

MORGAN CITY
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

Independent Auditor's Report.....	1-2
Management's Discussion and Analysis	3-7

Basic Financial Statements:

Government Wide Financial Statements:

Statement of Net Position	8
Statement of Activities.....	9

Governmental Funds Statements:

Balance Sheet – Governmental Funds	10
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.....	11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	13

Proprietary Fund Statements:

Statement of Net Position – Proprietary Funds.....	14-15
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	16-17
Statement of Cash Flows – Proprietary Funds.....	18-19
Notes to the Financial Statements.....	20-48

Required Supplementary Information:

Schedule of Revenues, Expenditures, and Changes to Fund Balances Budget and Actual – General Fund.....	49-50
Schedule of the Proportionate Share of the Net Pension Liability Utah Retirement Systems.....	51-52
Schedule of Contributions Utah Retirement Systems.....	53
Notes to the Required Supplementary Information Utah Retirement Systems.....	54

Supplementary Information:

Combining Balance Sheet – Nonmajor funds.....	55
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor funds	56

Auditor's Reports and Findings:

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 <i>Government Auditing Standards</i>	57
Independent Auditor's Report in Accordance with the State Compliance Audit Guide On Compliance with General State Compliance Requirements and Internal Control over Compliance	58-59



Independent Auditor's Report

To the Mayor and City Council
Morgan City

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 Morgan City (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Morgan City, as of June 30, 2021 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and 49-54 be presented to supplement the basic financial statements.

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements on pages 55-56 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements on pages 55-56 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2021 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 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.

Christensen, Palmer & Ambrose P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MORGAN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

This document is a narrative overview and analysis of the financial activities of Morgan City for the fiscal year ending June 30, 2021. Morgan City management encourages readers to consider the information presented here in conjunction with the financial statements, which follow this section. To help the reader with navigation of this report the city's activities are classified in the following manner: government activities include basic services such as public safety, public works, parks and recreation, cemetery and general government administration, while business-type activities include water, sewer, electric, and sanitation. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the City.

Basic Financial Statements

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the community owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Government activities reflect capital assets including infrastructure and long-term liabilities. Business-type activities have long reported capital assets and long-term liabilities.
- The Statement of Activities focuses gross and net costs of city programs and the extent to which such programs rely upon general tax and revenues. This statement summarizes the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on major government funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major government funds are presented in their own column and the remaining funds are combined into a column titled "Other Government Funds." A budgetary comparison is presented for the general fund, which is the only fund for which a budget is legally adopted. Statements for the City's proprietary funds follow the governmental funds and include net position, revenues, expenses and changes in net position, and cash flow.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.

Readers desiring additional information on nonmajor funds can find it in the Combining Statements of Nonmajor Funds section of this report. Completing the financial section of the report are schedules on capital assets and other financial schedules.

The Management's Discussion and Analysis is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

MORGAN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

City as a Whole

Government-wide Financial Statements

A condensed version of the Statement of Net Position at June 30, 2021 and 2020 follows:

During the year ended June 30, 2021 there were some significant events that changed the components of net position. An explanation of these events follows:

Governmental Activities:

- The governmental activities saw a net increase to capital assets of \$507,228, with additions of \$737,937 and depreciation of \$230,709.
- Total cash in the governmental activities increased by \$883,311 of which an increase of \$722,073 was unrestricted and an increase of \$161,238 was restricted.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
ASSETS						
Cash and investments	2,805,651	\$1,922,340	\$ 2,904,028	\$ 3,258,238	\$ 5,709,679	\$ 5,180,578
Other assets	351,824	618,698	1,005,129	609,329	1,356,953	1,228,027
Capital assets	7,147,291	6,640,063	13,581,544	13,082,906	20,728,835	19,722,969
Total assets	10,304,766	9,181,101	17,490,701	16,950,473	27,795,467	26,131,574
Deferred outflows of resources	74,424	56,576	129,278	99,970	203,702	156,546
Total assets & deferred outflows	10,379,190	9,237,677	17,619,979	17,050,443	27,999,169	26,288,120
LIABILITIES						
Current liabilities	289,267	298,229	511,159	545,528	801,426	843,757
Noncurrent liabilities	158,796	18,996	3,020,485	3,319,253	3,178,282	3,338,249
Total liabilities	448,063	317,225	3,531,644	3,864,781	3,979,708	4,182,006
Deferred inflows of resources	513,465	514,102	233,978	123,931	747,443	638,033
Total liabilities & deferred inflows	961,529	831,327	3,765,622	3,988,712	4,727,151	4,820,039
NET POSITION						
Net investment in capital assets	7,147,291	6,640,063	9,918,690	9,194,249	17,065,981	15,834,312
Restricted	769,794	603,907	793,399	745,201	1,563,193	1,349,108
Unrestricted	1,500,576	929,861	3,142,268	3,122,281	4,642,844	4,052,142
Total net position	\$9,417,661	\$8,173,831	\$13,854,357	\$ 13,061,731	23,272,018	\$21,235,562

Business-Type Activities:

- Total cash in the business-type activities decreased by \$354,210.
- The interfund payable from the Electric Fund to the Water Fund was \$523,138.

MORGAN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

A condensed version of the Statement of Activities follows:

Governmental and Business-Type Activities for the years ended June 30, 2021 and 2020:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program revenues:						
Charges for services	\$ 633,704	\$ 462,997	\$ 4,759,584	\$ 4,478,906	\$ 5,393,288	\$ 4,941,903
Grants and contributions	549,036	695,898	358,141	402,864	907,177	1,098,762
General revenues:						
Taxes	1,947,520	1,538,832	-	-	1,947,520	1,538,832
Interest	3,759	18,640	20,215	50,213	23,974	68,853
Miscellaneous	52,942	36,426	71,481	53,375	124,423	89,801
Total revenues	<u>3,186,961</u>	<u>2,752,793</u>	<u>5,209,421</u>	<u>4,985,358</u>	<u>8,396,382</u>	<u>7,738,151</u>
Expenses:						
General government	557,664	469,430	-	-	557,664	469,430
Public safety	545,780	192,323	-	-	545,780	192,323
Public works	437,766	555,561	-	-	437,766	555,561
Parks and recreation	228,910	188,348	-	-	228,910	188,348
Cemetery	168,059	153,626	-	-	168,059	153,626
Shop	4,952	5,422	-	-	4,952	5,422
Interest	-	-	-	-	-	-
Water	-	-	757,681	778,016	757,681	778,016
Sewer	-	-	805,036	727,688	805,036	727,688
Electric	-	-	2,614,968	2,091,427	2,614,968	2,091,427
Sanitation	-	-	325,744	317,891	325,744	317,891
Total expenses	<u>1,943,131</u>	<u>1,564,710</u>	<u>4,503,429</u>	<u>3,915,022</u>	<u>6,446,560</u>	<u>5,479,732</u>
Change in net position	<u>1,243,830</u>	<u>1,188,083</u>	<u>705,992</u>	<u>1,070,336</u>	<u>1,949,822</u>	<u>2,258,419</u>
Transfers out	-	-	-	-	-	-
Beginning net position	<u>8,173,831</u>	<u>6,985,748</u>	<u>13,148,365</u>	<u>11,991,395</u>	<u>21,322,196</u>	<u>18,977,143</u>
Ending net position	<u>\$9,417,661</u>	<u>\$8,173,831</u>	<u>\$ 13,854,357</u>	<u>\$ 13,061,731</u>	<u>\$ 23,272,018</u>	<u>\$ 21,235,562</u>

Governmental activities:

For the year ended June 30, 2021, the total revenues for the governmental activities were \$3,186,961. Program revenues totaled \$1,182,740. The major sources of program revenues are building permits, impact fees, and capital grants. General revenues for the year totaled \$2,004,221. The major sources of general revenues are taxes and interest earnings. Taxes comprise 61.11% of the City's general fund revenues. The City also received \$333,101 in CARES Act Revenue during the fiscal year in relation to the COVID-19 Pandemic. All the CARES Act Revenue was expended during the fiscal year and recognized as an other financing source.

**MORGAN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Business-type activities:

For the year ended June 30, 2021, the total revenues for the business-type activities were \$5,209,421. Program revenues totaled \$5,117,725. The majority of the revenue is from charges for services of the enterprise funds. The general revenues in the business-type activities consist of \$20,215 in interest income, and \$71,481 in miscellaneous expenses. The water, sewer, electric and sanitation funds had operating income of \$60,652, \$331,071, (\$248,017) and \$35,272. The internal service fund had operating income of \$49,848.

Budgetary Highlights

Over the course of the year the City Council revised the budget to make small modifications to accommodate unexpected expenditures. In total, the general fund's expenditures were \$270,403 less than was budgeted. All departments and funds maintained expenditures within their appropriations.

Capital Assets

At June 30, 2021 the City had \$20,703,372 invested in capital assets, including park and recreation facilities, buildings, roads, bridges, sanitation, and electric and water and sewer lines. This amount represents a net increase (additions, deductions, and depreciation) of \$980,403 over last year.

