343</u>	<u>\$ 5,284,328</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, 2019, taxes of 17.72 mills were levied on property with assessed valuations totaling \$139,361,064 and were dedicated as follows:

Purpose	Mill
General government	14.75
Auditorium maintenance	2.00
Auditorium bond	0.97

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The Auditorium Maintenance Tax is dedicated to paying the maintenance and other such expenses of the Morgan City Municipal Auditorium. 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 2019 were \$2,469,480.

(6) Interfund Receivables/Payables

Interfund receivables/payables at December 31, 2019 are as follows:

	Payable Fund					
	Governmental Activities		Business-Type Activities			
Receivable Fund	General	Nonmajor Governmental	Electric, Gas and Water	Sanitation and Sewer	Internal Service	Total
Governmental Activities:						
General	\$ -	\$ 854,698	\$ -	\$ 201	\$ 24,569	\$ 879,468
Nonmajor Governmental	498,622	537,516	5,620	-	-	1,041,758
Business-type Activities:						
Electric, Gas and Water	311,789	416,735	-	-	-	728,524
Sanitation and Sewer	-	115,671	-	-	-	115,671
Internal Service	-	2,030	-	-	-	2,030
Total	\$ 810,411	\$ 1,926,650	\$ 5,620	\$ 201	\$ 24,569	\$ 2,767,451

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	-	3,691,151	3,691,151
Total	<u>\$ 250,000</u>	<u>\$ 3,691,151</u>	<u>\$ 3,941,151</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(7) Capital Assets

Capital asset activity for the governmental activities for the year ended December 31, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 1,810,835	\$ -	\$ -	\$ 1,810,835
Construction in progress	264,364	711,681	(264,364)	711,681
Total capital assets not being depreciated	<u>2,075,199</u>	<u>711,681</u>	<u>(264,364)</u>	<u>2,522,516</u>
Capital assets, being depreciated				
Buildings	12,425,481	453,833	(16,366)	12,862,948
Improvements other than buildings	17,483,580	56,685	-	17,540,265
Infrastructure	100,428,040	239,888	-	100,667,928
Equipment	6,706,079	631,402	(144,826)	7,192,655
Total capital assets being depreciated	<u>137,043,180</u>	<u>1,381,808</u>	<u>(161,192)</u>	<u>138,263,796</u>
Less: accumulated depreciation for:				
Buildings	(6,594,183)	(280,097)	16,366	(6,857,914)
Improvements other than buildings	(9,178,979)	(597,878)	-	(9,776,857)
Infrastructure	(46,370,278)	(1,555,777)	-	(47,926,055)
Equipment	(5,221,493)	(414,396)	142,630	(5,493,259)
Total accumulated depreciation	<u>(67,364,933)</u>	<u>(2,848,148)</u>	<u>158,996</u>	<u>(70,054,085)</u>
Total capital assets, being depreciated, net	<u>69,678,247</u>	<u>(1,466,340)</u>	<u>(2,196)</u>	<u>68,209,711</u>
Governmental Activities Capital Assets, net	<u>\$ 71,753,446</u>	<u>\$ (754,659)</u>	<u>\$ (266,560)</u>	<u>\$ 70,732,227</u>

Construction Commitments

As of December 31, 2019, the City had uncompleted construction contracts. The remaining commitment on these construction contracts is \$44,493.

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, 2019 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	3,473,992	1,157,002	(115,083)	4,515,911
Total capital assets not being depreciated	<u>3,485,282</u>	<u>1,157,002</u>	<u>(115,083)</u>	<u>4,527,201</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	13,576	-	8,867,130
Water treatment and distribution	16,695,592	42,817	-	16,738,409
Wastewater collection and treatment	17,961,144	253,285	-	18,214,429
Sanitation	3,440,256	-	-	3,440,256
Other equipment and furniture	2,993,019	14,645	(5,500)	3,002,164
Total capital assets being depreciated	<u>84,860,726</u>	<u>324,323</u>	<u>(5,500)</u>	<u>85,179,549</u>
Less accumulated depreciation for:				
Buildings	(96,721)	(2,542)	-	(99,263)
Infrastructure and related equipment				
Electric power generation and transmission	(27,434,110)	(484,299)	-	(27,918,409)
Gas distribution	(8,470,422)	(52,853)	-	(8,523,275)
Water treatment and distribution	(11,208,560)	(349,954)	-	(11,558,514)
Wastewater collection and treatment	(13,071,979)	(406,336)	-	(13,478,315)
Sanitation	(1,917,484)	(40,138)	-	(1,957,622)
Other equipment and furniture	(2,515,149)	(112,031)	5,500	(2,621,680)
Total accumulated depreciation	<u>(64,714,425)</u>	<u>(1,448,153)</u>	<u>5,500</u>	<u>(66,157,078)</u>
Total capital assets, being depreciated, net	<u>20,146,301</u>	<u>(1,123,830)</u>	<u>-</u>	<u>19,022,471</u>
Business-Type Activities Capital Assets, net	<u>\$23,631,583</u>	<u>\$ 33,172</u>	<u>\$ (115,083)</u>	<u>\$ 23,549,672</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Depreciation was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 176,604
Culture and recreation	620,030
Public Safety	289,337
Public Works	212,213
Infrastructure	<u>1,549,964</u>
Total depreciation expense - governmental activities	<u>\$2,848,148</u>
Business-Type Activities:	
Electric, gas and water	\$ 999,978
Sanitation and sewer	446,474
Central garage	<u>1,701</u>
Total depreciation expense - business-type activities	<u>\$1,448,153</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 following is a summary of short term debt activity for the year ended December 31, 2019:

	<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	<u>\$ 600,000</u>	<u>\$ 500,000</u>	<u>\$ (600,000)</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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

During year ended December 31, 2019, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 617,372	\$ 19,644	\$ -	\$ 637,016	\$ -
Property tax refunding bonds, series 2013	253,000	-	(124,000)	129,000	129,000
Sales tax bonds, series 2012	1,770,000	-	(420,000)	1,350,000	435,000
Government obligation contract	-	350,000	-	350,000	30,382
	<u>\$ 2,640,372</u>	<u>\$ 369,644</u>	<u>\$ (544,000)</u>	<u>\$ 2,466,016</u>	<u>\$ 594,382</u>
Business-Type Activities:					
Compensated absences	\$ 322,166	\$ 29,982	\$ -	\$ 352,148	\$ 42,447
Water revenue bonds	1,190,000	-	(80,000)	1,110,000	85,000
Sewer revenue bonds	3,285,797	11,334	(240,000)	3,057,131	245,000
Utility revenue refunding bonds	2,205,000	-	(530,000)	1,675,000	545,000
Excess Revenue Note	1,470,667	-	(48,553)	1,422,114	50,575
	<u>\$ 8,473,630</u>	<u>\$ 41,316</u>	<u>\$ (898,553)</u>	<u>\$ 7,616,393</u>	<u>\$ 968,022</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. The City also entered into a government obligation contract to purchase a fire truck. Bonds and government obligation contracts outstanding at December 31, 2019 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.	\$ 129,000
\$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.	1,350,000
\$350,000 Government Obligation Contract due in installments of \$30,382 to \$40,657 through June 1, 2029; interest at 3.519%; secured by a lien on equipment.	<u>350,000</u>
Total	<u>\$ 1,829,000</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.

\$ 1,675,000

Excess Revenue Bonds:

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

\$ 1,422,114

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.

\$ 1,110,000

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. \$ 781,000

\$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. 2,276,131

Total sewer revenue bonds: \$ 3,057,131

The annual requirements to amortize all bonded debt and government obligation contracts outstanding as of December 31, 2019, are as follows:

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Year Ending December 31,	Sales Tax Bonds Series 2012		Property Tax Refunding Bonds Series 2013		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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>\$ 1,350,000</u>	<u>\$ 43,979</u>	<u>\$ 129,000</u>	<u>\$ 1,219</u>	<u>\$ 1,479,000</u>	<u>\$ 45,198</u>

Year Ending December 31,	Gorvenment Obligation Contract	
	Principal	Interest
2020	30,382	11,716
2021	30,770	11,328
2022	31,861	10,238
2023	32,990	9,108
2024	34,159	7,939
2025-2029	189,838	20,654
	<u>\$ 350,000</u>	<u>\$ 70,983</u>

Year Ending December 31,	Series 2009A		Series 2010		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	60,000	23,040	185,000	10,242	245,000	33,282
2021	60,000	21,270	187,000	9,410	247,000	30,680
2022	65,000	19,500	189,000	8,568	254,000	28,068
2023	65,000	17,582	191,000	7,718	256,000	25,300
2024	70,000	15,664	192,000	6,858	262,000	22,522
2025-2029	376,000	46,670	990,000	21,152	1,366,000	67,822
2030-2031	85,000	2,506	342,131	2,162	427,131	4,668
	<u>\$ 781,000</u>	<u>\$ 146,232</u>	<u>\$ 2,276,131</u>	<u>\$ 66,110</u>	<u>\$ 3,057,131</u>	<u>\$ 212,342</u>

Year Ending December 31,	Utility Revenue Refunding Bonds		Water Revenue Refunding Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	-	-	95,000	22,125	95,000	22,125
2025-2029	-	-	535,000	66,079	535,000	66,079
2030	-	-	120,000	3,540	120,000	3,540
	<u>\$ 1,675,000</u>	<u>\$ 61,088</u>	<u>\$ 1,110,000</u>	<u>\$ 207,237</u>	<u>\$ 2,785,000</u>	<u>\$ 268,325</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Year Ending December 31.	Excess Revenue Note Series 2018		Grand Total	
	Principal	Interest	Principal	Interest
2020	50,575	59,217	1,519,957	192,733
2021	52,681	57,110	1,430,451	164,575
2022	54,874	54,917	1,465,735	136,099
2023	57,159	52,632	441,149	111,968
2024	59,539	50,252	450,698	102,838
2025-2029	337,016	211,943	2,427,854	366,498
2030-2035	413,274	135,684	960,405	143,892
2035-2038	396,996	42,170	396,996	42,170
	<u>\$ 1,422,114</u>	<u>\$ 663,925</u>	<u>\$ 9,093,245</u>	<u>\$ 1,260,773</u>

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 \$5,842,131 at December 31, 2019. The sewer revenue bonds were issued in December 2009 and August 2010; water revenue bonds, December 2009; and utility revenue bonds, June 2013. Proceeds from the bonds provided financing for improvements to the City's sewerage collection and treatment facility, water treatment facility, and certain electrical upgrades. The principal and interest on the bonds are payable solely from the net revenues of the City's utility systems. Payments on the revenue bonds continue through the year 2031. Annual payments of principal and interest are expected to require approximately 15% of net revenues. Principal and interest paid for the current year and total net revenues were \$960,763 and \$5,035,746 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, 2019.

(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 ½ 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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

may be used for the making of extensions, additions, improvements, renewals and replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a

maintenance and operation expense. However, a balance of \$250,000 must be maintained for the making of emergency repairs or replacements.

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

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

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

A. Proceeds of a 1% sales and use tax levied by the City in 1966 (2019 collections \$1,698,126; 2018 collections \$1,671,494; 2017 collections \$1,574,806) 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 (2019 collections \$1,513,585; 2018 collections \$1,484,257; 2017 collections \$1,405,215) 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 (2019 collections \$721,895; 2018 collections \$751,357; 2017 collections \$695,675) 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 (2019 collections \$504,404; 2018 collections \$494,631; 2017 collections \$468,290) are accounted for in the General Fund and are dedicated to the following purposes:

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

E. Proceeds of a 3/10% sales and use tax levied by the City 2011 (2019 collections \$721,704; 2018 collections \$751,537; 2017 collections \$695,384) are accounted for in the Road and Royalty Fund and are dedicated to the following purposes:

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

(12) Retirement Commitments

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

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

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

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

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

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

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

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

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. An additional regular retirement benefit can be received for any city marshal or deputy city marshal.

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

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

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

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

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

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

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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

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

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

Employer Contributions: Contributions for all members are established by statute. Member contributions are at 9.50% of earnable compensation for Plan A. The contributions are deducted from the member's salary and remitted by the participating municipality.

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2019, the actual employer contribution rate was 26.00% for Plan A.

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At December 31, 2019, the City reported liabilities in its government-wide financial statements of \$5,418,003 and \$4,615,335 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, 2019 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, 2019, the City's proportional share of MERS was 2.401089%, which was an increase of 0.016735% from its proportion measured as of June 30, 2018.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

For the year ended December 31, 2019, the City recognized pension expense of \$980,080 and \$834,883 in its governmental activities and business-type activities, respectively, related to its participation in MERS.

At December 31, 2019, 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 Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 132,194	\$ -	\$ 112,610
Changes in Assumption	136,919	-	116,635	-
Net difference between projected and actual earnings on pension plan investments	537,350	-	457,742	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	21,259	64,257	18,110	55,136
Employer contributions subsequent to the measurement date	355,573	-	302,896	-
	<u>\$ 1,051,101</u>	<u>\$ 196,451</u>	<u>\$ 895,383</u>	<u>\$ 167,746</u>

The \$658,469 reported as deferred outflows of resources related to pensions resulting from City contributions to MERS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
2020	\$ 252,735	\$ 215,292	\$ 468,027
2022	132,396	112,782	245,178
2023	68,622	58,455	127,077
2024	45,324	38,212	83,536
	<u>\$ 499,077</u>	<u>\$ 424,741</u>	<u>\$ 923,818</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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

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

The actuarial assumptions used in the June 30, 2019 valuation was based on the results of an experience study, for the period July 1, 2013 through June 30, 2018.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 are as follows:

	Municipal Employees' Retirement System (MERS) Plan A
Valuation Date	June 30, 2019
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years
Investment rate of return	7.0%, net of pension plan investment expense, including inflation
Inflation rate	2.5%
Projected salary increases, including inflation and merit increases:	
-1 to 4 years of service	6.4%
-More than 4 years of service	4.5%
Annuity and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The investment rate of return was 7.0%, which was a .275 decrease from the rate used as of June 30, 2018. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

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

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	50%	2.15%
Public fixed income	35%	1.51%
Alternatives	15%	0.64%
Totals	100%	4.30%
Inflation		2.70%
Expected Arithmetic Nominal Return		7.00%

The discount rate used to measure the total pension liability was 7.00%, which was a .275% decrease from the rate used as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers 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 7.00%, 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, 2019:

Changes in Discount Rate:			
MERS - Plan A			
	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$ 13,081,678	\$ 10,033,338	\$ 7,456,062

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, 2019, the City recognized revenue as a result of support received from the non-employer contributing entities of \$154,080 for its participation in MERS.

Payables to the Pension Plan: The City recorded accrued liabilities to MERS for the year ended December 31, 2019 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, 2019 is \$127,187.

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

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

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

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

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

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

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

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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

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

Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are 3% (generally) and 2.50%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

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

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

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

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

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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.

