CITY OF KAPLAN, LOUISIANA

Financial Report

Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mike Kloesel, Mayor,
and Members of the City Council
City of Kaplan, Louisiana

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kaplan, Louisiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Kaplan, Louisiana's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kaplan, Louisiana, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Kaplan, Louisiana, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Kaplan, Louisiana's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Kaplan, Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Kaplan, Louisiana's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the schedules of employer's share of net pension liabilities, and the schedules of employer contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial 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.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kaplan, Louisiana's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2022, on our consideration of the City of Kaplan, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 effectiveness of the City of Kaplan, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Kaplan, Louisiana's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
November 16, 2022

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)

CITY OF KAPLAN, LOUISIANA

Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and interest-bearing deposits	$ 2,875,205	$ 3,803,815	$ 6,679,020
Receivables, net	28,100	1,321,549	1,349,649
Due from other governmental units	204,743	-	204,743
Restricted assets:			
Cash and interest-bearing deposits	-	763,788	763,788
Capital assets:			
Non-depreciable	176,547	791,537	968,084
Depreciable, net	8,786,577	8,870,236	17,656,813
Total assets	12,071,172	15,550,925	27,622,097
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pensions	339,570	96,846	436,416

(continued)

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

CITY OF KAPLAN, LOUISIANA

Statement of Net Position (Continued)
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts and other payables	227,554	501,519	729,073
Compensated absences payable	13,149	-	13,149
Internal balances	(126,823)	126,823	-
Customer deposits payable	-	432,415	432,415
Accrued interest	12,656	2,069	14,725
Long-term liabilities:			
Due within one year	129,788	144,000	273,788
Due in more than one year	1,361,133	463,000	1,824,133
Net pension liability	774,149	345,464	1,119,613
Total liabilities	2,391,606	2,015,290	4,406,896
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pensions	399,801	126,375	526,176
NET POSITION			
Net investment in capital assets	7,472,205	9,054,773	16,526,978
Restricted for:			
Debt service	193,718	329,304	523,022
Sales tax dedications	1,424,658	-	1,424,658
Unrestricted	528,754	4,122,029	4,650,783
Total net position	$ 9,619,335	$ 13,506,106	$ 23,125,441

CITY OF KAPLAN, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2022

		Program Revenues			Net (Expense) Revenue and Change in Net Position		
Activities	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	$ 1,073,760	$ 210,625	$ 776,027	$ 624,343	$ 537,235	$ -	$ 537,235
Public safety:							
Police	1,126,984	33,124	83,950	-	(1,009,910)	-	(1,009,910)
Fire	415,335	-	90,191	-	(325,144)	-	(325,144)
Streets	410,842	-	-	-	(410,842)	-	(410,842)
Culture and recreation	88,853	-	-	-	(88,853)	-	(88,853)
Interest on long-term debt	55,450	-	-	-	(55,450)	-	(55,450)
Total governmental activities	3,171,224	243,749	950,168	624,343	(1,352,964)	-	(1,352,964)
Business-type activities:							
Electric	3,407,770	4,935,931	-	94,645	-	1,622,806	1,622,806
Gas	657,246	802,883	-	-	-	145,637	145,637
Water	646,576	770,319	-	-	-	123,743	123,743
Sewerage	824,771	707,089	-	-	-	(117,682)	(117,682)
Interest on long-term debt	26,110	-	-	-	-	(26,110)	(26,110)
Total business-type activities	5,562,473	7,216,222	-	94,645	-	1,748,394	1,748,394
Total	$ 8,733,697	$ 7,459,971	$ 950,168	$ 718,988	(1,352,964)	1,748,394	395,430

(continued)