	Capital Assets at Year-end					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$200,480	\$ 200,480	\$ 200,608	\$ 200,608	\$ 401,088	\$ 401,088
Easements	-	-	35,000	35,000	35,000	35,000
Water stock	-	-	90,114	90,114	90,114	90,114
Improvements	830,438	830,438	-	-	830,438	830,438
Buildings	948,957	948,957	1,169,257	1,169,258	2,118,214	2,118,214
Equipment	1,503,905	1,114,805	1,244,562	1,054,448	2,748,467	2,169,253
Utility systems	-	-	17,736,397	16,666,450	17,736,397	16,666,450
Infrastructure	7,868,093	7,403,846	-	-	7,868,093	7,403,846
Construction in progress	225,757	334,784	17,866	178,644	243,623	513,428
Subtotal	11,577,630	10,833,310	20,493,804	19,394,522	32,071,434	30,227,832
Accum depreciation	(4,430,339)	(4,193,247)	(6,912,260)	(6,311,616)	(11,342,599)	(10,504,863)
Capital Assets, Net	<u>\$7,147,291</u>	<u>\$6,640,063</u>	<u>\$13,581,544</u>	<u>\$ 13,082,906</u>	<u>\$20,728,835</u>	<u>\$19,722,969</u>

The most significant additions to capital assets were \$1,069,947 in utility systems, \$578,185 vehicles and equipment for the motor pool fund, \$439,813 for infrastructure.

MORGAN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Debt Outstanding

At year-end, the City had \$3,327,281 in long term liabilities outstanding versus \$3,718,766 last year, a decrease of \$391,485.

A total of \$148,000 in debt was retired during the year.

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 135,256	\$ -	\$ (895)	\$ 134,361	\$ -
Net Pension Liability	116,257	-	(91,822)	24,435	-
<i>Total Governmental Activities</i>	<u>\$ 251,513</u>	<u>\$ -</u>	<u>\$ (92,717)</u>	<u>\$ 158,796</u>	<u>\$ -</u>
	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Business-type Activities:					
Series 2010 Sewer Bonds	\$ 585,000	\$ -	\$ (24,000)	\$ 561,000	\$ 25,000
Series 2018 Sewer Bonds	2,708,000	-	(124,000)	2,584,000	124,000
Net Pension Liability	174,253	-	(150,768)	23,485	-
Total Debt	3,467,253	-	(298,768)	3,168,485	149,000
<i>Total Business-type Activities</i>	<u>\$ 3,467,253</u>	<u>\$ -</u>	<u>\$ (298,768)</u>	<u>\$ 3,168,485</u>	<u>\$ 149,000</u>

Financial Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City's Recorder at 90 W Young, Morgan, Utah 84050.

BASIC FINANCIAL STATEMENTS

MORGAN CITY
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows of Resources			
Current Assets:			
Cash	\$ 2,041,137	\$ 2,110,629	\$ 4,151,766
Restricted Cash	764,514	793,399	1,557,913
Accounts Receivable (Net)	5,221	466,038	471,259
Due From Other Governments	699,302	-	699,302
Inventory	-	172,467	172,467
Prepaid Expenses	2,785	11,140	13,925
Due to/from Other Funds	(355,484)	355,484	-
Total Current Assets	3,157,475	3,909,157	7,066,632
Noncurrent Assets:			
Net Pension Asset	-	-	-
Capital Assets:			
Water Shares	-	90,114	90,114
Land	200,480	200,608	401,088
Buildings and Improvements	1,779,395	1,169,257	2,948,652
Easements		35,000	35,000
Machinery and Equipment	1,503,905	17,736,397	19,240,302
Infrastructure and Utility Systems	7,868,093	1,244,562	9,112,655
Construction in Progress	225,757	17,866	243,623
Less Accumulated Depreciation	(4,430,339)	(6,912,260)	(11,342,599)
Total Capital Assets, Net	7,147,291	13,581,544	20,728,835
Total Assets	10,304,766	17,490,701	27,795,467
Deferred Outflows of Resources			
Deferred Outflows of Resources Relating to Pensions	74,424	129,278	203,702
Total Assets and Deferred Outflows of Resources	10,379,190	17,619,979	27,999,169
Liabilities and Deferred Inflows of Resources			
Current Liabilities:			
Accounts Payable	265,001	342,214	607,215
Customer Deposits	-	20,945	20,945
Other Accrued Liabilities	24,266	-	24,266
Noncurrent Due Within One Year	-	149,000	149,000
Total Current Liabilities	289,267	512,159	801,426
Noncurrent Liabilities:			
Due in More Than One Year	134,361	2,996,000	3,130,361
Net Pension Liability	24,436	23,485	47,921
Total Noncurrent Liabilities	158,797	3,019,485	3,178,282
Deferred Inflows of Resources Relating to Pensions	127,314	233,978	361,292
Deferred Property Taxes	386,151	-	386,151
Total Liabilities and Deferred Inflows of Resources	961,529	3,765,622	4,727,151
NET POSITION			
Net Investment in Capital Assets	7,147,291	9,918,690	17,065,981
Restricted For:			
Class "C" Roads	101,923	-	101,923
Impact Fees	361,411	394,367	755,778
Debt Service	-	399,032	399,032
Redevelopment Agency	88,590	-	88,590
Perpetual Care	217,870	-	217,870
Unrestricted	1,500,576	3,142,268	4,642,844
Total Net Position	\$ 9,417,661	\$ 13,854,357	\$ 23,272,018

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

MORGAN CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Revenues				Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental Activities							
General Government	\$ 557,664	\$ 353,135	\$ 333,101	\$ -	\$ 128,572	\$ -	\$ 128,572
Public Safety	545,780	-	-	-	(545,780)	-	(545,780)
Public Works	437,766	27,937	215,935	-	(193,894)	-	(193,894)
Parks and Recreation	228,910	159,082	-	-	(69,828)	-	(69,828)
Cemetery	168,059	93,550	-	-	(74,509)	-	(74,509)
Shop	4,952	-	-	-	(4,952)	-	(4,952)
Total Governmental Activities	1,943,131	633,704	549,036	-	(760,391)	-	(760,391)
Business-type Activities							
Water	757,681	869,599	-	137,141	-	249,059	249,059
Sewer	805,036	1,099,818	-	160,159	-	454,941	454,941
Electric	2,614,968	2,429,151	-	60,841	-	(124,976)	(124,976)
Sanitation	325,744	361,016	-	-	-	35,272	35,272
Total Business-type Activities	4,503,429	4,759,584	-	358,141	-	614,296	614,296
Total Government	\$ 6,446,560	\$ 5,393,288	\$ 549,036	\$ 358,141	(760,391)	614,296	(146,095)
General Revenues:							
Taxes							
		Property			596,736	-	596,736
		Sales and Use			1,255,304	-	1,255,304
		Fee in Lieu			42,849	-	42,849
		Telecommunication			48,442	-	48,442
		Transient Room Tax			4,189	-	4,189
		Interest and Investment Earnings			3,759	20,215	23,974
		Miscellaneous			52,942	71,481	124,423
		Total General Revenues and Transfers			2,004,221	91,696	2,095,917
		Change in Net Position			1,243,830	705,992	1,949,822
		Net Position at Beginning of Year (restated)			8,173,831	13,148,365	21,322,196
		Net Position at End of Year			\$ 9,417,661	\$ 13,854,357	\$ 23,272,018

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

**MORGAN CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2021**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 228,565	\$ 1,626,215	\$ 2,556	\$ 1,857,336
Restricted Cash	463,334	-	301,180	764,514
Due from Other Funds	-	-	-	-
Accounts Receivable	-	-	5,221	5,221
Due From Other Governments	699,243	-	59	699,302
Prepaid Expenses	2,785	-	-	2,785
TOTAL ASSETS	<u>\$ 1,393,927</u>	<u>\$ 1,626,215</u>	<u>\$ 309,016</u>	<u>\$ 3,329,158</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 217,501	\$ -	\$ -	\$ 217,501
Due to Other Funds	-	-	-	-
Other Accrued Liabilities	24,266	-	-	24,266
TOTAL LIABILITIES	<u>241,767</u>	<u>-</u>	<u>-</u>	<u>241,767</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - CARES Act	-	-	-	-
Deferred Property Taxes	386,151	-	-	386,151
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>386,151</u>	<u>-</u>	<u>-</u>	<u>386,151</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>627,918</u>	<u>-</u>	<u>-</u>	<u>627,918</u>
FUND BALANCES				
Non-spendable:				
Prepays	2,785	-	-	2,785
Restricted for:				
Class C Roads	101,923	-	-	101,923
Road Impact Fees	103,157	-	-	103,157
Park Impact Fees	258,254	-	-	258,254
Redevelopment Agency	-	-	88,590	88,590
Perpetual Care	-	-	217,870	217,870
Assigned:				
Capital Projects	-	1,626,215	-	1,626,215
Unassigned	299,890	-	2,556	302,446
TOTAL FUND BALANCES	<u>766,009</u>	<u>1,626,215</u>	<u>309,016</u>	<u>2,701,240</u>
TOTAL LIABILITIES, DEFERRED OUTFLOWS AND FUND BALANCES	<u>\$ 1,393,927</u>	<u>\$ 1,626,215</u>	<u>\$ 309,016</u>	<u>\$ 3,329,158</u>