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, 2019, the employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 32.25% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 32.25% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than poverty guidelines issued by the United States Department of Health and Human Services were 34.75% 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, 2019, and excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At December 31, 2019, The City reported liabilities in its government-wide financial statements of \$4,721,336 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, 2019 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, 2019, the City's proportional share of MPERS was 0.519875%, which was a decrease of 0.048595% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the City recognized pension expense of \$763,325 in its governmental activities related to its participation in MPERS.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to MPERS from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 9,906	\$ 145,254
Changes in Assumption	264,575	-
Net difference between projected and actual earnings on pension plan investments	306,737	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	381,225
Employer contributions subsequent to the measurement date	273,194	-
	<u>\$ 854,412</u>	<u>\$ 526,479</u>

The \$273,194 reported as deferred outflows of resources related to pensions resulting from City contributions to MPERS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	
2020	\$ 87,054
2021	(128,064)
2022	19,167
2023	<u>76,582</u>
	<u>\$ 54,739</u>

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the assumptions used in the June 30, 2019 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 the estimates of future experience.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 are as follows:

	Municipal Police Employees' Retirement System (MPERS)	
Valuation Date	June 30, 2019	
Actuarial cost method	Entry Age Normal	
Actuarial cost assumptions:		
Expected emaining service lives	4 years	
Investment rate of return	7.125%, net of investment expense	
Inflation rate	2.50%	
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 by 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 investment rate of return was 7.125%, which was a .075% decrease from the rate used as of June 30, 2018.

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

period equivalent 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 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	48.50%	3.28%
Fixed Income	33.50%	0.80%
Alternative	18.00%	1.06%
Other	<u>0.00%</u>	<u>0.00%</u>
Totals	<u>100%</u>	5.14%
Inflation		<u>2.75%</u>
Expected Nominal Return		<u>7.89%</u>

The discount rate used to measure the total pension liability was 7.125%, which was a .075% decrease from the rate used as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers 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 7.125%, 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 6.125% or one percentage point higher 8.125% than the current rate:

Changes in Discount Rate:			
MPERS			
	1% Decrease 6.125%	Current Discount Rate 7.125%	1% Increase 8.125%
Net Pension Liability	<u>\$ 6,578,376</u>	<u>\$ 4,721,336</u>	<u>\$ 3,163,464</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, 2019, the City recognized revenue as a result of support received from the non-employer contributing entities of \$107,028 for its participation in MPERS.

Payables to the Pension Plan: The City recorded accrued liabilities to MPERS for the year ended December 31, 2019 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, 2019 is \$58,379.

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

C. Firefighters' Retirement System (FFRS)

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

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

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

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

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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

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

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

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

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

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

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

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

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

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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

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

Employer Contributions: Employer contributions are actuarially determined each year. For the year ended June 30, 2019, 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, 2019 and were excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At December 31, 2019, The City reported liabilities in its government-wide financial statements of \$3,198,678 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, 2019 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, 2019, the City's proportional share of the System was 0.510815%, which was a decrease of 0.022118% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2019, the City recognized pension expense of \$540,762 in its governmental activities related to its participation in the System.

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the Firefighters' Retirement System from the following sources:

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 230,734
Changes in Assumption	291,002	233
Net difference between projected and actual earnings on pension plan investments	215,102	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	45,835	577,859
Employer contributions subsequent to the measurement date	171,074	-
	<u>\$ 723,013</u>	<u>\$ 808,826</u>

The \$171,074 reported as deferred outflows of resources related to pensions resulting from City contributions to the System subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	
2020	\$ 36,241
2021	(125,550)
2022	(39,387)
2023	(32,455)
2024	(89,654)
2025	(6,082)
	<u>\$ (256,887)</u>

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

In February of 2017, the Board of Trustees adopted a recommendation to reduce the long-term rate of return assumption. The recommendation was formed after an analysis of the System's portfolio along with expected long-term rates of return, standard deviations of return, and correlations between asset classes collected from a number of investment consulting firms in addition to the

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

System's investment consultants, New England Pension Consultants. Based on this analysis and after discussions with the Board, a plan was approved to reduce the 7.50% valuation interest rate in effect for the fiscal year 2016 actuarial valuation to 7.00% over the coming five actuarial valuations with reductions of 0.10% each year.

The fiscal year 2019 actuarial valuation was scheduled to be run at a 7.20% valuation interest rate. However, prior to the completion of this valuation, a review of the valuation interest rate for fiscal year 2019 was performed based upon an update to the G. S. Curran & Company Consultant Average Capital Market Assumptions for 2019 and an update to the actuary's reasonable range for the assumed rate of return. To determine the reasonable range, the actuary computed an expected long-term portfolio return and standard deviation based upon the system's target asset allocation and a thirty-year time horizon. Based upon the results of this study, ten thousand stochastic trials were run to determine a reasonable range around the plan's expected long-term portfolio rate of return. The review found that the scheduled rate of 7.20% was no longer inside the reasonable range. Therefore, the assumed rate of return for the fiscal year 2019 valuation was further reduced to 7.15%, which was found to lie within the actuary's reasonable range.

The System's reductions in the valuation interest have been in part based upon a reduction in the expected long-term inflation rate. Therefore, the assumed long-term inflation rate has also been reduced over the same period. For fiscal year 2019, an assumed rate of inflation of 2.50% was implicit in the assumed rate of return. After reviewing the cumulative reductions in the valuation interest rate over the past three years (i.e. 0.35%) and considering the recommendation that the fiscal year 2019 actuarial valuation be run at a valuation interest rate lower than the Board's original reduction schedule, a decision was made to perform an interim review of the plan's salary scale assumption. Based upon this review, it was determined that it would be appropriate to reduce the plan's salary scale by 0.25% at each duration until a complete review is performed in the System's next experience study scheduled for the upcoming fiscal year. The remaining actuarial assumptions utilized for this report are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014, unless otherwise specified in this report. Additional details are given in the actuary's complete Experience Report for fiscal years 2010 through 2014.

Actuarial Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 are as follows:

	Firefighters' Retirement System
Valuation Date	June 30, 2019
Actuarial cost method	Entry Age Normal
Actuarial cost assumptions:	
Expected remaining service lives	7 years
Investment rate of return	7.15% per annum (net of fees)
Inflation rate	2.500% per annum
Projected salary increases	Vary from 14.75% in the first two years of service to 4.50% with 25 or more year of service; includes inflation and merit increases
Cost of Living Adjustments (COLAs)	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The investment rate of return was 7.15%, which was a .15% decrease from the rate used as of June 30, 2018.

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 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 7.94% as of June 30, 2019. Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rates of Return
Equity:		
U.S. Equity	21.50%	5.98%
Non-U.S. Equity	17.50%	7.52%
Global Equity	10.00%	6.59%
Fixed Income	31.00%	2.17%
Alternatives:		
Real Estate	6.00%	4.14%
Private Equity	4.00%	10.52%
Multi-Asset Strategies:		
Global Tactical Asset Allocation	5.00%	4.37%
Risk Parity	<u>5.00%</u>	4.67%
	<u>100.00%</u>	

The discount rate used to measure the total pension liability was 7.15%, which was a .15% decrease from the rate used as of June 30, 2018. 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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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 7.15%, 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 6.15% or one percentage point higher 8.15% than the current rate as of June 30, 2019.

	Changes in Discount Rate: Firefighters' Retirement System		
	Current		
	1%	Discount	1%
	Decrease	Rate	Increase
	6.15%	7.15%	8.15%
Net Pension Liability	<u>\$ 4,631,902</u>	<u>\$ 3,198,678</u>	<u>\$ 1,995,738</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, 2019, the City recognized revenue as a result of support received from the non-employer contributing entities of \$136,937 for its participation in FFRS.

Payables to the Pension Plan: The City recorded accrued liabilities to the System for the year ended December 31, 2019 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, 2019 is \$29,117.

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.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Retirement: The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Our rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service, at age 55 upon completing 25 years of creditable service, and at age 60 upon completing 10 years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% 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, 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.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification.

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

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

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

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

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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

Members of the Harbor Police Retirement System who become disabled may receive a non-line of duty disability benefit after five years or more of credited service. Members age 55 or older may receive a disability benefit equivalent to the regular retirement benefit. Under age 55, the disability benefit is equal to 40% of final average compensation. Line of duty disability benefits are equal to 60% of final average compensation, regardless of years of credited service or 100% of final average compensation if the injury was an intentional act of violence. If the disability benefit retiree is permanently confined to a wheelchair, or, is an amputee incapable of serving as a law enforcement officer, or the benefit is permanently legally binding, there is no reduction to the benefit if the retiree becomes gainfully employed.

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

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

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

Non-line of duty survivor benefits of the Harbor Police Retirement System may be received after a minimum of five years of credited service. Survivor benefits paid to a surviving spouse without children are equal to 40% of final average compensation and cease upon remarriage. Surviving spouse with children under 18 benefits are equal to 60% of final average compensation, and cease upon remarriage, and children turning 18. No minimum service credit is required for line of duty survivor benefits which are equal to 60% of final average compensation to surviving spouse, 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,

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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, 2019 for the various plans are as follows:

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	31.4%
Bridge Police	Closed	36.7%
Bridge Police hired on or after 7/01/06	Closed	36.7%
Corrections Primary	Closed	33.5%
Corrections Secondary	Closed	37.7%
Harbor Police	Closed	7.1%
Hazardous Duty	Open	38.5%
Judges hired before 1/1/2011	Closed	40.1%
Judges hired after 12/31/2010	Closed	39.0%
Judges hired on or after 7/1/15	Open	39.0%
Legislators	Closed	41.6%
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	43.6%
Wildlife Agents	Closed	46.3%
Aggregate Rate		37.9%

The agency's contractually required composite contribution rate for the year ended December 31, 2019 was 40.1% 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 \$14,850 for the year ended December 31, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2019, the City reported a liability of \$136,567 for its proportionate share of the LASERS net pension liability. The net pension liability

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

was measured as of June 30, 2019 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, 2019, the City's proportion was 0.001890%, which was a decrease of 0.000080% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the City recognized pension expense of \$13,358 in its governmental activities related to its participation in LASERS.

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to LASERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual expenses	\$ 839	\$ 284
Change of assumptions	1,170	-
Net differences between projected and actual earnings on pension plan investments	4,718	-
Change in proportion and differences between employer contributions and proportionate share of contributions	-	4,601
Employer contributions subsequent to the measurement date	7,632	-
Total	<u>\$ 14,359</u>	<u>\$ 4,885</u>

Deferred outflows of resources of \$7,632 related to pensions resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	
2020	\$ 149
2021	(1,373)
2022	1,298
2023	1,768
	<u>\$ 1,842</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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the Schedule of Pension Amounts by Employer due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

Actuarial Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 are as follows:

LASERS Retirement System			
Valuation Date	June 30, 2019		
Actuarial Cost Method	Entry Age Normal		
Expected Remaining Service Lives	2 years		
Investment Rate of Return	7.60% per annum, net of investment expense		
Inflation Rate	2.5% per annum		
Mortality Rates	Non-disabled members - Mortality rates for 2019 were based on the RP-2014 Health Mortality Table with mortality improvement projected using the MP-2018 Mortality Improvement Scale, applied on a fully generational basis. Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.		
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five year (2014-2018) experience study of the System's members for 2019.		
Salary Increases	Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increase ranges for specific types of members are:		
	Member Type	Lower Range	Upper Range
	Regular	3.2%	13.0%
	Judges	2.8%	5.3%
	Corrections	3.5%	14.0%
	Hazardous Duty	3.8%	14.0%
	Wildlife	3.8%	14.0%
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 7.60%, which was a .05% decrease from the rate used as of June 30, 2018. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.75% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 9.00% for 2019. 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, 2019 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Cash	0.24%
Domestic equity	4.83%
International equity	5.83%
Domestic fixed income	2.79%
International fixed income	4.49%
Alternative investments	8.32%
Risk Parity	5.06%
Total Fund	6.09%

The discount rate used to measure the total pension liability was 7.60%, which was a .05% decrease from the discount rate used as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Employer's proportionate share of the Net Pension Liability calculated using the discount rate of 7.60%, 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 (6.60%) or one percentage-point higher (8.60%) than the current rate:

	Changes in Discount Rate: LASERS Retirement System		
	1.00% Decrease 6.60%	Current Discount Rate 7.60%	1.00% Increase 8.60%
Net Pension Liability	\$ 172,364	\$ 136,567	\$ 106,329

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, 2019 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, 2019 is \$1,272.

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2019 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.la.gov.

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

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

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

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

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

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

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

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

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

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

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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

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

Disability Benefits: For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to 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, 2018, the actuarially determined contribution rate was 9.99% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2018 was 11.5% for Plan A. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

Non-employer Contributions: According to state statute, the System also receives 1/4 of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. During the year ended December 31, 2019, the City recognized revenue as a result of

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

support received from non-employer contributing entities of \$3,836 for its participation in the System.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At December 31, 2019, the City reported liabilities of \$222,826 for its proportionate share of the net pension liabilities of PERS, which was reported in the governmental activities. The net pension liability was measured as of December 31, 2018 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2018, the City's proportional share of PERS was 0.050204%, which was an increase of 0.003328% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$88,326 in its activities.

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 13,575
Changes in Assumption	55,713	-
Net difference between projected and actual earnings on pension plan investments	106,666	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,992	3
Employer contributions subsequent to the measurement date	37,518	-
	<u>\$ 201,889</u>	<u>\$ 13,578</u>

The \$37,518 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

<u>Year</u>	
2020	\$ 51,521
2021	28,838
2022	23,318
2023	<u>47,116</u>
	<u>\$ 150,793</u>

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

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2018 are as follows:

	<u>Parochial Employees' Retirement System of Louisiana Plan A</u>
Valuation Date	December 31, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.50%, net of investment expense, including inflation
Projected Salary Increases	4.75%
Expected Remaining Service Lives	4 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.
Inflation Rate	2.40%

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The discount rate used to measure the total pension liability was 6.50% for Plan A, which was a .25% decrease from the rate used as of December 31, 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 and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, PERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The investment rate of return was 6.50% for Plan A, which was a .25% decrease from the rate used as of December 31, 2017. The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.43% for the year ended December 31, 2018.

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of December 31, 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>
Fixed Income	35%	1.22%
Equity	52%	3.45%
Alternative	11%	0.65%
Real Assets	<u>2%</u>	<u>0.11%</u>
Totals	<u>100%</u>	5.43%
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Return		<u>7.43%</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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

Sensitivity to Change in Discount Rate: The following presents the net pension asset of the participating employers calculated using the discount rate of 6.50%, as well as what the employers' net pension asset would be if it were calculated using a discount rate that is one percentage point lower 5.50% or one percentage point higher 7.50% than the current rate.

Changes in Discount Rate:			
PERS - Plan A			
	1%	Current	1%
	Decrease	Discount	Increase
	5.50%	Rate	7.50%
		6.50%	
Net Pension Liability (Asset)	\$ 473,217	\$ 222,826	\$ 13,516

Payables to the Pension Plan: The City recorded accrued liabilities to PERS for the year ended December 31, 2019 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, 2019 is \$9,697.