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

MORGAN CITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances--total governmental funds	\$ 2,701,240
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the fund financial statements.	7,147,291
Less amounts reported in internal service fund, represented below	(581,251)
Internal Service Funds are used by management to charge the costs of fleet management to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	362,068
Deferred inflows of resources, a use of net position that applies to future periods, is not shown in the fund statements.	(127,314)
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements.	74,424
Net Pension assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	-
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements. Those liabilities consist of:	
Net Pension Liability	(24,436)
Compensated Absences	<u>(134,361)</u>
Net position of governmental activities	<u>\$ 9,417,661</u>

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

MORGAN CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 1,723,909	\$ -	\$ 223,611	\$ 1,947,520
Licenses and Permits	274,630	-	-	274,630
Intergovernmental	215,935	-	-	215,935
Charges For Services	79,650	-	33,400	113,050
Fines	-	-	-	-
Other Revenues	215,209	7,048	1,963	224,220
Total Revenues	<u>2,509,333</u>	<u>7,048</u>	<u>258,974</u>	<u>2,775,355</u>
EXPENDITURES				
Current Operating:				
General Government	498,180	-	342,621	840,801
Public Safety	545,780	-	-	545,780
Public Works	142,410	-	30,981	173,391
Parks and Recreation	199,628	-	-	199,628
Cemetery	171,311	-	-	171,311
Shop	5,694	-	-	5,694
Capital Outlay				
General Government	-	-	-	-
Parks and Recreation	-	-	-	-
Public Works	348,474	-	-	348,474
Total Expenditures	<u>1,911,477</u>	<u>-</u>	<u>373,602</u>	<u>2,285,079</u>
Excess of Revenues Over (Under) Expenditures	<u>597,856</u>	<u>7,048</u>	<u>(114,628)</u>	<u>490,276</u>
OTHER FINANCING SOURCES (USES)				
CARES Act Revenue	333,101	-	-	333,101
Transfers-In	-	650,000	-	650,000
Transfers-Out	(650,000)	-	-	(650,000)
Total Other Financing Sources (Uses)	<u>(316,899)</u>	<u>650,000</u>	<u>-</u>	<u>333,101</u>
Net Change in Fund Balances	<u>280,957</u>	<u>657,048</u>	<u>(114,628)</u>	<u>823,377</u>
Fund Balances at Beginning of Year	<u>485,052</u>	<u>969,167</u>	<u>423,644</u>	<u>1,877,863</u>
Fund Balances at End of Year	<u><u>\$ 766,009</u></u>	<u><u>\$ 1,626,215</u></u>	<u><u>\$ 309,016</u></u>	<u><u>\$ 2,701,240</u></u>

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

MORGAN CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balance, total governmental funds \$ 823,377

Amounts reported for governmental activities
in the statement of activities are different because:

Governmental funds report capital outlays as
expenditures. In the statement of activities,
the cost of those assets is allocated over their
estimated useful lives as depreciation expense.
This is the amount by which capital outlays exceeded
depreciation expense in the current period.

Capital Outlays	529,113	
Depreciation Expense	<u>(230,709)</u>	298,404

The net book value of capital assets transferred to the internal service
fund during the fiscal year -

Internal Service Funds are used by management to charge the costs
of fleet management to individual funds. The net income of
certain activities of the Internal Service Fund is reported with
governmental activities. 78,505

The Statement of Activities includes the net pension benefit (expense)
from the adoption of GASB 68, which is not included in the fund
financial statements. 42,649

Capital assets contributed by developers constitute revenues on the
government-wide financial statements. -

Repayment of debt principal and compensated absences
is an expenditure in the governmental funds, but the
repayment reduces long-term liabilities in the statement
of net assets. The debt principal repaid are as follows:
Net change of Compensated Absences 895

Change in net position of governmental activities \$ 1,243,830

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

MORGAN CITY
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water	Sewer	Electric	Sanitation	Total	Internal Service
ASSETS						
Current Assets:						
Cash	\$ -	\$ 608,493	\$ 1,621,830	\$ 56,309	\$ 2,286,632	\$ 183,801
Restricted Cash	-	646,648	146,751	-	793,399	-
Accounts Receivable (Net)	73,793	95,749	264,760	31,736	466,038	-
Inventory	49,574	1,250	121,643	-	172,467	-
Due from Other Funds	-	-	523,137	-	523,137	-
Prepaid Expenses	2,785	2,785	2,785	2,785	11,140	-
Total Current Assets	<u>126,152</u>	<u>1,354,925</u>	<u>2,680,906</u>	<u>90,830</u>	<u>4,252,813</u>	<u>183,801</u>
Noncurrent Assets:						
Net Pension Asset	-	-	-	-	-	-
Capital Assets:						
Water Shares	90,114	-	-	-	90,114	-
Land	36,683	67,131	96,794	-	200,608	-
Buildings	9,905	9,905	1,001,942	147,505	1,169,257	-
Easements	-	35,000	-	-	35,000	-
Utility Systems	6,550,520	7,291,326	3,894,551	-	17,736,397	-
Machinery and Equipment	190,574	371,505	682,483	-	1,244,562	943,098
Construction in Progress	-	17,866	-	-	17,866	-
Less Accumulated Depreciation	<u>(2,611,525)</u>	<u>(2,100,850)</u>	<u>(2,155,345)</u>	<u>(44,540)</u>	<u>(6,912,260)</u>	<u>(361,847)</u>
Total Capital Assets, Net	<u>4,266,271</u>	<u>5,691,883</u>	<u>3,520,425</u>	<u>102,965</u>	<u>13,581,544</u>	<u>581,251</u>
Total Assets	<u>4,392,423</u>	<u>7,046,808</u>	<u>6,201,331</u>	<u>193,795</u>	<u>17,834,357</u>	<u>765,052</u>
Deferred Outflows of Resources - Pensions	26,863	25,580	73,333	3,502	129,278	-
Total Assets and Deferred Outflows of Resources	<u>\$ 4,419,286</u>	<u>\$ 7,072,388</u>	<u>\$ 6,274,664</u>	<u>\$ 197,297</u>	<u>\$ 17,963,635</u>	<u>\$ 765,052</u>

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

MORGAN CITY
STATEMENT OF NET POSITION - PROPRIETARY FUNDS -Continued
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water	Sewer	Electric	Sanitation	Total	Internal Service
LIABILITIES						
Current Liabilities:						
Accounts Payable	\$ 16,631	\$ 21,547	\$ 279,295	\$ 24,741	\$ 342,214	\$ 47,500
Cash Deficit	176,003	-	-	-	176,003	-
Customer Deposits	75	-	20,870	-	20,945	-
Current Portion of Long-Term	-	149,000	-	-	149,000	-
Total Current Liabilities	192,709	170,547	300,165	24,741	688,162	47,500
Noncurrent Liabilities:						
Revenue Bonds, Net of Current	-	2,996,000	-	-	2,996,000	-
Net Pension Liability	3,024	7,917	9,350	3,194	23,485	-
Due to Other Funds	523,137	-	-	-	523,137	-
Total Liabilities	718,870	3,174,464	309,515	27,935	4,230,784	47,500
Deferred Inflows of Resources - Pensions	53,788	46,866	129,179	4,145	233,978	-
Total Liabilities and Deferred Inflows of Resources	772,658	3,221,330	438,694	32,080	4,464,762	47,500
NET POSITION						
Net Investment in Capital Assets	3,743,134	2,546,883	3,520,425	108,248	9,918,690	581,251
Restricted for Impact Fees	-	247,616	146,751	-	394,367	-
Restricted for Debt Service	-	399,032	-	-	399,032	-
Unrestricted	(96,506)	657,527	2,168,794	56,969	2,786,784	136,301
Total Net Position	3,646,628	3,851,058	5,835,970	165,217	13,498,873	717,552
Total Liabilities and Net Position	\$ 4,419,286	\$ 7,072,388	\$ 6,274,664	\$ 197,297		\$ 765,052
Beginning net position of internal service fund activities related to enterprise funds					284,003	
Adjustment to reflect consolidation of internal service fund to enterprise funds					71,481	
Net Position of Business -Type Activities					\$ 13,854,357	