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

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Employer's Proportionate Share of Net Pension Liability:

	Governmental Activities	Business-Type Activities	Total
MERS	\$ 5,418,003	\$ 4,615,335	\$ 10,033,338
MPERS	4,721,336	-	4,721,336
FFRS	3,198,678	-	3,198,678
LASERS	136,567	-	136,567
PERS	222,826	-	222,826
Total	<u>\$ 13,697,410</u>	<u>\$ 4,615,335</u>	<u>\$ 18,312,745</u>

Deferred Outflows of Resources:

	Governmental Activities	Business-Type Activities	Total
MERS	\$ 1,051,101	\$ 895,383	\$ 1,946,484
MPERS	854,412	-	854,412
FFRS	723,013	-	723,013
LASERS	14,359	-	14,359
PERS	201,889	-	201,889
Total	<u>\$ 2,844,774</u>	<u>\$ 895,383</u>	<u>\$ 3,740,157</u>

Deferred Inflows of Resources:

	Governmental Activities	Business-Type Activities	Total
MERS	\$ 196,451	\$ 167,746	\$ 364,197
MPERS	526,479	-	526,479
FFRS	808,826	-	808,826
LASERS	4,885	-	4,885
PERS	13,578	-	13,578
Total	<u>\$ 1,550,219</u>	<u>\$ 167,746</u>	<u>\$ 1,717,965</u>

Pension Expense:

	Governmental Activities	Business-Type Activities	Total
MERS	\$ 980,080	\$ 834,883	\$ 1,814,963
MPERS	763,325	-	763,325
FFRS	540,762	-	540,762
LASERS	13,358	-	13,358
PERS	88,326	-	88,326
Total	<u>\$ 2,385,851</u>	<u>\$ 834,883</u>	<u>\$ 3,220,734</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

G. Morgan City Police Pension and Relief Fund

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

The City's contributions to the Morgan City Police Pension and Relief Fund for the years ended December 31, 2019, 2018, and 2017 were \$27,684, \$41,982, and \$41,982, respectively.

(13) Other Postemployment Benefits

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

Plan description

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

Life insurance coverage is available to retirees based on a blended rate (active and retired). The retiree pays 100% of the "cost" of the retiree life insurance, but it is based on this blended rate and 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

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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

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

Employees covered by benefit terms

At December 31, 2019, the following employees were covered by the benefit terms:

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

The City's total OPEB liability of \$8,264,314 was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2018.

Actuarial assumptions and other inputs

The total OPEB liability in the January 1, 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:	3.0% annually
Discount Rate:	4.1% annually (Beginning of Year to Determine ADC) 2.74% annually (As of End of Year to Measurement Date)
Health Care Cost Trend Rate	5.5% annually

The discount rate of 2.74% was based on the Bond Buyers' 20 year General Obligation Municipal Bond Index as of December 31, 2019, the measurement date at the end of the applicable measurement period and 4.1% as of December 31 2018, 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.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

The actuarial assumptions used in the January 1, 2018 valuation were based on the those used in the valuation and actuarial experience.

Changes in Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/2018	<u>\$ 6,007,715</u>
Charges for the year:	
Service Cost	92,445
Interest	242,768
Differences between expected and actual experience	294,105
Changes in Assumptions/Inputs	1,800,375
Benefit Payments	<u>(173,094)</u>
Net Changes	<u>2,256,599</u>
Balance at 12/31/2019	<u>\$ 8,264,314</u>

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.74 percent) or 1-percentage-point higher (3.74 percent) than the current discount rate:

	1% Decrease 1.74	Discount Rate 2.74	1% Increase 3.74
Total OPEB Liability	<u>\$ 9,774,567</u>	<u>\$ 8,264,314</u>	<u>\$ 7,074,106</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>\$ 7,456,742</u>	<u>\$ 8,264,314</u>	<u>\$ 10,087,252</u>

For the year ended December 31, 2019, the City recognized an OPEB expense of \$447,068. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 269,596	\$ 77,457
Changes in assumptions or other inputs	1,650,344	612,076
Total	<u>\$ 1,919,940</u>	<u>\$ 689,533</u>

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:	
2020	\$ 111,855
2021	111,855
2022	111,855
2023	111,855
2024	111,855
Thereafter	<u>671,132</u>
	<u>\$ 1,230,407</u>

(14) Related Parties

The City pays the salaries and benefits for the employees of the City Court of Morgan City and Ward Six Marshal of the Parish of St. Mary. For the year ended December 31, 2019, 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	\$ 401,208
Ward Six Marshal of the Parish of St. Mary	<u>134,104</u>
Total	<u>\$ 535,312</u>

(15) 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.
- 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.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31, 2019 are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2020	41,900
2021	41,900
2022	41,900
2023	41,900
2024	40,700
	<u>\$ 208,300</u>

Expenditures related to the leases totaled \$41,900 for the year ended December 31, 2019.

(16) Net Position

Net position is presented as net investments in capital assets, restricted, and unrestricted on the City's government-wide and proprietary funds statement of net position. A component of the City's net position is significantly affected by transactions that resulted in the recognition of deferred outflow of resources and deferred inflow of resources, and the difference between the deferred outflow of resources and deferred inflow of resources and the balance of the related asset or liability is significant. As discussed in Notes 12 and 13, the City's recognition of net pension liability in accordance with GASBS No. 68 and OPEB obligations in accordance with GASBS No. 75 significantly affected the City's unrestricted portion of net position as of December 31, 2019.

(17) Fund Balance

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

	General	Other Governmental Funds	Total
Fund balances:			
Nonspendable -			
Permanent fund	\$ -	\$ 595,991	\$ 595,991
Inventory	56,713	-	56,713
Prepaid items	86,381	3,756	90,137
Interfund loans	-	250,000	250,000
Total fund balances - nonspendable	143,094	849,747	992,841
Restricted for -			
Debt service	-	495,516	495,516
Capital improvements	-	708,718	708,718
Special programs	-	2,103,024	2,103,024
Total fund balances - restricted	-	3,307,258	3,307,258
Unassigned (deficit)	1,468,496	(756,382)	712,114
Total fund balances	\$ 1,611,590	\$ 3,400,623	\$ 5,012,213

(18) Interfund Transfers

Interfund transfers for the year ended December 31, 2019 are as follows:

Receiving Fund	Transferring Fund				Total
	Governmental Activities		Business-Type Activities		
	General	Nonmajor	Electric, Gas	Sanitation	
		Governmental	and Water	and Sewer	
Governmental Activities:					
General	\$ -	\$ 2,500	\$ 3,400,002	\$ 450,000	\$ 3,852,502
Nonmajor governmental	674,500	847,888	120,000	-	1,642,388
Business-type Activities:					-
Sanitation and Sewer	-	1,324,635	-	-	1,324,635
	\$ 674,500	\$ 2,175,023	\$ 3,520,002	\$ 450,000	\$ 6,819,525

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

(19) 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, 2019, there was a balance in this fund which amounted to \$89,969, detailed as follows:

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Cemetery	1,643
Bike Path Grant	2,000
General Administration	(899)
Mosquito Control	47
Morgan City Municipal Auditorium	44,951
Beautification	7,267
Morgan City Police Department	31,446
Library	(1,519)
Feral Cat Project	5,033
	<u>\$ 89,969</u>

(20) Natural Gas Purchases

The City purchased natural gas for resale from Texas Gas Transmission, LLC during 2019 in the amount of \$551,028 pursuant to a natural gas sales and purchase contract.

(21) Louisiana Energy and Power Authority

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

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

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

- A. The power supply agreement requires the City to purchase all electric power and energy from LEPA. Each month the City is billed a demand charge for billing demand and an energy charge for all energy used. For the fiscal year ended December 31, 2019, the City's demand and energy charges were \$3,092,795 and \$5,440,874 respectively. These costs are included in operating expenses – fuel costs in the Statement of Revenue, Expenses, and Changes in Fund Net Position – Proprietary Funds.
- B. The agreement for the purchase of Rodemacher Unit No. 2 dependable capacity requires the City to sell to LEPA the output from its entitlement share of project capability, as required to be purchased under the power sales contract dated October 1, 1982. During the year ended

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

December 31, 2019, the City's entitlement share of power (capital) costs and energy (fuel) costs which was sold to LEPA was \$2,362,622 and \$(53,572), 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, 2019, the City's entitlement share of power (capital) costs and energy (fuel) costs (proceeds) which was sold through MISO Energy Market was \$1,935,184 and \$(230,455), respectively.

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

(22) Contingencies

Pending Litigation

There are several lawsuits presently pending against the City as of December 31, 2019. 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, 2019. 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. For the fiscal year ended December 31, 2019, the City received \$422,486 of insurance recoveries for claims in excess of coverage and other rebates.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

All funds of the City participate in the program and make payments to the Self Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses. However, at December 31, 2019, the fund reported a deficit of \$76,621. The claims liability of \$267,316 reported in the fund at December 31, 2019 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, 2019, \$219,284 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
2019	321,621	2,080,319	(2,134,624)	267,316
2018	313,170	2,037,331	(2,028,880)	321,621

Environmental Compliance

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

(23) Fund Deficits

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

Special Revenue Funds:	
Cemetery	\$ 14,915
Emergency Management	524,232
Capital Project:	
Louisiana Capital Outlay	227,288
Internal Service:	
Central Garage	32,972
Self Insurance	76,621

The deficits in the Cemetery fund and the Emergency Management 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.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

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.

(24) Segment Information

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

Segment information for the year ended December 31, 2019 was as follows:

	Electric Department	Gas Department	Water Department	Mosquito Department	Sewer Department	Sanitation Department	Total Enterprise Funds
Operating revenues:	\$ 17,008,662	\$ 1,704,314	\$ 2,079,217	\$ 144,682	\$ 1,866,271	\$ 1,133,210	\$ 23,936,356
Operating expenses:							
Depreciation	547,649	61,508	386,781	4,040	406,336	40,138	1,446,452
Other	12,921,159	1,069,819	1,883,124	132,482	1,448,710	1,419,289	18,874,583
Total operating expenses	13,468,808	1,131,327	2,269,905	136,522	1,855,046	1,459,427	20,321,035
Operating income (loss)	3,539,854	572,987	(190,688)	8,160	11,225	(326,217)	3,615,321
Nonoperating expenses, net	(111,080)	(10,971)	(13,714)	(1,371)	(21,843)	(13,388)	(172,367)
Transfers, net	(2,851,202)	(281,600)	(352,000)	(35,200)	542,274	332,361	(2,645,367)
Change in net position	577,572	280,416	(556,402)	(28,411)	531,656	(7,244)	797,587
Net position, beginning	7,075,880	698,852	873,566	87,357	4,409,309	2,702,479	15,847,443
Net position, ending	\$ 7,653,452	\$ 979,268	\$ 317,164	\$ 58,946	\$ 4,940,965	\$ 2,695,235	\$ 16,645,030

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

(25) Summary of Federal Grant Funding

The City recognized revenue and loan drawdowns related to federal grants during the year ended December 31, 2019 as follows:

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

Funding Source	Award Number	Revenues/Loan Drawdowns
U.S. Environmental Protection Agency:		
Passed through Louisiana Department of Environmental Quality:		
Capitalization Grants for Clean Water State Revolving Funds	CS# 221365	\$ 11,334
U.S. Department of Homeland Security		
Passed through Louisiana Office of Homeland Security		
Disaster Grants - Public Assistance - Presidentially Declared Disasters	PA-4080	3,215
Total		<u>\$ 14,549</u>

(26) Compensation of City Officials

A detail of compensation paid to the Mayor and City Council for the year ended December 31, 2019 follows:

Mayor:		
Frank P. Grizzaffi, III	\$	63,000
City Council:		
Ron Bias		9,600
Steve Domangue		9,600
Timmy T. Hymel		9,600
Mark Stephens		9,600
Louis J. Tamporello, Jr.		9,600
Total	<u>\$</u>	<u>111,000</u>

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to a political subdivision head. For the year ended December 31, 2019, payments made to Mayor Frank P. Grizzaffi, III requiring disclosure are as follows:

Salary	\$	63,000
Benefits - Insurance		10,097
Benefits - Retirement		16,839
Car and cell phone allowance		6,600
Total	<u>\$</u>	<u>96,536</u>

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

(27) 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, 2019, 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, 2019, \$55,207 in City ad valorem tax revenues were abated by the state of Louisiana through ITEP.

(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 No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The Statement postpones effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

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. GASBS No. 95 postponed this statement by 1 year. The City will include the requirements of this standard, as applicable, in its December 31, 2020 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. GASBS No. 95 postponed this statement by 1 year. The City will include the requirements of this standard, as applicable, in its December 31, 2020 financial statements. The effect of this standard or its applicability to the City are unknown at this time.

CITY OF MORGAN CITY, LOUISIANA

Notes to Basic Financial Statements (continued)

GASB Statement 87, *Leases*. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as in intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after December 15, 2019. GASBS No. 95 postponed this statement by 18 months. The City will include the requirements of this standard, as applicable, in its December 31, 2021 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 2020, with an interest rate of 5.5% payable through March 1, 2021. The City drew down on this note in the amount of \$25,000 on March 11, 2020. 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, 2019

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 4,811,412	\$ 5,016,191	\$ 4,965,286	\$ (50,905)
Licenses and permits	873,000	872,000	896,809	24,809
Intergovernmental	245,010	322,385	303,167	(19,218)
Charges for services	61,000	80,000	91,218	11,218
Fines and forfeits	140,000	133,804	126,603	(7,201)
Miscellaneous	262,650	650,897	674,380	23,483
Total revenues	<u>6,393,072</u>	<u>7,075,277</u>	<u>7,057,463</u>	<u>(17,814)</u>
Expenditures:				
General government:				
Administrative	2,208,375	2,398,121	2,343,550	54,571
Purchasing	204,446	207,141	203,787	3,354
Planning and zoning	355,495	359,865	344,033	15,832
Public safety:				
Police	3,413,360	3,564,516	3,642,466	(77,950)
Fire	2,279,552	2,246,210	2,216,460	29,750
Public works:				
Streets and drainage	1,131,398	1,055,208	1,067,813	(12,605)
Storm water	21,740	12,640	8,080	4,560
Cemetery	200,340	199,840	180,462	19,378
Culture and recreation	122,383	116,923	121,042	(4,119)
Capital outlay	-	41,013	70,044	(29,031)
Debt Service-				
Interest and fiscal charges	<u>30,000</u>	<u>30,000</u>	<u>14,731</u>	<u>15,269</u>
Total expenditures	<u>9,967,089</u>	<u>10,231,477</u>	<u>10,212,468</u>	<u>19,009</u>
Deficiency of revenues over expenditures	<u>(3,574,017)</u>	<u>(3,156,200)</u>	<u>(3,155,005)</u>	<u>1,195</u>
Other financing sources (uses):				
Transfers in	3,902,500	3,862,500	3,852,502	(9,998)
Transfers out	<u>(580,000)</u>	<u>(697,500)</u>	<u>(674,500)</u>	<u>23,000</u>
Total other financing sources	<u>3,322,500</u>	<u>3,165,000</u>	<u>3,178,002</u>	<u>13,002</u>
Net changes in fund balance	(251,517)	8,800	22,997	14,197
Fund balance, beginning	<u>1,588,593</u>	<u>1,588,593</u>	<u>1,588,593</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,337,076</u>	<u>\$ 1,597,393</u>	<u>\$ 1,611,590</u>	<u>\$ 14,197</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, 2019

Plan Year ended June 30,	Employer Proportion of the Net Pension Liability	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Employees' Retirement System					
2015	2.497060%	8,919,889	4,262,713	209.3%	66.18%
2016	2.452422%	10,051,767	4,089,843	245.8%	62.11%
2017	2.476861%	10,361,754	4,497,987	230.4%	62.49%
2018	2.384354%	9,872,842	4,353,148	226.8%	63.94%
2019	2.401089%	10,033,338	4,444,877	225.7%	64.68%
Municipal Police Employees' Retirement System					
2015	0.543149%	4,255,005	1,442,996	294.9%	70.73%
2016	0.606690%	5,686,395	1,691,539	336.2%	66.04%
2017	0.578721%	5,052,479	1,723,730	293.1%	66.04%
2018	0.568470%	4,805,880	1,672,737	287.3%	71.89%
2019	0.519875%	4,721,336	1,626,224	290.3%	71.01%
Firefighters' Retirement System					
2015	0.667852%	3,604,472	1,419,309	254.0%	72.45%
2016	0.645609%	4,222,867	1,453,375	290.6%	68.16%
2017	0.644369%	3,693,426	1,508,845	244.8%	73.55%
2018	0.532933%	3,065,472	1,266,825	242.0%	74.76%
2019	0.510815%	3,198,678	1,240,792	257.8%	73.96%
Louisiana State Employees' Retirement System					
2015	0.001940%	132,153	36,000	367.1%	62.66%
2016	0.002030%	159,564	36,000	443.2%	57.73%
2017	0.002040%	143,803	36,000	399.5%	62.54%
2018	0.001970%	134,216	36,000	372.8%	64.30%
2019	0.001890%	136,567	36,000	379.4%	62.90%
Louisiana Parochial Employees' Retirement System					
<u>Dec. 31,</u>					
2015	0.043433%	114,328	249,029	45.9%	92.23%
2016	0.043265%	89,105	256,587	34.7%	94.15%
2017	0.046876%	(34,794)	288,527	-12.1%	101.98%
2018	0.050204%	222,826	307,761	72.4%	88.86%

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

CITY OF MORGAN CITY, LOUISIANA

Schedule of Employer Contributions
Year Ended December 31, 2019

Fiscal Year ended Dec. 31,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
Municipal Employees' Retirement System					
2015	\$ 848,502	\$ 848,502	-	\$ 4,296,207	19.75%
2016	\$ 946,939	\$ 946,939	-	\$ 4,456,968	21.25%
2017	\$ 1,065,251	\$ 1,065,251	-	\$ 4,476,330	23.80%
2018	\$ 1,097,285	\$ 1,097,285	-	\$ 4,323,603	25.38%
2019	\$ 1,248,528	\$ 1,248,528	-	\$ 4,642,317	26.89%
Municipal Police Employees' Retirement System					
2015	\$ 475,053	\$ 475,053	-	\$ 1,549,775	30.65%
2016	\$ 524,720	\$ 524,720	-	\$ 1,706,780	30.74%
2017	\$ 537,637	\$ 537,637	-	\$ 1,713,852	31.37%
2018	\$ 521,109	\$ 521,109	-	\$ 1,656,873	31.45%
2019	\$ 529,975	\$ 529,975	-	\$ 1,636,818	32.38%
Firefighters' Retirement System					
2015	\$ 407,578	\$ 407,578	-	\$ 1,443,578	28.23%
2016	\$ 393,702	\$ 393,702	-	\$ 1,501,009	26.23%
2017	\$ 359,260	\$ 359,260	-	\$ 1,390,729	25.83%
2018	\$ 323,653	\$ 323,653	-	\$ 1,221,273	26.50%
2019	\$ 340,753	\$ 340,753	-	\$ 1,256,781	27.11%
Louisiana State Employees' Retirement System					
2015	\$ 14,328	\$ 14,328	-	\$ 36,000	39.80%
2016	\$ 13,698	\$ 13,698	-	\$ 36,000	38.05%
2017	\$ 14,058	\$ 14,058	-	\$ 36,000	39.05%
2018	\$ 14,436	\$ 14,436	-	\$ 36,000	40.10%
2019	\$ 14,850	\$ 14,850	-	\$ 36,000	41.25%
Louisiana Parochial Employees' Retirement System					
2016	\$ 31,063	\$ 31,063	-	\$ 256,587	12.11%
2017	\$ 36,066	\$ 36,066	-	\$ 288,527	12.50%
2018	\$ 35,395	\$ 35,395	-	\$ 307,761	11.50%
2019	\$ 37,518	\$ 37,518	-	\$ 326,246	11.50%

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

Schedule of Changes in Total OPEB Liability and Related Ratios
Year Ended December 31, 2019

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

CITY OF MORGAN CITY, LOUISIANA

Notes to Required Supplementary Information

(1) Basis of Accounting

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

(2) Budget and Budgetary Accounting

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

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

(3) Retirement Systems

A. Municipal Employees' Retirement System

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

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%
2019	7.000%	7.000%	2.500%	3	4.5% - 6.5%

B. Municipal Police 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	7.500%	7.500%	2.875%	4	4.25% - 9.75%
2016	7.500%	7.500%	2.875%	4	4.25% - 9.75%
2017	7.325%	7.325%	2.700%	4	4.25% - 9.75%
2018	7.200%	7.200%	2.600%	4	4.25% - 9.75%
2019	7.125%	7.125%	2.500%	4	4.25% - 9.75%

C. Firefighters' 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	7.500%	7.500%	2.875%	7	4.75% - 15.0%
2016	7.500%	7.500%	2.875%	7	4.75% - 15.0%
2017	7.400%	7.400%	2.775%	7	4.75% - 15.0%
2018	7.300%	7.300%	2.700%	7	4.75% - 15.0%
2019	7.150%	7.150%	2.500%	7	4.5% - 14.75%

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%
2016	7.750%	7.750%	3.000%	3	3.0% - 5.5%
2017	7.700%	7.700%	2.750%	3	2.8% - 5.3%
2018	7.650%	7.650%	2.750%	3	2.8% - 5.3%
2019	7.600%	7.600%	2.500%	2	2.8% - 5.3%

E. Louisiana Parochial 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
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%
2019	6.500%	6.500%	2.400%	4	4.750%

(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:

2018	4.10%
2019	2.74%

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, 2019

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes:				
Ad valorem	\$ 2,006,202	\$ 2,055,578	\$ 2,040,861	\$ (14,717)
Sales	2,805,210	2,960,613	2,924,425	(36,188)
Total taxes	<u>4,811,412</u>	<u>5,016,191</u>	<u>4,965,286</u>	<u>(50,905)</u>
Licenses and permits:				
Liquor and beer licenses	25,000	25,000	26,610	1,610
Occupational licenses	800,000	790,000	789,830	(170)
Building permits	16,000	25,000	27,023	2,023
Chain store	7,000	7,000	9,464	2,464
Other	25,000	25,000	43,882	18,882
Total licenses and permits	<u>873,000</u>	<u>872,000</u>	<u>896,809</u>	<u>24,809</u>
Intergovernmental:				
State of Louisiana -				
Beer taxes	15,000	16,000	17,669	1,669
Video poker	100,000	90,000	87,949	(2,051)
City Court	33,600	90,000	102,950	12,950
Police	10,000	5,000	242	(4,758)
Other	46,410	71,040	27,478	(43,562)
St. Mary Parish Council -				
Fire insurance tax	40,000	50,345	66,879	16,534
Total intergovernmental	<u>245,010</u>	<u>322,385</u>	<u>303,167</u>	<u>(19,218)</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues (continued)
Year Ended December 31, 2019

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges for services:				
Inspection fees	\$ 15,000	\$ 20,000	\$ 20,134	\$ 134
Petting Zoo	15,000	15,000	17,851	2,851
Probation fees	25,000	35,000	38,825	3,825
Police accident reports, etc.	6,000	10,000	14,408	4,408
Total charges for services	<u>61,000</u>	<u>80,000</u>	<u>91,218</u>	<u>11,218</u>
Fines and forfeits:				
Fines and forfeits	<u>140,000</u>	<u>133,804</u>	<u>126,603</u>	<u>(7,201)</u>
Miscellaneous:				
Property rentals	30,000	40,000	40,660	660
Cemetery lot sales	50,000	50,000	38,264	(11,736)
Insurance dividends	150,000	522,542	522,713	171
Donations	-	-	27,500	27,500
Notice fees	5,000	5,000	5,704	704
Insurance claim proceeds	-	-	3,476	3,476
Subpoena collections	5,000	5,000	6,119	1,119
Interest earned	150	150	268	118
Sale of Fixed Assets	-	2,000	2,000	-
Other sources	<u>22,500</u>	<u>26,205</u>	<u>27,676</u>	<u>1,471</u>
Total miscellaneous	<u>262,650</u>	<u>650,897</u>	<u>674,380</u>	<u>23,483</u>
Total revenues	<u>\$ 6,393,072</u>	<u>\$ 7,075,277</u>	<u>\$ 7,057,463</u>	<u>\$ (17,814)</u>

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
Year Ended December 31, 2019

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT				
Administrative:				
Personnel services				
Salaries and wages-				
Administration	\$ 563,341	\$ 621,465	\$ 612,240	\$ 9,225
City court	369,374	395,174	393,246	1,928
Payroll taxes	7,172	18,579	18,977	(398)
Hospitalization	253,827	258,827	254,095	4,732
Workers compensation	6,128	8,277	8,104	173
Retirement	186,533	193,798	192,565	1,233
Automobile allowance	15,000	14,125	14,125	-
Other allowances	3,300	3,300	3,300	-
	<u>1,404,675</u>	<u>1,513,545</u>	<u>1,496,652</u>	<u>16,893</u>
Supplies and materials-				
Vehicle expense	500	750	972	(222)
Miscellaneous	8,350	83,350	82,797	553
Office	32,500	28,150	28,002	148
Uniforms	500	1,620	1,620	-
	<u>41,850</u>	<u>113,870</u>	<u>113,391</u>	<u>479</u>
Contractual services-				
Engineering, inspection, zoning, civil defense, and public relations	3,000	6,000	5,868	132
Insurance and bonds	150,000	150,000	142,618	7,382
Professional fees	197,500	197,500	172,423	25,077
Subscriptions and publishing	17,000	23,456	14,906	8,550
Equipment rentals	5,200	5,200	5,201	(1)
Telephone	14,500	14,500	15,014	(514)
Community services	23,000	23,000	19,848	3,152
Travel and conventions	4,000	1,500	595	905
Utilities	300,000	290,000	300,561	(10,561)
Other	650	650	571	79
	<u>714,850</u>	<u>711,806</u>	<u>677,605</u>	<u>34,201</u>
Repairs and maintenance	<u>47,000</u>	<u>58,900</u>	<u>55,902</u>	<u>2,998</u>
Total administrative	<u>2,208,375</u>	<u>2,398,121</u>	<u>2,343,550</u>	<u>54,571</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2019

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Purchasing:				
Personnel services-				
Salaries	129,438	129,438	129,444	(6)
Payroll taxes	1,877	1,877	1,902	(25)
Hospitalization	24,904	24,904	21,800	3,104
Workers compensation	332	332	384	(52)
Retirement	32,683	34,783	34,788	(5)
Automobile allowances	3,000	3,000	3,000	-
Other allowances	1,200	1,200	1,200	-
	<u>193,434</u>	<u>195,534</u>	<u>192,518</u>	<u>3,016</u>
Supplies and materials -				
Miscellaneous	650	1,050	624	426
Office	<u>2,000</u>	<u>2,000</u>	<u>1,764</u>	<u>236</u>
	<u>2,650</u>	<u>3,050</u>	<u>2,388</u>	<u>662</u>
Contractual services-				
Equipment rentals	2,812	2,812	2,812	-
Telephone	1,700	1,700	1,865	(165)
Utilities	<u>3,500</u>	<u>3,500</u>	<u>3,575</u>	<u>(75)</u>
	<u>8,012</u>	<u>8,012</u>	<u>8,252</u>	<u>(240)</u>
Repairs and maintenance	<u>350</u>	<u>545</u>	<u>629</u>	<u>(84)</u>
Total purchasing	<u>204,446</u>	<u>207,141</u>	<u>203,787</u>	<u>3,354</u>
Planning and zoning:				
Personnel services-				
Salaries	205,393	205,393	202,801	2,592
Payroll taxes	2,978	2,978	2,903	75
Hospitalization	36,190	36,190	33,237	2,953
Workers compensation	8,572	14,572	13,315	1,257
Retirement	51,862	55,212	54,840	372
Automobile allowances	6,000	6,000	6,000	-
Other allowances	<u>2,100</u>	<u>2,400</u>	<u>2,400</u>	<u>-</u>
	<u>313,095</u>	<u>322,745</u>	<u>315,496</u>	<u>7,249</u>
Supplies and materials -				
Office	2,500	5,000	4,983	17
Vehicle expense	2,500	3,500	2,899	601
Miscellaneous	<u>7,700</u>	<u>4,550</u>	<u>1,120</u>	<u>3,430</u>
	<u>12,700</u>	<u>13,050</u>	<u>9,002</u>	<u>4,048</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2019

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Contractual services-				
Dues and subscriptions	1,000	1,000	955	45
Professional fees	2,500	500	-	500
Telephone	3,600	3,600	3,442	158
Utilities	3,000	3,000	2,563	437
Equipment rentals	5,500	5,500	4,963	537
Travel	2,500	2,500	1,112	1,388
Training	2,000	1,000	975	25
	20,100	17,100	14,010	3,090
Repairs and maintenance	9,600	6,970	5,525	1,445
Total planning and zoning	355,495	359,865	344,033	15,832
PUBLIC SAFETY				
Police:				
Personnel services-				
Salaries	1,771,517	1,851,517	1,868,047	(16,530)
Payroll taxes	29,080	31,905	34,117	(2,212)
Hospitalization	367,130	367,130	396,533	(29,403)
Pension and relief fund	41,982	29,982	27,684	2,298
Retirement - state plan	555,007	495,007	494,222	785
Retirement and unemployment	132,744	151,132	117,700	33,432
Subpoena expense	500	500	1,200	(700)
Automobile allowance	6,000	6,000	6,250	(250)
Other allowances	19,500	11,275	12,700	(1,425)
	2,923,460	2,944,448	2,958,453	(14,005)
Supplies and materials -				
Vehicle expense	113,800	138,668	125,277	13,391
Guns and ammunition	6,000	6,000	5,731	269
Miscellaneous	10,850	6,850	8,370	(1,520)
Office supplies	15,250	15,250	11,457	3,793
Uniforms and equipment	20,500	23,800	38,750	(14,950)
	166,400	190,568	189,585	983
Contractual services-				
Legal fees	1,000	1,000	4,303	(3,303)
Dog pound charges	30,000	30,000	28,675	1,325
Autopsy reports	15,000	15,000	14,565	435
Housing prisoners	25,000	25,000	24,806	194
Telephone	32,000	32,000	35,457	(3,457)
Insurance loss claims	50,000	150,000	198,245	(48,245)
Training schools and conventions	23,000	20,000	13,146	6,854
Utilities	55,000	55,000	56,548	(1,548)
Insurance	5,000	5,000	4,290	710
Other	4,500	5,500	5,098	402
	240,500	338,500	385,133	(46,633)