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

MORGAN CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water	Sewer	Electric	Sanitation	Total	Internal Service
Operating Revenues:						
Charges for Services	\$ 770,199	\$ 1,068,920	\$ 2,071,068	\$ 333,212	\$ 4,243,399	\$ 125,700
Other Operating Revenues	39,699	398	295,883	27,804	363,784	-
Total Operating Revenues	809,898	1,069,318	2,366,951	361,016	4,607,183	125,700
Operating Expenses:						
Personnel Services	251,359	190,927	577,483	13,246	1,033,015	-
Contractual Services	-	-	-	108,192	108,192	-
Purchases Water/Power/Refuse	47,441	-	1,273,569	154,193	1,475,203	-
Supplies	46,314	46,769	335,995	-	429,078	-
Office Expense	34,917	31,856	33,036	21,730	121,539	-
Professional Services	66,616	124,831	45,681	10,001	247,129	-
Miscellaneous	4,255	1,632	64,498	724	71,109	-
Equipment and Maintenance	62,025	27,930	55,861	1,445	147,262	-
Utilities	45,107	46,139	-	-	91,246	-
Insurance	11,583	10,474	11,254	10,571	43,882	-
Depreciation	160,029	234,589	200,384	5,642	600,643	75,852
Lease Expense	19,600	23,100	17,207	-	59,907	-
Total Operating Expenses	749,246	738,247	2,614,968	325,744	4,428,205	75,852
Operating Income (Loss)	60,652	331,071	(248,017)	35,272	178,978	49,848

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

MORGAN CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -Continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water	Sewer	Electric	Sanitation	Total	Internal Service
Nonoperating Revenues (Expenses)						
Impact Fees	137,141	160,159	60,841	-	358,141	-
Connection Fees	59,701	30,500	62,200	-	152,401	-
Interest Revenue	855	3,158	15,957	245	20,215	797
Gain/Loss On Sale Of Asset	-	-	-	-	-	99,341
Interest Expense	(8,435)	(66,789)	-	-	(75,224)	-
Total Nonoperating Revenues (Expenses)	189,262	127,028	138,998	245	455,533	100,138
Net Income (Loss) Before Contributions and Transfers	249,914	458,099	(109,019)	35,517	634,511	149,986
Transfers In (Out)	-	-	-	-	-	-
Capital Contributions	-	-	-	-	-	-
Change in Net Position	249,914	458,099	(109,019)	35,517	634,511	149,986
Total Net Position - Beginning (restated)	3,396,714	3,392,959	5,944,989	129,700		567,566
Total Net Position - Ending	\$ 3,646,628	\$ 3,851,058	\$ 5,835,970	\$ 165,217		\$ 717,552
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					71,481	
Changes in net position of business-type activities					<u>\$ 705,992</u>	

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

MORGAN CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water	Sewer	Electric	Sanitation	Total	Internal Service
Cash Flows from Operating Activities						
Cash Received From Customers	811,444	1,072,688	2,336,922	359,852	\$ 4,580,906	\$ 125,700
Cash Paid to Suppliers	(534,664)	(298,190)	(1,616,093)	(307,372)	(2,756,319)	-
Cash Paid to Employees	(268,010)	(204,805)	(615,925)	(14,304)	(1,103,044)	-
Net Cash Provided (Used) by Operating Activities	8,770	569,693	104,904	38,176	721,543	125,700
Cash Flows from Noncapital Financing Activities						
Due to/from Other Funds	103,841	-	72,162	-	176,003	-
Net Cash Used in Noncapital Financing Activities	103,841	-	72,162	-	176,003	-
Cash Flows from Capital and Related Financing Activities						
Acquisition and Construction of Capital Assets	(857,461)	(17,866)	(223,956)	-	(1,099,283)	(220,314)
Bond Proceeds	-	-	-	-	-	-
Principal Payments - Bonds	-	(148,000)	-	-	(148,000)	-
Interest Paid	(8,435)	(66,789)	-	-	(75,224)	-
Impact Fees Collected	137,141	160,159	60,841	-	358,141	-
Connection Fees Collected	59,701	30,500	62,200	-	152,401	-
Net Cash Provided (Used) in Capital and Related Financing Activities	(669,054)	(41,996)	(100,915)	-	(811,965)	(220,314)
Cash Flows from Investing Activities						
Proceeds From Sales of Long-Term Assets	-	-	-	-	-	82,477
Interest on Investments	855	3,158	15,957	245	20,215	797
Net Cash Provided by Investing Activities	855	3,158	15,957	245	20,215	83,274
Net Increase (Decrease) in Cash	(555,588)	530,855	92,108	38,421	105,796	(11,340)
Cash - July 1	555,588	724,286	1,676,473	17,888	2,974,235	195,141
Cash - June 30	\$ -	\$ 1,255,141	\$ 1,768,581	\$ 56,309	\$ 3,080,031	\$ 183,801

MORGAN CITY
STATEMENT OF CASH FLOWS -Continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water	Sewer	Electric	Sanitation	Total	Internal Service
Cash balance reported on the Statement of Net Position:						
Cash	\$ -	\$ 608,493	\$ 1,621,830	\$ 56,309	\$ 2,286,632	\$ 183,801
Restricted Cash	-	646,648	146,751	-	793,399	-
	<u>\$ -</u>	<u>\$ 1,255,141</u>	<u>\$ 1,768,581</u>	<u>\$ 56,309</u>	<u>\$ 3,080,031</u>	<u>\$ 183,801</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities						
Operating Income (Loss)	\$ 60,652	\$ 331,071	\$ (248,017)	\$ 35,272	\$ 178,978	\$ 49,848
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities						
Depreciation	160,029	234,589	200,384	5,642	600,644	75,852
Changes in Assets and Liabilities:						
Accounts Receivable	1,546	3,370	(30,029)	(1,164)	(26,277)	-
Inventory	(18,429)	(633)	5,077	-	(13,985)	-
Prepaid Expenses	(13)	(13)	(13)	(13)	(52)	-
Accounts Payable	(177,614)	15,187	214,079	(503)	51,149	-
Net Pension Liability	(16,651)	(13,878)	(38,442)	(1,058)	(70,029)	-
Customer Deposits	(750)	-	1,865	-	1,115	-
Net Cash Provided by Operating Activities	<u>\$ 8,770</u>	<u>\$ 569,693</u>	<u>\$ 104,904</u>	<u>\$ 38,176</u>	<u>\$ 721,543</u>	<u>\$ 125,700</u>
Schedule of non-cash capital and related financing activities:						
Contributions of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The City operates under a Council/Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), public utilities (water, sewer, electric, and sanitation), highways and streets, social services, culture-recreation, public improvements, planning and zoning, economic redevelopment, and general administrative services.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The City has adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance*. Accordingly, the City has elected to apply all applicable GASB pronouncements and codified accounting standards issued by GASB. The more significant accounting policies established in GAAP and used by the City are discussed below.

In defining the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards board (GASB). Under GASB Statement No. 61, *The Financial Reporting Entity*, the financial reporting entity consists of the primary government and the Redevelopment Agency as a blended component unit.

Basic Financial Statements

The City's basic financial statements consist of the government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

Statement of Net Position - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end.

Statement of Activities - The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for business-type activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary. The following fund types are used by the City:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following describes the major governmental funds of the City:

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

Capital Projects fund accumulates funds over time for the long-term capital projects of governmental type acquisition and expansion.

The following describes the nonmajor governmental funds of the City:

Special Revenue fund is used to account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects).

Redevelopment fund helps eliminate "blighted" areas within the designated project area. The City receives tax increment revenue for the fund. The Redevelopment Fund is a special revenue fund.

Perpetual Care fund is an expendable fund for cemetery care.

Utility Enhancement fund is an expendable fund for utility enhancement.

Internal Service Fund is used to account for the operating costs of vehicles and equipment charged to the other departments or funds.

Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting (continued)

Proprietary Funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's various departments. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The following is a description of the proprietary funds of the City.

Enterprise Funds account for those operations that are financed and operated in a manner similar to private business enterprises or where the governing body had decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The City's enterprise funds include the water fund, sewer fund, electric fund, and the sanitation fund.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

Government-wide financial statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled utility services which are accrued. Expenses are recognized at the time liability is incurred.

Fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available").

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus/Basis of Accounting (continued)

Property taxes, franchise taxes, licenses, and interest are susceptible to accrual. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Assets, Liabilities and Equity

Cash & Cash Equivalents and Investments

Cash and Cash Equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

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.

Receivables and Payables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities and Equity (continued)

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 and in the fund financial statements for proprietary funds.

All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and over three years of useful life. Infrastructure assets capitalized have an original cost of \$100,000 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	50
Utility Systems	40
Land Improvements	30
Infrastructure	20
Machinery & Equipment	7

Fund Financial Statements

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.

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay and sick leave are accrued when incurred and are reported as a liability. Amounts not expected to be liquidated with expendable available financial resources are reported in the Statement of Net Position as a noncurrent liability.

Long-term Liabilities

The accounting treatment of long-term liabilities 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 liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist primarily of notes payable and bonds payable.

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities and Equity (continued)

Long-term Liabilities (continued)

Long-term liabilities for governmental funds are 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 is the same in the fund statements as it is in the government-wide statements.

Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. 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.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item reported under this category. *Unavailable revenue- property taxes* are reported as deferred inflows of resources since they are recognized as receivables before the period for which the taxes are levied. These amounts are reported in both the government-wide statements and the governmental fund statements.

Deferred Outflows of Resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents an consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until that time. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Equity Classifications

Government-wide Statements

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

- a. Net investment in capital assets– Consists of 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.

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities and Equity (continued)

Equity Classifications (continued)

- b. Restricted net position – 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 net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

It is the City’s policy to first apply restricted resources rather than unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Statements

The City has adopted GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions. The statement applies only to fund financial statements and not to government-wide statements or proprietary fund statements. Proprietary fund equity is classified the same as in the government-wide statements. The fund balances may be classified as follows:

- a. Non-spendable – Fund balances that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted fund balance – Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, by law through constitutional provisions or enabling legislation, or restrictions set by creditors, grantors, or contributors. .
- c. Committed fund balance – Fund balances are reported as committed when the Council formally designates the use of resources by ordinance or resolution for a specific purpose and cannot be used for any other purpose unless the City Council likewise formally changes the use.
- d. Assigned fund balance – Fund balances are reported as assigned when the City Council or Management intends to use funds for a specific purpose. Normally funds are assigned by the appropriation process of setting the budget. Additionally, funds in special revenue, debt service, and capital project funds are by their nature assigned to the purpose of those respective funds.
- e. Unassigned fund balance – Fund balances in the general fund are reported as unassigned when they are neither restricted, committed, nor assigned. They may be used for any governmental purpose.

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 spend first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council has provided otherwise in its commitment or assignment actions.

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities and Equity (continued)

Interfund Transactions

Interfund services provided and used are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursement, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as non-operating transfers.

Property Tax

Real property taxes are collected by the County Treasurer and remitted to the City after collection. Taxes are due and payable on November 1st and delinquent after 12 o'clock noon on November 30th of each year. The tax levy is established by June 15th with a lien date of January 1st. Property tax revenue is not recognized when levied, because it is not expected to be collected within 60 days after the end of the fiscal year.

Operating Revenues and Expenses

Operating revenues and expenses in the proprietary funds consist of those revenues that result from the ongoing principal operations of the City. Operating revenues consist of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type activities and result from nonexchange transactions or ancillary activities.

Upcoming Accounting Pronouncement

The Governmental Accounting Standards Board (GASB) issued Statement 87, which amends existing accounting standards for lease accounting, including requiring lessees to recognize most leases on the statement of net position and making certain changes to lessor accounting. The new standard is effective for fiscal years beginning after June 15, 2021. The Government is currently evaluating the impact the new standard may have on its financial statements.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Information

Annual budgets are prepared and adopted in accordance with the "Uniform Fiscal Procedures Act for Utah cities" by the Morgan City Municipal Council on or before June 15th for the following fiscal year, which begins on July 1. Budgets may be increased by resolution of the Municipal Council at any time during the year, following a public hearing. Budgets are adopted at sub-department levels; however budget amendments by resolution are generally required only if the department desires to exceed its total budget appropriation.

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Budget Information (continued)

The City adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

1. On or before May 1st, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to the formal adoption of the budget the City Council will hold budget workshop meetings, which are open to the public.
3. Prior to June 15th the City Council sets a date for a public budget hearing at which time taxpayers' comments are heard. Copies of the proposed budget are made available for public inspection 10 days prior to the budget hearing. At the conclusion of the budget hearing the budget, as amended, is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund and Enterprise Funds.
5. Budgets for the General Fund are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). Budgets for the proprietary fund types are prepared using the accrual basis of accounting except that depreciation for all proprietary fund types is not budgeted. Budgeted amounts are as originally adopted, or as amended by the City Council during the fiscal year.
6. Unencumbered budget appropriations lapse at the end of the fiscal year.

Fund Equity Restrictions

Restricted for Perpetual Care - The City Council passed an ordinance providing for perpetual care fees to be set aside for maintenance at the City cemetery.

Restricted for Redevelopment - Amounts generated in the redevelopment fund are reserved to be spent to promote urban renewal and economic development.

Restricted for Impact Fees - The City Council passed an ordinance providing for specific impact fees on all new construction. Impact fees include fees for roads, parks, administration, water, sewer, and electric. These fees are to be reserved for current and future costs to help defray a portion of the costs that naturally result from increased development.

Restricted for Class "C" Road - Reserve required to be kept that accounts for the receipt of class "C" road revenues and expenditures.

Restricted for Special Improvement District - Amounts generated in the special improvement district are reserved to be spent on capital outlay and debt service within the district.

Restricted for Debt Service - Reserves are established by bond documents to service the debt, repair and replace infrastructure, etc.

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS

Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost or amortized cost, which approximates fair value. Each fund's portion of this pool is displayed as "Cash and Cash Equivalents" which also includes cash accounts that are separately held by some of the City's funds. Deposits are not collateralized nor are they required to be by State statute.

The City follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and investment transactions. This Act requires the depositing of city funds in a "qualified depository". The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council

Deposits

Custodial credit risk – Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2021, \$496,799 of the City's bank balances of \$746,799 was uninsured and uncollateralized.

Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The City follows the requirements of the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of City funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Money Management Act defines the types of securities authorized as appropriate investments for the City's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac),

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

Deposits and Investments (continued)

and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurers’ Investment Fund.

The Utah State Treasurer’s Office operates the Public Treasurers’ Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (*Utah Code*, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses of the PTIF, net of administration fees, are allocated based upon the participant’s average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize 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; and,
- *Level 3*: Unobservable inputs.

At June 30, 2021, the City had the following recurring fair value measurements.

	Fair Value Measurements			
	Using			
	Total	Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities:				
Utah Public Treasurer's Investment Fund	\$ 4,390,760	\$ -	\$ 4,390,760	\$ -
Total debt securities	\$ 4,390,760	\$ -	\$ 4,390,760	\$ -

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

Deposits and Investments (continued)

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers' Investment Fund: application of the June 30, 2021 fair value factor, as calculated by the Utah State Treasurer, to the City's average daily balance in the Fund.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less.

The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

As of June 30, 2021, the City's investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
PTIF Investments	4,390,760	4,390,760	-	-	-
	4,390,760	4,390,760	-	-	-

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act, as previously discussed.

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

Deposits and Investments (continued)

At June 30, 2021, the City's investments had the following quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
PTIF Investments	4,390,760	-	-	-	4,390,760
	4,390,760	-	-	-	4,390,760

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

Custodial credit risk (investments) – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk.

The City's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

Cash on hand and on deposit:

Cash on Deposit	\$ 1,244,025
Xpress Bill Pay	74,894
PTIF Investment	<u>4,390,760</u>
Total cash and investments	<u>\$ 5,709,679</u>

Cash and investments are included in the accompanying combined statement of net position as follows:

Cash	\$ 4,151,766
Restricted Cash	<u>1,557,913</u>
Total cash and investments	<u>\$ 5,709,679</u>

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

Accounts Receivable

Accounts receivable for the City, including the applicable allowance for uncollectible accounts at June 30, 2021, are as follows:

Governmental Activities:	General	Special Revenue	RDA	Perpetual Care	Total
Receivables:					
Accounts	\$ -	\$ -	\$ 1,221	\$ 4,000	\$ 5,221
Special Assessment	-	-	-	-	-
Grants	-	-	-	-	-
Taxes	699,243	-	59	-	699,302
Gross receivables	699,243	-	1,280	4,000	704,523
Less: Allowance for uncollectibles	-	-	-	-	-
Net total receivables	\$ 699,243	\$ -	\$ 1,280	\$ 4,000	\$ 704,523

Accounts receivable for the City's Business-type Activities, including the applicable allowance for uncollectible accounts at June 30, 2021 are as follows:

Business-type Activities:	Water	Sewer	Electric	Sanitation	Internal Service	Total
Receivables:						
Accounts	\$ 78,911	\$ 98,870	\$ 278,348	\$ 33,495	\$ -	\$ 489,624
Gross receivables	78,911	98,870	278,348	33,495	-	489,624
Less: Allowance for uncollectibles	(5,118)	(3,121)	(13,588)	(1,759)	-	(23,586)
Net total receivables	\$ 73,793	\$ 95,749	\$ 264,760	\$ 31,736	\$ -	\$ 466,038

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

Due From Other Funds (Interfund Receivables/Payables)

- On April 10, 2013 the Water Fund borrowed \$1,081,971 from the Electric Fund. Payment arrangements have been made and are scheduled to take place on a monthly basis in the amount of \$6,716 with an interest rate of 1.50% per year. The amounts that are due from the Water Fund and to the Electric Fund are as follows:

Year Ended June 30,	Due to Electric Fund from Water Fund		
	1.50%		
	Principal	Interest	Total
2022	\$ 73,250	\$ 7,345	\$ 80,595
2023	74,357	6,238	80,595
2024	75,480	5,115	80,595
2025	76,620	3,975	80,595
2026	77,777	2,818	80,595
2027	78,952	1,643	80,595
2028	66,702	460	67,162
Totals	\$ 523,137	\$ 27,595	\$ 550,732