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2019

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Repairs and maintenance	<u>83,000</u>	<u>91,000</u>	<u>109,295</u>	<u>(18,295)</u>
Total police	<u>3,413,360</u>	<u>3,564,516</u>	<u>3,642,466</u>	<u>(77,950)</u>
Fire:				
Personnel services-				
Salaries	1,297,436	1,297,436	1,309,392	(11,956)
Payroll taxes	20,334	20,334	20,183	151
Hospitalization	268,166	253,166	231,812	21,354
Workers compensation	96,139	101,139	102,974	(1,835)
Retirement	391,187	341,187	340,753	434
Automobile allowance	10,440	10,440	10,440	-
Other allowances	1,800	1,800	1,800	-
	<u>2,085,502</u>	<u>2,025,502</u>	<u>2,017,354</u>	<u>8,148</u>
Supplies and materials -				
Uniforms	8,000	8,000	5,208	2,792
Fire fighting equipment	30,000	30,758	29,411	1,347
Miscellaneous	10,750	13,250	15,125	(1,875)
Office	10,000	10,000	13,298	(3,298)
Small tools/supplies	1,750	1,750	936	814
Truck expense	14,000	14,500	12,428	2,072
Fire prevention supplies	5,000	-	449	(449)
	<u>79,500</u>	<u>78,258</u>	<u>76,855</u>	<u>1,403</u>
Contractual services-				
Insurance - volunteer fire department	1,300	1,300	1,350	(50)
Telephone	10,000	12,500	12,525	(25)
Training schools and conventions	19,450	8,850	-	8,850
Rentals	3,600	2,100	2,022	78
Utilities	30,000	25,000	18,297	6,703
Other	500	500	275	225
	<u>64,850</u>	<u>50,250</u>	<u>34,469</u>	<u>15,781</u>
Repairs and maintenance	<u>49,700</u>	<u>92,200</u>	<u>87,782</u>	<u>4,418</u>
Total fire	<u>2,279,552</u>	<u>2,246,210</u>	<u>2,216,460</u>	<u>29,750</u>
Total public safety	<u>5,692,912</u>	<u>5,810,726</u>	<u>5,858,926</u>	<u>(48,200)</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2019

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
PUBLIC WORKS				
Streets and drainage:				
Personnel services-				
Salaries	554,498	516,498	518,337	(1,839)
Payroll taxes	8,040	8,040	8,600	(560)
Hospitalization	105,781	105,781	104,396	1,385
Unemployment compensation	67,870	59,870	60,033	(163)
Retirement	119,159	119,159	129,598	(10,439)
Contract Labor	2,000	400	400	-
Automobile allowance	1,500	1,500	1,500	-
Other allowances	450	150	150	-
	<u>859,298</u>	<u>811,398</u>	<u>823,014</u>	<u>(11,616)</u>
Supplies and materials -				
Fill, shells, concrete, and asphalt	20,000	25,000	27,906	(2,906)
Vehicle expense	50,500	52,800	47,053	5,747
Uniforms	5,000	3,000	5,245	(2,245)
Supplies	3,000	3,000	1,438	1,562
Miscellaneous	51,750	43,750	26,303	17,447
Small tools	6,500	5,200	7,462	(2,262)
Chemicals	2,000	2,000	4,376	(2,376)
	<u>138,750</u>	<u>134,750</u>	<u>119,783</u>	<u>14,967</u>
Contractual services-				
Equipment rental	2,500	2,500	3,218	(718)
Insurance claims	5,000	25,000	29,956	(4,956)
Telephone	1,500	1,500	1,233	267
Training personnel	500	-	-	-
Utilities	3,000	3,000	2,605	395
Other	350	600	1,177	(577)
	<u>12,850</u>	<u>32,600</u>	<u>38,189</u>	<u>(5,589)</u>
Repairs and maintenance -				
Drainage pumps and systems	20,000	5,700	8,674	(2,974)
Trucks, equipment and buildings	100,500	70,760	78,153	(7,393)
	<u>120,500</u>	<u>76,460</u>	<u>86,827</u>	<u>(10,367)</u>
Total streets and drainage	<u>1,131,398</u>	<u>1,055,208</u>	<u>1,067,813</u>	<u>(12,605)</u>
Storm water:				
Contractual services-				
Licenses	500	500	550	(50)
Miscellaneous	21,240	6,740	2,130	4,610
Professional services	-	5,400	5,400	-
	<u>21,740</u>	<u>12,640</u>	<u>8,080</u>	<u>4,560</u>
Total storm water	<u>21,740</u>	<u>12,640</u>	<u>8,080</u>	<u>4,560</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2019

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Cemetery:				
Personnel services-				
Salaries	49,509	49,509	48,332	1,177
Payroll taxes	718	718	772	(54)
Hospitalization	15,788	15,788	14,236	1,552
Workers compensation	3,762	3,762	3,892	(130)
Retirement	12,198	12,198	13,361	(1,163)
	<u>81,975</u>	<u>81,975</u>	<u>80,593</u>	<u>1,382</u>
Supplies and materials -				
Gasoline and oil - truck	4,500	4,000	3,154	846
Uniforms	700	700	394	306
Office supplies	500	500	646	(146)
Miscellaneous	12,400	8,400	2,687	5,713
Chemicals	6,000	6,000	3,546	2,454
Small tools	2,500	2,500	1,482	1,018
	<u>26,600</u>	<u>22,100</u>	<u>11,909</u>	<u>10,191</u>
Contractual services-				
Equipment rental	1,500	1,500	1,050	450
Telephone	765	765	310	455
Utilities	8,000	8,000	6,830	1,170
	<u>10,265</u>	<u>10,265</u>	<u>8,190</u>	<u>2,075</u>
Repairs and maintenance	<u>81,500</u>	<u>85,500</u>	<u>79,770</u>	<u>5,730</u>
Total cemetery	<u>200,340</u>	<u>199,840</u>	<u>180,462</u>	<u>19,378</u>
Total public works	<u>1,353,478</u>	<u>1,267,688</u>	<u>1,256,355</u>	<u>11,333</u>
CULTURE AND RECREATION				
Petting zoo/ cypress park:				
Personnel services-				
Salaries	57,532	52,532	53,109	(577)
Payroll taxes	834	834	879	(45)
Hospitalization	17,695	17,695	17,319	376
Insurance Claims	-	-	125	(125)
Workers compensation	2,295	3,285	2,845	440
Retirement	14,527	13,527	14,203	(676)
	<u>92,883</u>	<u>87,873</u>	<u>88,480</u>	<u>(607)</u>
Supplies and materials -				
Gasoline and oil - trucks and equipment	100	100	-	100
Miscellaneous	8,800	10,450	14,115	(3,665)
Petting zoo	9,500	8,500	10,105	(1,605)
Office supplies	500	500	320	180
Small tools/supplies	2,600	3,500	3,330	170
Special events	1,500	-	595	(595)
	<u>23,000</u>	<u>23,050</u>	<u>28,465</u>	<u>(5,415)</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (continued)
Year Ended December 31, 2019

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Contractual services-				
Telephone	1,000	1,000	896	104
Utilities	3,500	3,500	3,201	299
	<u>4,500</u>	<u>4,500</u>	<u>4,097</u>	<u>403</u>
Repairs and maintenance	<u>2,000</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total culture and recreation	<u>122,383</u>	<u>116,923</u>	<u>121,042</u>	<u>(4,119)</u>
CAPITAL OUTLAY				
General government :				
General administrative - equipment	-	3,500	12,592	(9,092)
Public safety :				
Police	-	7,797	4,797	3,000
Fire	-	3,342	8,855	(5,513)
Public works:				
Streets and drainage-				
Equipment	-	24,874	24,872	2
Culture and recreation	-	1,500	18,928	(17,428)
Total capital outlay	<u>-</u>	<u>41,013</u>	<u>70,044</u>	<u>(29,031)</u>
DEBT SERVICE				
General Government:				
Interest and fiscal charges	<u>30,000</u>	<u>30,000</u>	<u>14,731</u>	<u>15,269</u>
Total expenditures	<u>\$ 9,967,089</u>	<u>\$ 10,231,477</u>	<u>\$ 10,212,468</u>	<u>\$ 19,009</u>

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

Budgetary Comparison Schedule - Revenues
Year Ended December 31, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Operating revenues:			
Charges for services -			
Electric sales	\$ 16,765,506	\$ 16,618,576	\$ (146,930)
Gas sales	1,690,000	1,665,788	(24,212)
Water sales	2,052,000	2,031,058	(20,942)
Mosquito control sales	140,000	139,866	(134)
Other	<u>385,000</u>	<u>481,587</u>	<u>96,587</u>
Total operating revenues	<u>21,032,506</u>	<u>20,936,875</u>	<u>(95,631)</u>
Nonoperating revenues (expenses):			
Insurance proceeds	-	21,298	21,298
Interest income	3,000	8,474	5,474
Interest and fiscal charges	<u>(123,254)</u>	<u>(166,908)</u>	<u>(43,654)</u>
Total nonoperating revenue (expense)	<u>(120,254)</u>	<u>(137,136)</u>	<u>(16,882)</u>
Total revenues	<u>\$ 20,912,252</u>	<u>\$ 20,799,739</u>	<u>\$ (112,513)</u>

CITY OF MORGAN CITY, LOUISIANA
Enterprise Fund
Electric, Gas, and Water Utility Fund
Budgetary Comparison Schedule - Expenses
Year Ended December 31, 2019

	Budget	Actual	Variance - Favorable (Unfavorable)
Operating expenses:			
Fuel costs:			
LEPA - energy	\$7,437,002	\$7,284,273	\$ 152,729
LEPA - demand	3,054,255	3,092,795	(38,540)
	<u>10,491,257</u>	<u>10,377,068</u>	<u>114,189</u>
Contractual services:			
Telephone	500	416	84
Utilities	<u>7,000</u>	<u>7,530</u>	<u>(530)</u>
	<u>7,500</u>	<u>7,946</u>	<u>(446)</u>
Depreciation	<u>195,668</u>	<u>198,522</u>	<u>(2,854)</u>
Total electric generation	<u>10,694,425</u>	<u>10,583,536</u>	<u>110,889</u>
Electric transmission and distribution -			
Personnel services:			
Salaries and wages	607,713	612,890	(5,177)
Payroll taxes	10,189	9,366	823
Hospitalization and life insurance	84,281	104,150	(19,869)
Workers compensation	21,455	20,821	634
Retirement	156,810	231,922	(75,112)
Other	<u>4,600</u>	<u>4,450</u>	<u>150</u>
	<u>885,048</u>	<u>983,599</u>	<u>(98,551)</u>
Supplies and materials:			
Auto and truck	17,000	22,085	(5,085)
Uniforms	6,500	5,837	663
Lamps and street lights	30,000	27,167	2,833
Office supplies	5,500	6,598	(1,098)
Miscellaneous	13,650	44,032	(30,382)
Small tools and supplies	<u>8,000</u>	<u>6,724</u>	<u>1,276</u>
	<u>80,650</u>	<u>112,443</u>	<u>(31,793)</u>
Contractual services:			
Professional fees	1,630	2,080	(450)
Insurance	3,000	483	2,517
Equipment rental	13,740	23,614	(9,874)
Environmental monitoring	50,000	47,869	2,131
Telephone	3,000	2,431	569
Travel	1,625	206	1,419
Utilities	6,000	6,274	(274)
Other	<u>250</u>	<u>-</u>	<u>250</u>
	<u>79,245</u>	<u>82,957</u>	<u>(3,712)</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Enterprise Fund
Electric, Gas, and Water Utility Fund
Budgetary Comparison Schedule - Expenses (continued)
Year Ended December 31, 2019

	Budget	Actual	Variance - Favorable (Unfavorable)
Repairs and maintenance:			
Building	10,000	11,123	(1,123)
Equipment	105,000	156,376	(51,376)
Poles	14,500	6,529	7,971
Lines	50,000	47,953	2,047
Meters	3,000	4,050	(1,050)
Transformers	40,000	40,395	(395)
Contract line repair	5,000	-	5,000
Maintenance agreements	33,500	43,977	(10,477)
	<u>261,000</u>	<u>310,403</u>	<u>(49,403)</u>
Depreciation	296,774	301,096	(4,322)
Total electric transmission and distribution	<u>1,602,717</u>	<u>1,790,498</u>	<u>(187,781)</u>
Water manufacturing -			
Personnel services:			
Salaries and wages	503,431	505,822	(2,391)
Payroll taxes	5,837	6,366	(529)
Hospitalization and life insurance	80,537	92,852	(12,315)
Workers compensation	26,443	25,884	559
Retirement	126,966	186,368	(59,402)
Other	2,740	2,984	(244)
	<u>745,954</u>	<u>820,276</u>	<u>(74,322)</u>
Supplies and materials:			
Auto and truck	6,600	4,512	2,088
Chemicals	250,000	223,060	26,940
Uniforms	1,000	999	1
Office supplies	2,500	3,415	(915)
Miscellaneous	2,200	1,175	1,025
Small tools and supplies	9,000	6,414	2,586
	<u>271,300</u>	<u>239,575</u>	<u>31,725</u>
Contractual services:			
Equipment rental	8,000	8,916	(916)
Utilities	110,000	106,271	3,729
Telephone	3,000	3,221	(221)
Training	500	195	305
Professional fees	2,000	240	1,760
	<u>123,500</u>	<u>118,843</u>	<u>4,657</u>
Repairs and maintenance:			
Building	3,000	96	2,904
Equipment	16,200	19,912	(3,712)
Water tower	88,300	92,759	(4,459)
Pumping station and lines	1,000	235	765
	<u>108,500</u>	<u>113,002</u>	<u>(4,502)</u>
Depreciation	247,500	251,104	(3,604)
Total water manufacturing	<u>1,496,754</u>	<u>1,542,800</u>	<u>(46,046)</u>

(continued)

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

Budgetary Comparison Schedule - Expenses (continued)
Year Ended December 31, 2019

	Budget	Actual	Variance - Favorable (Unfavorable)
Water distribution -			
Personnel services:			
Salaries and wages	147,298	147,143	155
Payroll taxes	1,918	2,171	(253)
Hospitalization and life insurance	28,526	33,614	(5,088)
Workers compensation	5,053	5,463	(410)
Retirement	32,880	47,160	(14,280)
Other	1,850	1,850	-
Training	6,000	1,648	4,352
	<u>223,525</u>	<u>239,049</u>	<u>(15,524)</u>
Supplies and materials:			
Auto and truck	6,000	5,237	763
Uniforms	1,500	647	853
Office expense	1,500	1,309	191
Miscellaneous	3,350	2,006	1,344
Small tools and supplies	6,750	4,385	2,365
Fill shells and concrete	10,000	-	10,000
	<u>29,100</u>	<u>13,584</u>	<u>15,516</u>
Contractual services:			
Insurance	-	2,000	(2,000)
Professional services	2,500	951	1,549
Service connections	10,000	-	10,000
Rentals	3,400	961	2,439
Telephone	1,000	1,025	(25)
Utilities	4,000	4,545	(545)
Other	930	931	(1)
	<u>21,830</u>	<u>10,413</u>	<u>11,417</u>
Repairs and maintenance:			
Contract repairs	16,000	45,299	(29,299)
Repair parts - meters and lines	67,000	42,693	24,307
Towers and lines	30,000	31,807	(1,807)
Equipment	1,000	-	1,000
	<u>114,000</u>	<u>119,799</u>	<u>(5,799)</u>
Depreciation	<u>125,750</u>	<u>127,581</u>	<u>(1,831)</u>
Total water distribution	<u>514,205</u>	<u>510,426</u>	<u>3,779</u>
Gas distribution -			
Personnel services:			
Salaries and wages	240,305	242,803	(2,498)
Payroll taxes	4,098	4,705	(607)
Hospitalization and life insurance	31,590	34,274	(2,684)
Workers compensation	6,725	6,506	219
Retirement	47,420	67,558	(20,138)
Other	4,050	4,050	-
	<u>334,188</u>	<u>359,896</u>	<u>(25,708)</u>
Supplies and materials:			
Auto and truck	20,000	13,565	6,435
Uniforms	2,000	2,330	(330)
Office supplies	1,500	2,432	(932)
Miscellaneous	14,100	10,619	3,481
Fill shells, asphalt and concrete	2,000	5,468	(3,468)
Small tools and supplies	4,000	3,196	804
	<u>43,600</u>	<u>37,610</u>	<u>5,990</u>