Interfund Transfers

Often, funds are received into a certain fund with the expectation of those funds being used in another fund. Additionally, funds may be transferred to accumulate money in a capital projects fund for long-term projects. The following transfers were made during the year:

Transfers Out	Transfers In	
	Capital Projects Fund	Redevelopment Agency Fund
General Fund	\$ 650,000	\$ -
Capital Projects Fund	-	-
Totals	\$ 650,000	\$ -

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

Capital Assets

A summary of changes in capital assets to the governmental activities follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 200,480	\$ -	\$ -	\$ 200,480
Construction in Progress	333,175	225,757	(333,175)	225,757
Total capital assets, not being depreciated	533,655	225,757	(333,175)	426,237
Capital assets, being depreciated				
Land Improvements	830,438	-	-	830,438
Buildings	948,957	-	-	948,957
Machinery & Equipment	386,916	173,891	-	560,807
Motor Pool Assets	727,889	308,337	(93,128)	943,098
Infrastructure	7,403,846	131,072	333,175	7,868,093
Total capital assets, being depreciated	10,298,046	613,300	240,047	11,151,393
Accumulated Depreciation for:				
Land Improvements	(264,615)	(25,507)	-	(290,122)
Buildings	(324,868)	(17,429)	-	(342,297)
Machinery & Equipment	(369,294)	(16,548)	-	(385,842)
Motor Pool Assets	(355,464)	(6,383)	-	(361,847)
Infrastructure	(2,879,006)	(171,225)	-	(3,050,231)
Total accumulated depreciation	(4,193,247)	(237,092)	-	(4,430,339)
Total capital assets, being depreciated, net	6,104,799	376,208	240,047	6,721,054
Governmental activities capital assets, net	\$ 6,638,454	\$ 601,965	\$ (93,128)	\$ 7,147,291

Depreciation Expense was charged to functions/departments of the primary government as follows:

Governmental Activities:

General Government	\$ 41,043
Public Safety	-
Public Works	75,160
Parks and Recreation	34,755
Cemetery	3,900
Shop	-
Motor Pool Assets	75,851
Total Depreciation Expense	<u>\$ 230,709</u>

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

Capital Assets (continued)

A summary of changes in capital assets to the business-type activities follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated				
Water Stock	\$ 90,114	\$ -	\$ -	\$ 90,114
Construction in Progress	178,644	864,481	(1,025,259)	17,866
Easements	35,000	-	-	35,000
Land	200,608	-	-	200,608
Total capital assets, not being depreciated	504,366	864,481	(1,025,259)	343,588
Capital assets, being depreciated				
Buildings	1,169,257	-	-	1,169,257
Machinery & Equipment	1,054,449	190,113	-	1,244,562
Systems	16,666,450	44,688	1,025,259	17,736,397
Total capital assets, being depreciated	14,965,097	234,801	1,025,259	20,150,216
Accumulated Depreciation for:				
Buildings	(170,730)	(30,957)	-	(201,687)
Machinery & Equipment	(642,467)	(67,542)	-	(710,009)
Systems	(5,498,420)	(502,144)	-	(6,000,564)
Total accumulated depreciation	(6,311,617)	(600,643)	-	(6,912,260)
Total capital assets, being depreciated, net	8,653,480	(365,842)	1,025,259	13,237,956
Business-type activities capital assets, net	\$ 9,157,846	\$ 498,639	\$ -	\$ 13,581,544

Depreciation Expense was charged to the proprietary funds as follows:

Business-type Activities:

Water Fund	\$ 160,029
Sewer Fund	234,589
Electric Fund	200,384
Sanitation Fund	5,641
	<hr/>
Total Depreciation Expense	\$ 600,643

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

Long-Term Liabilities

Sewer Revenue Bond, Series 2010: The government issued a series 2010 bond to provide funds for improvements and construction of a sewer project. Interest is due on December 1st and principal and interest are paid on June 1st of each year. The bonds mature on June 1, 2036. The interest rate is 5.61%.

Series 2010 Sewer Revenue Bonds			
5.61%			
	Principal	Interest	Total
2022	\$ 25,000	\$ 30,771	\$ 55,771
2023	26,000	29,340	55,340
2024	28,000	27,826	55,826
2025	29,000	26,227	55,227
2026	31,000	24,544	55,544
2027	33,000	22,749	55,749
2028	34,000	20,869	54,869
2029	36,000	18,906	54,906
2030	38,000	16,830	54,830
2031	41,000	14,614	55,614
2032	43,000	12,258	55,258
2033	45,000	9,789	54,789
2034	48,000	7,181	55,181
2035	51,000	4,404	55,404
2036	53,000	1,487	54,487
Totals	\$ 561,000	\$ 267,795	\$ 828,795

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

Long-Term Liabilities (continued)

Sewer Revenue Bond, Series 2018: The government issued a series 2018 bond to provide funds for improvements and construction of sewer system improvements. Principal and interest are paid on December 1st of each year. The bonds mature on December 1, 2038. The interest rate is 1.5%.

Year Ended June 30,	Series 2018 Sewer Revenue Bonds		
	1.50%		
	Principal	Interest	Total
2022	\$ 126,000	\$ 36,870	\$ 162,870
2023	128,000	34,950	162,950
2024	130,000	33,000	163,000
2025	132,000	31,020	163,020
2026	134,000	29,010	163,010
2027	136,000	26,970	162,970
2028	138,000	24,900	162,900
2029	140,000	22,800	162,800
2030	143,000	20,655	163,655
2031	145,000	18,480	163,480
2032	147,000	16,275	163,275
2033	149,000	14,040	163,040
2034	151,000	11,775	162,775
2035	153,000	9,480	162,480
2036	155,000	7,155	162,155
2037	157,000	4,800	161,800
2038	159,000	2,415	161,415
2039	161,000	-	161,000
Totals	\$ 2,584,000	\$ 344,595	\$ 2,928,595

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

Long-Term Liabilities (continued)

Changes in Long-Term Liabilities - During the year, the following changes occurred in long-term liabilities for the governmental activities:

Governmental Activities:	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Compensated Absences	\$ 135,256	\$ -	\$ (895)	\$ 134,361	\$ -
Net Pension Liability	116,257	-	(91,822)	24,435	-
<i>Total Governmental Activities</i>	<u>\$ 251,513</u>	<u>\$ -</u>	<u>\$ (92,717)</u>	<u>\$ 158,796</u>	<u>\$ -</u>

Changes in Long-Term Liabilities - During the year, the following changes occurred in long-term liabilities for the business-type activities:

Business-type Activities:	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Series 2010 Sewer Bonds	\$ 585,000	\$ -	\$ (24,000)	\$ 561,000	\$ 25,000
Series 2018 Sewer Bonds	2,708,000	-	(124,000)	2,584,000	124,000
Net Pension Liability	175,253	-	(150,768)	23,485	-
Total Debt	3,467,253	-	(298,768)	3,168,485	149,000
<i>Total Business-type Activities</i>	<u>\$ 3,467,253</u>	<u>\$ -</u>	<u>\$ (298,768)</u>	<u>\$ 3,168,485</u>	<u>\$ 149,000</u>

Bond Resolution Compliance

Series 2010 Sewer Revenue Bonds

Reserved Expense Account: The bond documents require the City to allocate the expected operating expenses for the following month into a reserved expense account. The reserved expense account will have one month's worth of reserved operating expenses each month. The balance of the reserved expense account at June 30, 2021 was \$47,806.

Bond Account: The City is required by the bond documents to allocate 1/12 of the following principal and interest payment each month until the payments are made in December and June. The balance of the reserved bond account at June 30, 2021 was \$64,331.

Series 2018 Sewer Revenue Bonds

Reserved Expense Account: The bond documents require the City to allocate the expected operating expenses for the following month into a reserved expense account. The reserved expense account will have one month's worth of reserved operating expenses each month. The balance of the reserved expense account at June 30, 2021 was \$43,171.

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

III. DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

Bond Resolution Compliance (continued)

Bond Account: The bond documents require the City to allocate 1/12 of the amount of the principal and interest on the payment next due on the Series 2018 Bonds on or before the tenth day of each month. The balance of the reserved bond account at June 30, 2021 was \$162,815.

Reserve Account: On or before the tenth day of each month, beginning July 1, 2018, the City is required to allocate the sum of \$2,289, plus such additional amounts as may be required to meet any monthly installment to the Reserve Account – Series 2018 not theretofore made in whole or in part. Such allocation shall continue until there shall have been accumulated an amount equal to \$164,835 over a period not to exceed 72 months. The balance of the reserve account at June 30, 2021 was \$82,404.

Emergency Repair and Replacement Account: Monthly, on the tenth day of each month beginning July 10, 2018, the City shall set aside the amount of \$1,145 to the “Emergency Repair and Replacement Account” established on the books of the Issuer until the Issuer accumulates an amount of \$82,417. The balance of the emergency repair and replacement account at June 30, 2021 was \$41,220.