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

Budgetary Comparison Schedule - Expenses (continued)
Year Ended December 31, 2019

	Budget	Actual	Variance - Favorable (Unfavorable)
Fuel costs:			
Gas purchased	546,400	551,028	(4,628)
Contractual services:			
Training	2,000	930	1,070
Ads and publications	5,000	-	5,000
Consultant fees	20,000	19,944	56
Rentals	1,000	942	58
Service connections	8,000	-	8,000
Utilities	700	1,031	(331)
Other	2,600	170	2,430
	39,300	23,017	16,283
Repairs and maintenance:			
Lines, meters and equipment	25,500	10,379	15,121
Depreciation	56,650	57,475	(825)
Total gas distribution	1,045,638	1,039,405	6,233
General and administrative -			
Personnel services:			
Salaries and wages	359,839	387,256	(27,417)
Payroll taxes	5,726	5,650	76
Hospitalization and life insurance	75,514	82,029	(6,515)
Workers compensation	5,478	5,584	(106)
Retirement	87,526	125,081	(37,555)
Other	4,525	4,525	-
	538,608	610,125	(71,517)
Supplies and materials:			
Miscellaneous	53,500	54,720	(1,220)
Office supplies	12,000	9,410	2,590
Postage	12,000	7,038	4,962
Meters	10,000	1,976	8,024
Small tools and supplies	1,500	2,015	(515)
Truck and auto	10,000	9,383	617
Uniforms	2,500	2,010	490
	101,500	86,552	14,948
Contractual services:			
Equipment rentals	6,000	6,397	(397)
Insurance	305,000	298,929	6,071
Professional fees	112,500	117,807	(5,307)
Telephone	5,000	4,396	604
Utilities	4,000	6,338	(2,338)
Other	1,000	612	388
	433,500	434,479	(979)

(continued)

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

Budgetary Comparison Schedule - Expenses (continued)
Year Ended December 31, 2019

	Budget	Actual	Variance - Favorable (Unfavorable)
Repairs and maintenance:			
Equipment	41,200	51,666	(10,466)
Other charges:			
Bad debts	120,000	138,822	(18,822)
Depreciation	60,000	60,645	(645)
Total general and administrative	1,294,808	1,382,289	(87,481)
Mosquito Control-			
Personnel services:			
Salaries and wages	51,874	51,434	440
Payroll taxes	1,467	982	485
Hospitalization and life insurance	7,856	9,697	(1,841)
Workers compensation	6,264	6,005	259
Retirement	11,078	18,346	(7,268)
Other	-	-	-
	78,539	86,464	(7,925)
Supplies and materials:			
Auto and truck	3,000	3,623	(623)
Miscellaneous	5,150	3,162	1,988
Small tools and supplies	2,400	3,788	(1,388)
Chemicals	20,000	17,449	2,551
	30,550	28,022	2,528
Contractual services:			
Professional fees	3,000	1,562	1,438
Training	1,000	140	860
Utilities	100	19	81
Other	-	10	(10)
	4,100	1,731	2,369
Repairs and maintenance	6,350	5,693	657
Depreciation	3,500	3,555	(55)
Total mosquito control	123,039	125,465	(2,426)
Backflow Prevention			
Salaries and wages	18,502	18,912	(410)
Payroll taxes	274	199	75
Hospitalization and life insurance	4,520	4,145	375
Retirement	4,765	7,117	(2,352)
Miscellaneous	1,584	936	648
Other	2,120	834	1,286
Training	1,500	-	1,500
	33,265	32,143	1,122
Total operating expenses	\$ 16,804,851	\$ 17,006,562	\$ (201,711)

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

Budgetary Comparison Schedule - Revenues
Year Ended December 31, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Operating revenues:			
Charges for services -			
Sanitation customers	\$ 1,115,000	\$ 1,113,612	\$ (1,388)
Sewer customers	1,810,000	1,834,295	24,295
Other	<u>-</u>	<u>51,574</u>	<u>51,574</u>
Total operating revenues	<u>2,925,000</u>	<u>2,999,481</u>	<u>74,481</u>
Nonoperating revenues (expenses):			
Other	53,470	9,819	(43,651)
Interest and fiscal charges	(52,140)	(46,757)	5,383
Interest income	<u>1,600</u>	<u>1,707</u>	<u>107</u>
Total nonoperating revenue (expense)	<u>2,930</u>	<u>(35,231)</u>	<u>(38,161)</u>
Total revenues	<u>\$ 2,927,930</u>	<u>\$ 2,964,250</u>	<u>\$ 36,320</u>

CITY OF MORGAN CITY, LOUISIANA
Enterprise Fund
Sanitation and Sewer Utility Fund
Budgetary Comparison Schedule - Expenses
Year Ended December 31, 2019

	Budget	Actual	Variance - Favorable (Unfavorable)
Expenses:			
Sanitation -			
Personnel services:			
Salaries	\$ 114,011	\$ 118,257	\$ (4,246)
Payroll taxes	1,784	1,776	8
Hospitalization and life insurance	24,903	28,201	(3,298)
Workers compensation	15,648	15,367	281
Retirement benefits	28,030	43,833	(15,803)
Other	2,600	600	2,000
	<u>186,976</u>	<u>208,034</u>	<u>(21,058)</u>
Supplies and materials:			
Small tools and supplies	1,000	210	790
Uniforms	500	961	(461)
Office supplies	500	502	(2)
Truck expense	25,000	26,791	(1,791)
Miscellaneous	3,150	1,871	1,279
	<u>30,150</u>	<u>30,335</u>	<u>(185)</u>
Contractual services:			
Insurance	82,800	69,149	13,651
Solid waste collection	1,005,000	1,002,762	2,238
Solid waste disposal	50,000	51,264	(1,264)
Environmental	500	-	500
Telephone	800	310	490
Utilities	1,800	1,993	(193)
Other	250	100	150
	<u>1,141,150</u>	<u>1,125,578</u>	<u>15,572</u>
Repairs and maintenance	<u>20,750</u>	<u>55,342</u>	<u>(34,592)</u>
Depreciation	<u>48,480</u>	<u>40,138</u>	<u>8,342</u>
Total sanitation expenses	<u>1,427,506</u>	<u>1,459,427</u>	<u>(31,921)</u>
Sewer -			
Personnel services:			
Salaries	222,969	227,513	(4,544)
Payroll taxes	3,291	3,400	(109)
Hospitalization and life insurance	34,236	40,533	(6,297)
Workers compensation	19,756	19,228	528
Retirement benefits	52,260	68,722	(16,462)
Other	1,850	790	1,060
	<u>334,362</u>	<u>360,186</u>	<u>(25,824)</u>
Supplies and materials:			
Small tools and supplies	7,000	4,043	2,957
Uniforms	2,500	1,522	978
Office supplies	2,000	1,641	359
Truck expense	2,000	2,327	(327)
Miscellaneous	8,000	6,758	1,242
Fill shells and concrete	10,000	9,621	379
	<u>31,500</u>	<u>25,912</u>	<u>5,588</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Enterprise Fund
Sanitation and Sewer Utility Fund
Budgetary Comparison Schedule - Expenses (continued)
Year Ended December 31, 2019

	Budget	Actual	Variance - Favorable (Unfavorable)
Contractual services:			
Equipment rental	2,475	1,966	509
Insurance	25,000	22,500	2,500
Utilities and telephone	102,000	99,210	2,790
Other	150	399	(249)
	<u>129,625</u>	<u>124,075</u>	<u>5,550</u>
Repairs and maintenance:			
Equipment	40,000	88,356	(48,356)
Pumps and lines	76,000	85,259	(9,259)
	<u>116,000</u>	<u>173,615</u>	<u>(57,615)</u>
Depreciation	<u>150,600</u>	<u>165,575</u>	<u>(14,975)</u>
Total sewer expenses	762,087	849,363	(87,276)
Sewer treatment plant -			
Personnel services:			
Salaries	208,853	210,176	(1,323)
Payroll taxes	1,793	1,333	460
Hospitalization and life insurance	32,625	39,363	(6,738)
Workers compensation	9,912	10,557	(645)
Retirement benefits	50,463	78,977	(28,514)
Other	1,760	1,775	(15)
	<u>305,406</u>	<u>342,181</u>	<u>(36,775)</u>
Supplies and materials:			
Truck expense	6,000	5,289	711
Chemicals	20,000	17,208	2,792
Miscellaneous	3,300	2,374	926
Office supplies	800	1,131	(331)
Small tools and supplies	2,200	2,085	115
	<u>32,300</u>	<u>28,087</u>	<u>4,213</u>
Contractual services:			
Insurance	55,000	53,882	1,118
Dues and subscriptions	460	140	320
Maintenance agreements	2,000	1,975	25
Land rentals	41,900	41,900	-
Licenses	15,000	12,197	2,803
Utilities	150,000	141,469	8,531
Telephone	2,000	1,972	28
Professional fees	23,000	18,149	4,851
Other	100	90	10
	<u>289,460</u>	<u>271,774</u>	<u>17,686</u>
Repairs and maintenance	<u>91,953</u>	<u>93,525</u>	<u>(1,572)</u>
Other charges:			
Bad debts	30,000	29,355	645
Depreciation	<u>227,400</u>	<u>240,761</u>	<u>(13,361)</u>
Total sewer treatment plant expenses	976,519	1,005,683	(29,164)
Total expenses	<u>\$ 3,166,112</u>	<u>\$ 3,314,473</u>	<u>\$ (148,361)</u>

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet
December 31, 2019

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Totals
ASSETS					
Cash	\$ 2,636,392	\$ 379,821	\$ 486,837	\$ 32,332	\$ 3,535,382
Interest-bearing deposits	58,355	-	-	-	58,355
Investments	435,317	-	245,924	562,815	1,244,056
Receivables:					
Accounts	147,741	-	30,000	-	177,741
Interest	-	-	-	844	844
Taxes	20,687	10,064	-	-	30,751
Due from other funds	720,141	122,797	198,820	-	1,041,758
Due from other governmental units	511,273	-	-	-	511,273
Prepaid items	3,756	-	-	-	3,756
Loans to other funds	250,000	-	-	-	250,000
Total assets	<u>\$ 4,783,662</u>	<u>\$ 512,682</u>	<u>\$ 961,581</u>	<u>\$ 595,991</u>	<u>\$ 6,853,916</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 491,589	\$ 350	\$ -	\$ -	\$ 491,939
Unearned revenue	944,159	-	-	-	944,159
Accrued liabilities	200	-	-	-	200
Due to other funds	1,439,096	10,530	477,024	-	1,926,650
Total liabilities	<u>2,875,044</u>	<u>10,880</u>	<u>477,024</u>	<u>-</u>	<u>3,362,948</u>
Deferred inflows of resources:					
Unavailable tax and grant revenues	84,059	6,286	-	-	90,345
Fund balances:					
Nonspendable	253,756	-	-	595,991	849,747
Restricted	2,103,024	495,516	708,718	-	3,307,258
Unassigned (deficit)	(532,221)	-	(224,161)	-	(756,382)
Total fund balances	<u>1,824,559</u>	<u>495,516</u>	<u>484,557</u>	<u>595,991</u>	<u>3,400,623</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,783,662</u>	<u>\$ 512,682</u>	<u>\$ 961,581</u>	<u>\$ 595,991</u>	<u>\$ 6,853,916</u>

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2019

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Totals
Revenues:					
Taxes	\$ 2,512,103	\$ 130,940	\$ -	\$ -	\$ 2,643,043
Intergovernmental	1,432,650	-	14,901	-	1,447,551
Charges for services	1,029,768	-	-	-	1,029,768
Donations	267,485	-	30,000	-	297,485
Fines and forfeitures	43,701	-	-	-	43,701
Investment income:					
Interest	8,302	213	6,122	14,761	29,398
Net change in fair value of investments	89,796	-	-	77,575	167,371
Miscellaneous	59,708	-	-	-	59,708
Total revenues	<u>5,443,513</u>	<u>131,153</u>	<u>51,023</u>	<u>92,336</u>	<u>5,718,025</u>
Expenditures:					
General government	-	-	210	10,351	10,561
Public safety - police and fire	456,753	-	-	-	456,753
Public works	975,510	-	62,469	-	1,037,979
Culture and recreation	2,040,889	-	-	-	2,040,889
Capital outlay	1,749,965	-	2,616	-	1,752,581
Principle retirement	-	544,000	-	-	544,000
Interest and fiscal charges	-	37,993	-	-	37,993
Total expenditures	<u>5,223,117</u>	<u>581,993</u>	<u>65,295</u>	<u>10,351</u>	<u>5,880,756</u>
Excess (deficiency) of revenues over expenditures	<u>220,396</u>	<u>(450,840)</u>	<u>(14,272)</u>	<u>81,985</u>	<u>(162,731)</u>
Other financing sources (uses):					
Transfers in	1,014,500	462,888	165,000	-	1,642,388
Transfers out	(2,175,023)	-	-	-	(2,175,023)
Proceeds from general obligation contract	350,000	-	-	-	350,000
Total other financing sources (uses)	<u>(810,523)</u>	<u>462,888</u>	<u>165,000</u>	<u>-</u>	<u>(182,635)</u>
Net changes in fund balances	(590,127)	12,048	150,728	81,985	(345,366)
Fund balances, beginning	<u>2,414,686</u>	<u>483,468</u>	<u>333,829</u>	<u>514,006</u>	<u>3,745,989</u>
Fund balances, ending	<u>\$ 1,824,559</u>	<u>\$ 495,516</u>	<u>\$ 484,557</u>	<u>\$ 595,991</u>	<u>\$3,400,623</u>

NONMAJOR SPECIAL REVENUE FUNDS

City Recreation Program Fund

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

Library Commission Fund

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

Municipal Auditorium Fund

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

Pollution Abatement Fund

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

Morgan City Beautification Fund

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

Road and Royalty Fund

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

Cemetery Fund

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

Fire Apparatus Purchase Fund

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

Lake End Park 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, 2019

	<u>City Recreation Program</u>	<u>Library Commission</u>	<u>Municipal Auditorium</u>	<u>Pollution Abatement</u>	<u>Morgan City Beautification</u>
ASSETS					
Cash	\$ 116,260	\$ 16,914	\$ 107,697	\$ 330,000	\$ 1,300
Interest-bearing deposits	-	-	-	-	-
Investments at fair value	-	-	-	-	-
Receivables:					
Accounts	100,000	30,000	(2,033)	-	5,000
Due from other governmental units	-	-	-	267,783	-
Taxes	-	-	20,687	-	-
Due from other funds	52,415	17,673	266,858	-	10,773
Advances to other funds	-	-	-	-	-
Prepaid items	-	-	2,690	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 268,675</u>	<u>\$ 64,587</u>	<u>\$ 395,899</u>	<u>\$ 597,783</u>	<u>\$ 17,073</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 14,513	\$ 4,498	\$ 40,642	\$ 65,652	\$ 5,535
Unearned revenue	-	-	2,300	-	-
Accrued liabilities	-	-	-	-	-
Due to other funds	143,017	-	124,218	99,000	-
Total liabilities	<u>157,530</u>	<u>4,498</u>	<u>167,160</u>	<u>164,652</u>	<u>5,535</u>
Deferred inflows of resources:					
Unavailable tax and grant revenues	-	-	6,756	-	-
Fund balances:					
Nonspendable	-	-	2,690	-	-
Restricted	111,145	60,089	219,293	433,131	11,538
Unassigned (deficit)	-	-	-	-	-
Total fund balances	<u>111,145</u>	<u>60,089</u>	<u>221,983</u>	<u>433,131</u>	<u>11,538</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 268,675</u>	<u>\$ 64,587</u>	<u>\$ 395,899</u>	<u>\$ 597,783</u>	<u>\$ 17,073</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>
\$ 1,532,962	\$ 83,268	\$ 23,802	\$ 261,298	\$ 1,086	\$ 102,662	\$ 11,512
-	-	-	-	-	-	-
-	-	-	-	435,317	-	-
-	7,000	-	7,774	-	-	-
122,604	100	-	-	-	43,484	-
-	-	-	-	-	-	-
237,531	-	-	3,698	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1,066	-
<u>\$ 1,893,097</u>	<u>\$ 90,368</u>	<u>\$ 23,802</u>	<u>\$ 272,770</u>	<u>\$ 436,403</u>	<u>\$ 147,212</u>	<u>\$ 11,512</u>
\$ 198,736	\$ 283	\$ -	\$ 26,931	\$ 375	\$ 52,788	\$ -
924,667	-	-	6,316	-	-	-
-	-	-	-	-	-	-
142,000	105,000	-	229,206	-	86,432	-
<u>1,265,403</u>	<u>105,283</u>	<u>-</u>	<u>262,453</u>	<u>375</u>	<u>139,220</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	1,066	-
627,694	-	23,802	10,317	436,028	-	11,512
-	(14,915)	-	-	-	6,926	-
<u>627,694</u>	<u>(14,915)</u>	<u>23,802</u>	<u>10,317</u>	<u>436,028</u>	<u>7,992</u>	<u>11,512</u>
<u>\$ 1,893,097</u>	<u>\$ 90,368</u>	<u>\$ 23,802</u>	<u>\$ 272,770</u>	<u>\$ 436,403</u>	<u>\$ 147,212</u>	<u>\$ 11,512</u>

(continued)

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Special Revenue Funds

Combining Balance Sheet (continued)
December 31, 2019

	<u>Wharf</u>	<u>Lake End Park Marina</u>	<u>Emergency Management</u>
ASSETS			
Cash	\$ 8,093	\$ 19,845	\$ 2,649
Interest-bearing deposits	4,521	22,709	-
Investments at fair value	-	-	-
Receivables:			
Accounts	-	-	-
Due from other governmental units	-	-	77,302
Taxes	-	-	-
Due from other funds	6,015	25,168	112
Advances to other funds	-	-	-
Prepaid items	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 18,629</u>	<u>\$ 67,722</u>	<u>\$ 80,063</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 88	\$ 43,048	\$ 24,877
Unearned revenue	-	-	-
Accrued liabilities	-	200	-
Due to other funds	6,320	-	502,115
Total liabilities	<u>6,408</u>	<u>43,248</u>	<u>526,992</u>
Deferred inflows of resources:			
Unavailable tax and grant revenues	-	-	77,303
Fund balances:			
Nonspendable	-	-	-
Restricted	12,221	24,474	-
Unassigned (deficit)	-	-	(524,232)
Total fund balances (deficit)	<u>12,221</u>	<u>24,474</u>	<u>(524,232)</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,629</u>	<u>\$ 67,722</u>	<u>\$ 80,063</u>

<u>Main Street Commission</u>	<u>Housing Initiative</u>	<u>Lake End Parkway</u>	<u>Totals</u>
\$ 7,331	\$ -	\$ 9,713	\$ 2,636,392
31,125	-	-	58,355
-	-	-	435,317
-	-	-	147,741
-	-	-	511,273
-	-	-	20,687
30,000	-	69,898	720,141
-	250,000	-	250,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,756</u>
<u>\$ 68,456</u>	<u>\$ 250,000</u>	<u>\$ 79,611</u>	<u>\$ 4,783,662</u>
\$ 1,054	\$ -	\$ 12,569	\$ 491,589
-	-	10,876	944,159
-	-	-	200
1,030	-	758	1,439,096
<u>2,084</u>	<u>-</u>	<u>24,203</u>	<u>2,875,044</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>84,059</u>
-	250,000	-	253,756
66,372	-	55,408	2,103,024
-	-	-	(532,221)
<u>66,372</u>	<u>250,000</u>	<u>55,408</u>	<u>1,824,559</u>
<u>\$ 68,456</u>	<u>\$ 250,000</u>	<u>\$ 79,611</u>	<u>\$ 4,783,662</u>

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Special Revenue Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2019

	City Recreation Program	Library Commission	Municipal Auditorium	Pollution Abatement	Morgan City Beautification
Revenues:					
Taxes	\$ -	\$ -	\$ 276,814	\$1,513,585	\$ -
Intergovernmental	-	12,000	-	-	-
Charges for services	120,134	2,686	92,278	-	-
Donations	126,552	30,710	103,655	-	5,000
Fines and forfeitures	-	-	-	-	-
Interest	99	20	111	-	-
Net change in fair value of investments	-	-	-	-	-
Miscellaneous	65	-	2,874	-	-
Total revenues	<u>246,850</u>	<u>45,416</u>	<u>475,732</u>	<u>1,513,585</u>	<u>5,000</u>
Expenditures:					
Public safety - police and fire	-	-	-	-	-
Public works	-	-	-	80,619	-
Culture and recreation	444,804	107,177	463,152	-	144,869
Capital outlay	183,777	-	103,655	-	-
Total expenditures	<u>628,581</u>	<u>107,177</u>	<u>566,807</u>	<u>80,619</u>	<u>144,869</u>
Excess (deficiency) of revenues over expenditures	<u>(381,731)</u>	<u>(61,761)</u>	<u>(91,075)</u>	<u>1,432,966</u>	<u>(139,869)</u>
Other financing sources (uses):					
Transfers in	400,000	85,000	96,500	-	120,000
Transfers out	-	-	-	(1,444,635)	-
Proceeds from general obligation contract	-	-	-	-	-
Total other financing sources (uses)	<u>400,000</u>	<u>85,000</u>	<u>96,500</u>	<u>(1,444,635)</u>	<u>120,000</u>
Net change in fund balances	18,269	23,239	5,425	(11,669)	(19,869)
Fund balances (deficit), beginning	<u>92,876</u>	<u>36,850</u>	<u>216,558</u>	<u>444,800</u>	<u>31,407</u>
Fund balances (deficit), ending	<u>\$111,145</u>	<u>\$ 60,089</u>	<u>\$ 221,983</u>	<u>\$ 433,131</u>	<u>\$ 11,538</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>
\$ 721,704	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
993,337	-	-	34,848	-	389,250	-
-	139,315	-	380,419	-	13,617	-
-	-	-	-	100	-	-
-	-	-	-	-	43,701	-
937	-	2	236	6,769	-	12
-	-	-	-	89,796	-	-
-	-	-	2,425	184	54,160	-
<u>1,715,978</u>	<u>139,315</u>	<u>2</u>	<u>417,928</u>	<u>96,849</u>	<u>500,728</u>	<u>12</u>
-	-	-	-	-	456,753	-
230,417	8,215	-	-	-	-	-
-	-	-	441,053	19,811	-	-
<u>951,569</u>	<u>103,034</u>	<u>350,000</u>	<u>55,497</u>	<u>-</u>	<u>2,255</u>	<u>-</u>
<u>1,181,986</u>	<u>111,249</u>	<u>350,000</u>	<u>496,550</u>	<u>19,811</u>	<u>459,008</u>	<u>-</u>
<u>533,992</u>	<u>28,066</u>	<u>(349,998)</u>	<u>(78,622)</u>	<u>77,038</u>	<u>41,720</u>	<u>12</u>
-	-	23,000	70,000	-	-	-
(627,888)	-	-	(30,000)	-	-	-
-	-	350,000	-	-	-	-
<u>(627,888)</u>	<u>-</u>	<u>373,000</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
(93,896)	28,066	23,002	(38,622)	77,038	41,720	12
<u>721,590</u>	<u>(42,981)</u>	<u>800</u>	<u>48,939</u>	<u>358,990</u>	<u>(33,728)</u>	<u>11,500</u>
<u>\$ 627,694</u>	<u>\$ (14,915)</u>	<u>\$ 23,802</u>	<u>\$ 10,317</u>	<u>\$ 436,028</u>	<u>\$ 7,992</u>	<u>\$ 11,512</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, 2019

	Wharf	Lake End Park Marina	Emergency Management
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	3,215
Charges for services	5,873	46,842	-
Donations	-	-	-
Fines and forfeitures	-	-	-
Interest	5	70	-
Net change in fair value of investments	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>5,878</u>	<u>46,912</u>	<u>3,215</u>
Expenditures:			
Public safety - police and fire	-	-	-
Public works	-	-	656,259
Culture and recreation	597	51,408	-
Capital outlay	178	-	-
Total expenditures	<u>775</u>	<u>51,408</u>	<u>656,259</u>
Excess (deficiency) of revenues over expenditures	<u>5,103</u>	<u>(4,496)</u>	<u>(653,044)</u>
Other financing sources (uses):			
Transfers in	-	-	120,000
Transfers out	(2,500)	(70,000)	-
Proceeds from general obligation contract	-	-	-
Total other financing sources (uses)	<u>(2,500)</u>	<u>(70,000)</u>	<u>120,000</u>
Net change in fund balances	2,603	(74,496)	(533,044)
Fund balances (deficit), beginning	<u>9,618</u>	<u>98,970</u>	<u>8,812</u>
Fund balances (deficit), ending	<u>\$ 12,221</u>	<u>\$ 24,474</u>	<u>\$ (524,232)</u>

<u>Main Street Commission</u>	<u>Housing Initiative</u>	<u>Lake End Parkway</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$2,512,103
-	-	-	1,432,650
20,792	-	207,812	1,029,768
1,468	-	-	267,485
-	-	-	43,701
32	-	9	8,302
-	-	-	89,796
-	-	-	59,708
<u>22,292</u>	<u>-</u>	<u>207,821</u>	<u>5,443,513</u>
-	-	-	456,753
-	-	-	975,510
71,083	-	296,935	2,040,889
-	-	-	1,749,965
<u>71,083</u>	<u>-</u>	<u>296,935</u>	<u>5,223,117</u>
<u>(48,791)</u>	<u>-</u>	<u>(89,114)</u>	<u>220,396</u>
40,000	-	60,000	1,014,500
-	-	-	(2,175,023)
-	-	-	350,000
<u>40,000</u>	<u>-</u>	<u>60,000</u>	<u>(810,523)</u>
(8,791)	-	(29,114)	(590,127)
<u>75,163</u>	<u>250,000</u>	<u>84,522</u>	<u>2,414,686</u>
<u>\$ 66,372</u>	<u>\$250,000</u>	<u>\$ 55,408</u>	<u>\$1,824,559</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, 2019

	Sales Tax Sinking Fund Series 2012	Auditorium Bond #1	Totals
	<u>Series 2012</u>	<u>Bond #1</u>	<u>Totals</u>
ASSETS			
Cash	\$ 375,492	\$ 4,329	\$ 379,821
Taxes receivable, net	-	10,064	10,064
Due from other funds	<u>-</u>	<u>122,797</u>	<u>122,797</u>
Total assets	<u>\$ 375,492</u>	<u>\$ 137,190</u>	<u>\$ 512,682</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	<u>-</u>	<u>6,286</u>	<u>6,286</u>
Fund balances:			
Restricted	<u>375,492</u>	<u>120,024</u>	<u>495,516</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 375,492</u>	<u>\$ 137,190</u>	<u>\$ 512,682</u>

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Debt Service Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2019

	Sales Tax Sinking Fund Series 2012	Auditorium Bond #1	Totals
Revenues:			
Taxes	\$ -	\$ 130,940	\$ 130,940
Investment income:			
Interest	<u>213</u>	<u>-</u>	<u>213</u>
Total revenues	<u>213</u>	<u>130,940</u>	<u>131,153</u>
Expenditures:			
Principle retirement	420,000	124,000	544,000
Interest and fiscal charges	<u>33,784</u>	<u>4,209</u>	<u>37,993</u>
Total expenditures	<u>453,784</u>	<u>128,209</u>	<u>581,993</u>
Excess (deficiency) of revenues over expenditures	<u>(453,571)</u>	<u>2,731</u>	<u>(450,840)</u>
Other financing sources:			
Operating transfers in	<u>462,888</u>	<u>-</u>	<u>462,888</u>
Net change in fund balances	9,317	2,731	12,048
Fund balances, beginning	<u>366,175</u>	<u>117,293</u>	<u>483,468</u>
Fund balances, ending	<u>\$ 375,492</u>	<u>\$ 120,024</u>	<u>\$ 495,516</u>

NONMAJOR CAPITAL PROJECTS FUNDS

City Hall Complex Construction Fund

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

Road Improvements Construction Fund

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

LCDBG Fund

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

Louisiana Capital Outlay Fund

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

Sidewalk Assessment Fund

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

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Capital Projects Funds

Combining Balance Sheet
December 31, 2019

	<u>City Hall Complex Construction</u>	<u>Road Improvement Construction</u>	<u>LCDBG</u>	<u>Louisiana Capital Outlay</u>	<u>Sidewalk Assessment</u>	<u>Totals</u>
ASSETS						
Cash	\$ 308,612	\$ 104,182	\$ 66,368	\$ 674	\$ 7,001	\$ 486,837
Interest-bearing deposits	-	-	-	-	-	-
Investments	245,924	-	-	-	-	245,924
Accounts receivable	-	-	30,000	-	-	30,000
Due from other funds	<u>50,000</u>	<u>-</u>	<u>128,320</u>	<u>-</u>	<u>20,500</u>	<u>198,820</u>
Total assets	<u>\$ 604,536</u>	<u>\$ 104,182</u>	<u>\$ 224,688</u>	<u>\$ 674</u>	<u>\$ 27,501</u>	<u>\$ 961,581</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 224,062</u>	<u>\$ 227,962</u>	<u>\$ 25,000</u>	<u>\$ 477,024</u>
Fund balances:						
Restricted	604,536	104,182	-	-	-	708,718
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>626</u>	<u>(227,288)</u>	<u>2,501</u>	<u>(224,161)</u>
Total fund balances	<u>604,536</u>	<u>104,182</u>	<u>626</u>	<u>(227,288)</u>	<u>2,501</u>	<u>484,557</u>
Total liabilities and fund balances	<u>\$ 604,536</u>	<u>\$ 104,182</u>	<u>\$ 224,688</u>	<u>\$ 674</u>	<u>\$ 27,501</u>	<u>\$ 961,581</u>