IV. OTHER INFORMATION

Postretirement Health Care Benefits

In 2008, the City implemented a new medical retirement personnel policy. The City will provide certain medical benefits to retiring employees that meet specific criteria. The retiring employee must have been employed by the City for more than 35 years. The medical benefits include the payment of health insurance premiums for the employee up to five years or until the date the employee is eligible for Medicare. The employee will be responsible for any difference in premium for insuring a spouse or other dependents. As of June 30, 2021, \$0 had been paid in health care premiums on behalf of retired employees.

Risk Management – Claims and Judgments

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters.

The City maintains commercial insurance for all major programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the prior year. Insurance amounts for the year were as follows:

Insurer	Type	Coverage Amount	Expiration Date
Utah Local Governments Trust	Comprehensive General Liability (including Public Officials Errors & Omissions)	\$ 5,000,000	Continuous until cancelled
Utah Local Governments Trust	Auto Liability/Property Damage	\$ 5,000,000	
Utah Local Governments Trust	Workers Compensation	100/500/100	
Utah Local Governments Trust	Crime Policy	\$ 5,000,000 Pooled Limit	

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

V. PENSION PLAN

General Information about the Pension Plan

Plan Description:

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); is a multiple employer, cost sharing, public employee retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

Benefits Provided:

URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

Summary of Benefits by System

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65*	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65*	1.5% per year all years	Up to 2.5%

* with actuarial reductions

** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

V. PENSION PLAN (continued)

Contributions:

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) 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. Contribution rates as of June 30, 2021 are as follows:

	Employee Paid	Employer Contribution Rates	Employer Rate for 401(k) Plan
Contributory System			
111 - Local Government Division Tier 2	N/A	15.80%	0.89%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	18.47%	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.69%	10.00%

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For fiscal year ended June 30, 2021, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 135,553	N/A
Tier 2 Public Employees System	51,406	-
Tier 2 DC Only System	510	N/A
Total	\$ 187,470	\$ -

Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, we reported a net pension asset of \$0 and a net pension liability of \$47,921.

	(Measurement Date): December 31, 2020			Proportionate Share December 31, 2019	Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Noncontributory System	\$ -	\$ 45,686	0.0890674%	0.0761496%	-0.0129178%
Tier 2 Public Employees System	-	4,235	0.0155201%	0.0156274%	(0.0001073%)
Total Net Pension Asset/Liability	\$ -	\$ 49,921			

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

V. PENSION PLAN (continued)

The net pension asset and liability was measure as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year. For the year ended June 30, 2021, we recognized pension expense of \$74,725.

At June 30, 2021, we 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
Differences between expected and actual experience	\$ 63,347	\$ 1,022
Changes in assumptions	2,823	6,057
Net difference between projected and actual earnings on pension plan investments	-	340,130
Changes in proportion and differences between contributions and proportionate share of contributions	47,481	14,083
Contributions subsequent to the measurement date	90,051	-
Total	<u>\$ 203,702</u>	<u>\$ 361,292</u>

\$90,052 was reported as deferred outflows of resources related to pensions resulting from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2021	\$ (68,288)
2022	\$ (15,453)
2023	\$ (112,978)
2024	\$ (55,718)
2025	\$ 791
Thereafter	\$ 4,003

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

V. PENSION PLAN (continued)

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, we recognized pension expense of \$52,841. At June 30, 2021, we 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
Differences between expected and actual experience	\$ 61,292	\$ -
Changes in assumptions	-	5,976
Net difference between projected and actual earnings on pension plan investments	-	333,605
Changes in proportion and differences between contributions and proportionate share of contributions	43,546	14,085
Contributions subsequent to the measurement date	61,600	-
Total	<u>\$ 166,438</u>	<u>\$ 353,666</u>

\$61,600 was reported as deferred outflows of resources related to pensions resulting from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

V. PENSION PLAN (continued)

Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, we recognized pension expense of \$21,884. At June 30, 2021, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources	
2021	\$ (67,203)	
2022	\$ (14,826)	
2023	\$ (111,492)	
2024	\$ (55,306)	
2025	\$ -	
Thereafter	\$ -	

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,055	\$ 1,022
Changes in assumptions	2,823	81
Net difference between projected and actual earnings on pension plan investments	-	6,525
Changes in proportion and differences between contributions and proportionate share of contributions	3,935	-
Contributions subsequent to the measurement date	8,452	-
Total	\$ 37,265	\$ 7,628

\$28,452 was reported as deferred outflows of resources related to pensions resulting from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2021	\$ (1,084)
2022	\$ (626)
2023	\$ (1,486)
2024	\$ (412)
2025	\$ 791
Thereafter	\$ 4,003

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

V. PENSION PLAN (continued)

Actuarial assumptions:

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 – 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity Securities	37%	6.30%	2.33%
Debt Securities	20%	0.00%	0.00%
Real Assets	15%	6.19%	0.93%
Private Equity	12%	9.50%	1.14%
Absolute Return	16%	2.75%	0.44%
Cash and Cash Equivalents	0%	0.00%	0.00%
Totals	100%		4.84%
		Inflation	2.50%
		Expected arithmetic nominal return	7.34%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

V. PENSION PLAN (continued)

Discount Rate:

The discount rate used to measure the total pension liability was 6.95 percent. 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 contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. 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 employees. 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 discount rate does not use the Municipal Bond Index Rate. The discount rate was remained unchanged at 6.95 percent.

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate:

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated used a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease		Discount Rate (6.95%)	1% Increase (7.95%)		
	(5.95%)					
Noncontributory System	\$	792,068	\$	45,686	\$	(576,535)
Tier 2 Public Employees System	\$	37,562	\$	4,235	\$	(24,794)
Total	\$	829,630	\$	49,921	\$	(601,329)

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report. Morgan City Corporation participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- *401(k) Plan
- *457(b) Plan
- *Roth IRA Plan

MORGAN CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

V. PENSION PLAN (continued)

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30, were as follows:

	2021	2020	2019
401(k) Plan			
Employer Contributions	\$ 4,153	\$ 2,097	\$ 2,464
Employee Contributions	\$ 19,260	\$ 20,146	\$ 20,979
457 Plan			
Employer Contributions	\$ 5,848	\$ 6,045	\$ 5,146
Employee Contributions	\$ 1,792	\$ 300	\$ -
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 3,635	\$ 5,260	\$ 2,970

**REQUIRED
SUPPLEMENTARY INFORMATION**

MORGAN CITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes:				
Current Year Property Taxes	\$ 366,847	\$ 380,000	\$ 369,811	\$ (10,189)
Redemptions	4,000	4,000	3,314	(686)
Fee in Lieu	50,000	50,000	42,849	(7,151)
Sales and Use Taxes	930,000	1,170,000	1,255,304	85,304
Telecommunication and Franchise Fees	45,000	45,000	48,442	3,442
Transient Room Tax	1,500	1,500	4,189	2,689
	<u>1,397,347</u>	<u>1,650,500</u>	<u>1,723,909</u>	<u>73,409</u>
Licenses and Permits:				
Business Licenses	12,480	12,480	13,940	1,460
Building Permits	120,000	220,000	259,966	39,966
Other Licenses	1,000	1,000	724	(276)
	<u>133,480</u>	<u>233,480</u>	<u>274,630</u>	<u>41,150</u>
Intergovernmental:				
Grant Revenue	-	-	-	-
Class "C" Road Fund Allotment	200,000	200,000	215,935	15,935
	<u>200,000</u>	<u>200,000</u>	<u>215,935</u>	<u>15,935</u>
Charges for Services:				
Parks	3,000	3,000	4,200	1,200
Cemetery	35,000	55,000	60,150	5,150
Street Cuts	45,000	15,000	15,300	300
	<u>83,000</u>	<u>73,000</u>	<u>79,650</u>	<u>6,650</u>
Fines and Forfeitures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Revenues:				
Interest Earnings	19,200	17,700	2,731	(14,969)
Road Impact Fees	8,000	12,000	12,637	637
Park Impact Fees	35,000	135,000	154,882	19,882
Miscellaneous Revenue	25,500	28,500	44,959	16,459
	<u>87,700</u>	<u>193,200</u>	<u>215,209</u>	<u>22,009</u>
Total Revenues	<u>\$ 1,901,527</u>	<u>\$ 2,350,180</u>	<u>\$ 2,509,333</u>	<u>\$ 159,153</u>