CITY OF MORGAN CITY, LOUISIANA
Nonmajor Capital Projects Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2019

	City Hall Complex Construction	Road Improvements Construction	LCDBG	Louisiana Capital Outlay	Sidewalk Assessment	Totals
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 14,901	\$ 14,901
Donations	-	-	30,000	-	-	30,000
Interest	6,017	105	-	-	-	6,122
Total revenues	6,017	105	30,000	-	14,901	51,023
Expenditures:						
General government	-	-	210	-	-	210
Public works	-	-	-	-	62,469	62,469
Capital outlay	2,616	-	-	-	-	2,616
Total expenditures	2,616	-	210	-	62,469	65,295
Excess (deficiency) of revenues over expenditures	3,401	105	29,790	-	(47,568)	(14,272)
Other financing sources:						
Transfers in	-	-	122,000	-	43,000	165,000
Net change in fund balance	3,401	105	151,790	-	(4,568)	150,728
Fund balances (deficit), beginning	601,135	104,077	(151,164)	(227,288)	7,069	333,829
Fund balances (deficit), ending	\$ 604,536	\$ 104,182	\$ 626	\$ (227,288)	\$ 2,501	\$ 484,557

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, 2019

	<u>Central Garage</u>	<u>Self Insurance</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash	\$ 2,669	\$ 186,303	\$ 188,972
Investments	-	4,392	4,392
Due from other funds	<u>2,030</u>	<u>-</u>	<u>2,030</u>
Total current assets	<u>4,699</u>	<u>190,695</u>	<u>195,394</u>
Equipment, at cost, net of accumulated depreciation	<u>3,869</u>	<u>-</u>	<u>3,869</u>
Total assets	<u>\$ 8,568</u>	<u>\$ 190,695</u>	<u>\$ 199,263</u>
LIABILITIES AND NET POSITION			
Liabilities:			
Accrued liabilities	\$ 16,971	\$ 267,316	\$ 284,287
Due to other funds	<u>24,569</u>	<u>-</u>	<u>24,569</u>
Total liabilities	<u>41,540</u>	<u>267,316</u>	<u>308,856</u>
Net position:			
Net investment in capital assets	3,869	-	3,869
Unrestricted (deficit)	<u>(36,841)</u>	<u>(76,621)</u>	<u>(113,462)</u>
Total net position (deficit)	<u>(32,972)</u>	<u>(76,621)</u>	<u>(109,593)</u>
Total liabilities and net position	<u>\$ 8,568</u>	<u>\$ 190,695</u>	<u>\$ 199,263</u>

CITY OF MORGAN CITY, LOUISIANA
Internal Service Funds

Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
Year Ended December 31, 2019

	<u>Central Garage</u>	<u>Self Insurance</u>	<u>Totals</u>
Operating revenues:			
Charges for services	\$ 180,000	\$ -	\$ 180,000
Insurance premiums	<u>-</u>	<u>2,123,008</u>	<u>2,123,008</u>
Total operating revenues	<u>180,000</u>	<u>2,123,008</u>	<u>2,303,008</u>
Operating expenses:			
Central garage expenses	162,148	-	162,148
Self-insurance fund expenses	<u>-</u>	<u>2,155,625</u>	<u>2,155,625</u>
Total operating expenses	<u>162,148</u>	<u>2,155,625</u>	<u>2,317,773</u>
Operating income (loss)	17,852	(32,617)	(14,765)
Non-operating revenues:			
Interest income	<u>6</u>	<u>139</u>	<u>145</u>
Change in net position	17,858	(32,478)	(14,620)
Net position (deficit), beginning	<u>(50,830)</u>	<u>(44,143)</u>	<u>(94,973)</u>
Net position (deficit), ending	<u>\$ (32,972)</u>	<u>\$ (76,621)</u>	<u>\$ (109,593)</u>

CITY OF MORGAN CITY, LOUISIANA
Fiduciary Funds

Combining Balance Sheet
December 31, 2019

	Police Pension and Relief Trust	Private Purpose Trusts	Agency	Totals
ASSETS				
Cash	\$ 3,324	\$ 383,938	\$ 13,234	\$ 400,496
Interest-bearing deposits, at cost	15,238	-	-	15,238
Investments	-	629,498	-	629,498
Receivables:				
Accounts receivable	-	39,306	437,930	477,236
Accrued interest	107	-	-	107
Prepaid insurance	-	8,382	-	8,382
Total assets	<u>\$ 18,669</u>	<u>\$ 1,061,124</u>	<u>\$ 451,164</u>	<u>\$ 1,530,957</u>
LIABILITIES AND NET POSITION				
Liabilities:				
Accounts payable	\$ -	\$ 179,837	\$ 451,164	\$ 631,001
Net Position:				
Held in trust for pension benefits and other purposes	<u>18,669</u>	<u>881,287</u>	<u>-</u>	<u>899,956</u>
Total liabilities and net position	<u>\$ 18,669</u>	<u>\$ 1,061,124</u>	<u>\$ 451,164</u>	<u>\$ 1,530,957</u>

CITY OF MORGAN CITY, LOUISIANA
Fiduciary Funds
Private Purpose Trusts
Combining Balance Sheet
December 31, 2019

	<u>Brownell Carrillon Towers</u>	<u>Morgan City Young</u>	<u>Morgan City Museum House</u>	<u>Schreier House</u>	<u>Totals</u>
ASSETS					
Cash	\$ 144,761	\$ 215,663	\$ 21,328	\$ 2,186	\$ 383,938
Investments	629,498				629,498
Accounts receivable	-	39,306	-	-	39,306
Prepaid expenses	<u>4,538</u>	<u>-</u>	<u>3,844</u>	<u>-</u>	<u>8,382</u>
Total assets	<u>\$ 778,797</u>	<u>\$ 254,969</u>	<u>\$ 25,172</u>	<u>\$ 2,186</u>	<u>\$1,061,124</u>
LIABILITIES AND NET POSITION					
Liabilities:					
Accounts payable	\$ 11,339	\$ 165,000	\$ 2,113	\$ 1,385	\$ 179,837
Net Position:					
Held in trust for other purposes	<u>767,458</u>	<u>89,969</u>	<u>23,059</u>	<u>801</u>	<u>881,287</u>
Total liabilities and net position	<u>\$ 778,797</u>	<u>\$ 254,969</u>	<u>\$ 25,172</u>	<u>\$ 2,186</u>	<u>\$1,061,124</u>

CITY OF MORGAN CITY, LOUISIANA
Fiduciary Funds
Private Purpose Trusts

Combining Schedule of Changes in Fiduciary Net Position
Year Ended December 31, 2019

	<u>Brownell Carrillon Towers</u>	<u>Morgan City Young</u>	<u>Morgan City Museum House</u>	<u>Schreier House</u>	<u>Totals</u>
Additions:					
Investment income	\$ 45,279	\$ -	\$ -	\$ 4	\$ 45,283
Contributions	730,504	173,541	5,000	-	909,045
Total additions	<u>775,783</u>	<u>173,541</u>	<u>5,000</u>	<u>4</u>	<u>954,328</u>
Deductions:					
Administrative	-	13,500	-	183	13,683
Beautification	-	5,000	-	-	5,000
Culture and recreation	44,494	244,329	5,830	-	294,653
Library	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Total deductions	<u>44,494</u>	<u>292,829</u>	<u>5,830</u>	<u>183</u>	<u>343,336</u>
Excess (deficiency) of additions over deductions	731,289	(119,288)	(830)	(179)	610,992
Net position, beginning	<u>36,169</u>	<u>209,257</u>	<u>23,889</u>	<u>980</u>	<u>270,295</u>
Net position, ending	<u>\$ 767,458</u>	<u>\$ 89,969</u>	<u>\$ 23,059</u>	<u>\$ 801</u>	<u>\$ 881,287</u>

CITY OF MORGAN CITY, LOUISIANA

Schedule of Number of Utility Customers
Year Ended December 31, 2019

Records maintained by the City indicated the following number of customers were being serviced during the month of December 31, 2019:

<u>Department</u>	
Electric	5,532
Water	5,012
Gas	3,541
Mosquito	5,697
Sanitation	4,205
Sewer	4,872

CITY OF MORGAN CITY, LOUISIANA

Schedule of Utility Rates Year Ended December 31, 2019

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 transformere 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, 2019

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, 2019

Records maintained by the City indicated the following amounts billed for services during the year ended December 31, 2019:

<u>Department</u>	
Electric	16,618,576
Water	2,031,058
Gas	1,665,788
Mosquito	139,866
Sanitation	1,113,612
Sewer	1,834,295

CITY OF MORGAN CITY, LOUISIANA

Schedule of Average Monthly Billings Per User
Year Ended December 31, 2019

Records maintained by the City indicated the following average monthly billing per user for services during the year ended December 31, 2019:

<u>Department</u>	
Electric	250
Water	34
Gas	39
Mosquito	2
Sanitation	22
Sewer	31

CITY OF MORGAN CITY, LOUISIANA

Analysis of Additions, Replacements, and Improvements to Utility System
Year Ended December 31, 2019

The following were added to the utility system:

Electric, Water, and Gas

Computer and monitor	\$ 2,171
Gas meters	13,576
Dell laptop	1,199
Water facility road	28,317
Water meters	14,500
Server	7,353
Video surveillance system	3,922
Total Electric, Water, and Gas Additions	<u>\$ 71,038</u>

Sanitation and Sewer

Axle trailer	\$ 28,018
BBA pump	27,694
Control panel	8,323
Generator	2,500
Generator trailer	1,000
Mini track loader	36,648
Myrtle St. generator project	100,150
Submersible pump	48,952
Total Sanitation and Sewer Additions	<u>\$ 253,285</u>

CITY OF MORGAN CITY, LOUISIANA

Schedule of Insurance in Force
Year Ended December 31, 2019

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

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
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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, 2019, 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 25, 2020. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of audit results and findings as item 2019-001.

City's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying corrective action plan for current audit findings. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
June 25, 2020

CITY OF MORGAN CITY, LOUISIANA

Schedule of Audit Results and Findings
Year Ended December 31, 2019

Part I. Summary of Auditor's Results

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

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental activities	Unmodified
Business-type activities	Unmodified
Major funds:	
General	Unmodified
Aggregate remaining fund information	Unmodified
Aggregate discretely presented component units	Adverse

2. Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> yes	<u> ✓ </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> ✓ </u> none reported

3. Noncompliance material to the financial statements?

 ✓ yes no

Other

4. Management letter issued?

 ✓ yes no

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

A. Internal Control-

No findings are reported under this section.

B. Compliance-

2019-001 – Local Government Budget Act

Year Initially Occurring: 2019

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

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

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

CITY OF MORGAN CITY, LOUISIANA

Schedule of Audit Results and Findings (continued)
Year Ended December 31, 2019

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

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

CAUSE: The condition results from failure to properly monitor the expenditures of the Road and Royalty fund.

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

RECOMMENDATION: We recommend that the City monitor actual activity to ensure compliance with the Local Government Budget Act.

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

The requirements of the Uniform Guidance are not applicable.

CITY OF MORGAN CITY, LOUISIANA

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2019

A. Internal Control-

No findings were reported under this section.

B. Compliance-

No findings were reported under this section.

C. Uniform Guidance-

Not applicable in prior period.

D. Management Letter-

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

CURRENT STATUS: This matter has not been resolved.

CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS

APPENDIX A

FRANK P. GRIZZAFFI, III

MAYOR

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MARK STEPHENS - District 2

RON BIAS - District 3

STEVE DOMANGUE - District 4

LOUIS J. TAMPORELLO, JR. - District 5

June 26, 2020

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

The following is in response to the finding resulting from the City of Morgan City's audit for the fiscal year ended December 31, 2019:

2019-001- Local Government Budget Act

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

Management's Response

Corrective Action Plan: The City will implement additional procedures in the amended budget process to ensure compliance with the Local Government Budget Act.

Name of contact person responsible for corrective action: Deborah Garber

Anticipated completion date for the corrective action: December 31, 2020

Sincerely,

Deborah Garber, Director of Finance

KOLDER, SLAVEN & COMPANY, LLC

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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, 2019 and have issued our report thereon dated June 25, 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.

2019-ML-1 Controls Over Personnel Data and Payroll Processing

During the fiscal year ended December 31, 2019, 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 errors identified.

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

June 26, 2020

RE: Response to Management Letter

2019-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

CITY OF MORGAN CITY

Statewide Agreed-Upon Procedures

Fiscal period January 1, 2019 through December 31, 2019

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,
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-Up-On Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019, 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 provisions of *Government Auditing Standards*, issued by the Comptroller General of the United States, applicable to attestation engagements. The sufficiency of these procedures is solely the responsibility of the City and LLA. 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 entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

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

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

Written policies and procedures were obtained and address the 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 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 threshold by category expense. However, the City's policy states that travel and expense reimbursements shall not exceed limits established by the funding source, and mileage reimbursements are based on IRS regulations.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 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) continuing disclosure/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.

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

Written policies and procedures could not be obtained.

Board or Finance Committee

Note: Procedures excluded from testing in the current period — Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 3: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 or Year 2 may exclude those categories from testing in Year 3."

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - 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 unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

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 entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for 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 were found as a result of this procedure.

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

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

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

No exceptions were found as a result of this procedure.

Collections (excluding EFTs)

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

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

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

Obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one (1) 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. pre-numbered receipts) to the deposit.

No exceptions were found as a result of this procedure.

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

No exceptions were found as result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

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 were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

Three (3) deposits between two (2) of the five (5) collection locations selected were not deposited within one business day.

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

No exceptions were found a result of this procedure.

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

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

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

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

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

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

In accordance with the City's policies and procedures, two (2) employees are involved in initiating a purchase request, approving a purchase and placing an order/making a purchase unless the transaction is routine/recurring.

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

No exceptions were found as a result of this procedure.

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

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

Original invoice/billing statement could not be obtained for one (1) of the disbursements selected. One (1) of the disbursements selected did not agree to original invoice/billing statement. No other exceptions noted on the remaining thirteen (13) disbursements.

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

No exceptions were found as a result of this procedure.

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.

- 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 (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported]

Evidence that selected monthly statements were reviewed and approved could not be obtained.

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

No exceptions were found a result of this procedure.

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

Not applicable.

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

Note: Procedures excluded from testing in the current period — Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 3: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 or Year 2 may exclude those categories from testing in Year 3."

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - 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).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

Note: Procedures excluded from testing in the current period — Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 3: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 or Year 2 may exclude those categories from testing in Year 3."

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - 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).

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

Payroll and Personnel

Note: Procedures excluded from testing in the current period — Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 3: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 or Year 2 may exclude those categories from testing in Year 3."

- 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.
- 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:
 - 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.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- 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.
- 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.

Ethics

Note: Procedures excluded from testing in the current period — Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 3: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 or Year 2 may exclude those categories from testing in Year 3."

- 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

Note: Procedures excluded from testing in the current period — Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 3: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 or Year 2 may exclude those categories from testing in Year 3."

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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Other

Note: Procedures excluded from testing in the current period — Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 3: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 or Year 2 may exclude those categories from testing in Year 3."

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 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 and should not be used by anyone other than those specified parties. 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 25, 2020