MORGAN CITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures:				
General Government:				
Administrative	\$ 329,700	\$ 322,700	\$ 324,545	\$ (1,845)
Court	-	-	-	-
Economic Development	255,200	187,700	162,622	25,078
Elections	6,000	6,000	150	5,850
Buildings	16,800	16,800	10,863	5,937
	<u>607,700</u>	<u>533,200</u>	<u>498,180</u>	<u>35,020</u>
Public Safety:				
Law Enforcement	132,949	132,949	132,949	-
Fire Department	18,000	18,000	18,000	-
Animal Control	9,570	9,570	9,370	200
	<u>160,519</u>	<u>160,519</u>	<u>160,319</u>	<u>200</u>
Public Works				
Building Inspection	120,700	138,700	131,252	7,448
Road Department	600,700	497,200	359,632	137,568
	<u>721,400</u>	<u>635,900</u>	<u>490,884</u>	<u>145,016</u>
Parks	<u>438,100</u>	<u>284,100</u>	<u>199,628</u>	<u>84,472</u>
Disaster Response	<u>106,327</u>	<u>402,000</u>	<u>385,461</u>	<u>16,539</u>
Cemetery	<u>167,200</u>	<u>171,700</u>	<u>171,311</u>	<u>389</u>
Shop	<u>10,000</u>	<u>11,000</u>	<u>5,694</u>	<u>5,306</u>
Total Expenditures	<u>2,211,246</u>	<u>2,198,419</u>	<u>1,911,477</u>	<u>270,403</u>
Other financing sources (uses):				
CARES Act Revenue	-	317,516	333,101	15,585
Operating transfers (out)	(110,281)	(650,000)	(650,000)	-
Appropriations of Fund Balances	<u>420,000</u>	<u>180,723</u>	<u>-</u>	<u>180,723</u>
Total other financing sources (uses)	<u>309,719</u>	<u>(151,761)</u>	<u>(316,899)</u>	<u>196,308</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>280,957</u>	<u>280,957</u>
Fund Balances at Beginning of Year	<u>485,052</u>	<u>485,052</u>	<u>485,052</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 485,052</u>	<u>\$ 485,052</u>	<u>\$ 766,009</u>	<u>\$ 280,957</u>

MORGAN CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
JUNE 30, 2021
with a measurement date of December 31, 2020
Last 10 fiscal years*

		Noncontributory System	Tier 2 Public Employees System
Proportion of the net pension liability (asset)	2021	0.0890674%	0.0155201%
	2020	0.0761496%	0.0156274%
	2019	0.0782296%	0.0138019%
	2018	0.0890267%	0.0066035%
	2017	0.0839687%	0.0052993%
	2016	0.0830558%	0.0065101%
	2015	0.0816951%	0.0026608%
Proportion share of the net pension liability (asset)	2021 \$	45,686	\$ 2,232
	2020 \$	286,998	\$ 3,515
	2019 \$	576,061	\$ 5,911
	2018 \$	390,053	\$ 582
	2017 \$	539,182	\$ (591)
	2016 \$	469,970	\$ (14)
	2015 \$	354,739	\$ (81)
Covered employee payroll	2021 \$	806,521	\$ 247,812
	2020 \$	674,670	\$ 217,278
	2019 \$	692,004	\$ 160,191
	2018 \$	814,092	\$ 64,636
	2017 \$	769,661	\$ 43,459
	2016 \$	730,810	\$ 42,057
	2015 \$	713,283	\$ 13,179
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2021	5.66%	0.90%
	2020	42.54%	1.62%
	2019	83.25%	3.69%
	2018	47.91%	0.90%
	2017	70.05%	1.36%
	2016	64.31%	-0.03%
	2015	49.70%	-0.06%

See accompanying notes to required supplementary information

MORGAN CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS (continued)
JUNE 30, 2021
with a measurement date of December 31, 2020
Last 10 fiscal years*

Plan fiduciary net position as a percentage of the total pension liability	2021	99.2%	98.3%
	2020	93.7%	96.5%
	2019	87.0%	90.8%
	2018	91.9%	97.4%
	2017	87.3%	95.1%
	2016	87.8%	100.2%
	2015	90.2%	103.5%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The above schedule discloses a 6-year history and will be built prospectively.

MORGAN CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
JUNE 30, 2021
with a measurement date of December 31, 2020
Last 10 fiscal years*

As of fiscal year ended June 30,	Actual Determined Contributions	Contributions in relation to the contractually required contribution		Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System						
2014 \$	123,356 \$	123,356 \$	-	\$	736,623	16.75%
2015	130,052	130,052	-		727,417	17.88%
2016	137,039	137,039	-		776,141	17.66%
2017	142,684	142,684	-		808,617	17.65%
2018	138,062	138,062	-		763,158	18.09%
2019	128,353	128,353	-		704,444	18.22%
2020	136,228	136,228	-		747,266	18.23%
2021	135,553	135,553	-		752,122	18.02%
Tier 2 Public Employees System*						
2014 \$	- \$	- \$	-	\$	-	0.00%
2015	5,010	5,010	-		33,531	14.94%
2016	6,361	6,361	-		42,660	14.91%
2017	7,900	7,900	-		54,643	14.46%
2018	13,687	13,687	-		90,583	15.11%
2019	33,297	33,297	-		214,268	15.54%
2020	31,884	31,884	-		203,603	15.66%
2021	51,406	51,406	-		325,356	15.80%
Tier 2 Public Employees DC Only System*						
2019	-	-	-	\$	-	0.00%
2020	-	-	-		-	0.00%
2021	510	510	-		7,624	6.69%

* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administrative issues.

MORGAN CITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
UTAH RETIREMENT SYSTEMS
FOR FISCAL YEAR ENDED JUNE 30, 2021

Changes in Assumptions:

There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020 actuarial valuation. These assumption updates were adopted by the Utah State Retirement Board as a result of an actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about 0.50% of the Total Pension Liability as of December 31, 2019 for all systems combined. The Actuarial Experience Study report as of December 31, 2019 provides detailed information regarding those assumption changes, which may be accessed online at newsroom.urs.org under the "Retirement Office" column using the "Reports and Stats" tab.

SUPPLEMENTARY INFORMATION

**MORGAN CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2021**

	Special Revenue	RDA	Perpetual Care	Total Nonmajor Governmental Funds
Assets				
Cash	\$ 2,556	\$ -	\$ -	\$ 2,556
Restricted Cash	-	87,310	213,870	301,180
Accounts Receivable	-	1,221	4,000	5,221
Due From Other Governments	-	59	-	59
Total Assets	<u>\$ 2,556</u>	<u>\$ 88,590</u>	<u>\$ 217,870</u>	<u>\$ 309,016</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows Of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Restricted for:				
Redevelopment	-	88,590	-	88,590
Perpetual Care	-	-	217,870	217,870
Assigned:				
Capital Projects	<u>2,556</u>	<u>-</u>	<u>-</u>	<u>2,556</u>
Total Fund Balances	<u>2,556</u>	<u>88,590</u>	<u>217,870</u>	<u>309,016</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,556</u>	<u>\$ 88,590</u>	<u>\$ 217,870</u>	<u>\$ 309,016</u>

MORGAN CITY
COMBINING STATEMENT OF REVENUES,
EXPENDITURE, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue	RDA	Perpetual Care	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ -	\$ 223,611	\$ -	\$ 223,611
Charges for services	-	-	33,400	33,400
Interest	-	280	748	1,028
Miscellaneous	-	-	935	935
Total Revenues	-	223,891	35,083	258,974
EXPENDITURES				
Current Operating:				
General Government	-	342,621	-	342,621
Public Works	-	1,300	29,681	30,981
Total Expenditures	-	343,921	29,681	30,981
Excess of Revenues Over (Under) Expenditures	-	(120,030)	5,402	(114,628)
OTHER FINANCING SOURCES (USES)				
Transfers-In	-	-	-	-
Transfers-Out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	(120,030)	5,402	(114,628)
Fund Balances at Beginning of Year	2,556	208,620	212,468	423,644
Fund Balances at End of Year	<u>\$ 2,556</u>	<u>\$ 88,590</u>	<u>\$ 217,870</u>	<u>\$ 309,016</u>

AUDITOR'S REPORTS



Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards*

To the Mayor and City Council
Morgan City

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 Morgan City as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Morgan City's basic financial statements, and have issued our report thereon dated December 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Morgan City's internal control over financial reporting 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 Morgan City's internal control. Accordingly, we do not express an opinion on the effectiveness of Morgan 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered 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 Morgan City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Christensen, Palmer & Ambrose P.C.



Independent Auditor's Report on Compliance and on
Internal Controls Over Compliance in Accordance With the
State of Utah Legal Compliance Audit Guide

To the Mayor and City Council
Morgan City

REPORT ON COMPLIANCE

We have audited Morgan City's compliance with the general program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2021.

The general compliance requirements applicable to Morgan City are identified as follows:

- Budgetary Compliance
- Fund Balance
- Restricted Taxes and Related Revenues
- Fraud Risk Assessment
- Governmental Fees
- Enterprise Fund Transfers, Reimbursements, Loans and Services

Morgan City did not receive any major assistance programs from the State of Utah during the year ended June 30, 2021.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the City's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards and the *State of Utah Legal Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the City and its major programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion

In our opinion, Morgan City complied, in all material respects, with the general compliance requirements identified above for the year ended June 30, 2021.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* 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, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Purpose of Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Christensen, Palmer & Ambrose P.C.