CITY OF KAPLAN, LOUISIANA

Statement of Activities (Continued)
For the Year Ended June 30, 2022

General revenues:			
Taxes -			
Property taxes, levied for general purposes	78,035	-	78,035
Property taxes, levied for bond retirement	127,646	-	127,646
Sales and use taxes, levied for general purposes	799,740	-	799,740
Franchise taxes	24,574	-	24,574
Beer taxes	8,967	-	8,967
Interest and investment earnings	2,621	7,494	10,115
Miscellaneous	62,647	34,525	97,172
Nonemployer pension contribution	39,070	14,904	53,974
Gain (loss) on disposal of capital assets	(610)	17,067	16,457
Appropriation from other government	343,213	-	343,213
Transfers	1,327,881	(1,327,881)	-
Total general revenues and transfers	2,813,784	(1,253,891)	1,559,893
Change in net position	1,460,820	494,503	1,955,323
Net position, beginning	8,158,515	13,011,603	21,170,118
Net position, ending	$ 9,619,335	$ 13,506,106	$ 23,125,441

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

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FUND FINANCIAL STATEMENTS (FFS)

CITY OF KAPLAN, LOUISIANA

Balance Sheet
Governmental Funds
June 30, 2022

	General	Sales Tax	Fire Protection
ASSETS			
Cash and interest-bearing deposits	$ 653,201	$ 1,321,989	$ 48,925
Receivables:			
Due from other funds	86,605	100	6,511
Due from other governmental entities	5,076	136,742	62,925
Accrued interest receivable	-	263	87
Other receivables	8,568	-	-
Total assets	$ 753,450	$ 1,459,094	$ 118,448
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 64,130	$ 6,169	$ 949
Contract payable	-	-	-
Retainage payable	-	-	-
Payroll liabilities	71,416	-	-
Compensated absences payable	13,149	-	-
Due to other funds	3,244	28,267	-
Total liabilities	151,939	34,436	949
Fund balances:			
Restricted	-	1,424,658	-
Assigned	-	-	117,499
Unassigned	601,511	-	-
Total fund balances	601,511	1,424,658	117,499
Total liabilities and fund balances	$ 753,450	$ 1,459,094	$ 118,448

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

Capital Projects	American Rescue Plan	Other Governmental Funds	Total
$ 100	$ 637,614	$ 213,376	$ 2,875,205
65,718	-	-	158,934
19,172	-	-	223,915
-	-	10	360
-	-	-	8,568
$ 84,990	$ 637,614	$ 213,386	$ 3,266,982
-	-	$ -	$ 71,248
54,386	-	-	54,386
30,504	-	-	30,504
-	-	-	71,416
-	-	-	13,149
100	-	500	32,111
84,990	-	500	272,814
-	637,614	206,374	2,268,646
-	-	6,512	124,011
-	-	-	601,511
-	637,614	212,886	2,994,168
$ 84,990	$ 637,614	$ 213,386	$ 3,266,982

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CITY OF KAPLAN, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2022

Total fund balances for governmental funds		$ 2,994,168
Capital assets net		8,963,124
Long-term liabilities:		
Bonds payable	(1,490,921)	
Net pension liability	(774,149)	
Accrued interest payable	(12,656)	(2,277,726)
Deferred outflows of resources related to net pension liability		339,570
Deferred inflows of resources related to net pension liability		(399,801)
Total net position of governmental activities		$ 9,619,335

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

CITY OF KAPLAN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds
For the Year Ended June 30, 2022

	General	Sales Tax	Fire Protection
Revenues:			
Taxes	$ 78,035	$ 799,740	$ -
Licenses and permits	210,625	-	-
Intergovernmental	126,157	-	90,191
Fines and forfeits	29,157	-	-
Interest income	161	1,090	237
Miscellaneous	85,228	2,500	8
Total revenues	529,363	803,330	90,436
Expenditures:			
Current -			
General government	983,933	36,083	-
Public safety:			
Police	1,051,018	-	-
Fire	333,074	-	55,536
Streets, bridges, and drainage	321,422	-	-
Culture and recreation	45,088	-	-
Capital outlay	265,822	216,760	411,894
Debt service -			
Principal retirement	89,658	40,709	-
Interest and fiscal charges	3,837	3,715	-
Total expenditures	3,093,852	297,267	467,430
(Deficiency) excess of revenues over expenditures	(2,564,489)	506,063	(376,994)
Other financing sources (uses):			
Proceeds from leases	154,394	-	-
Proceeds from sale of assets	79,033	-	-
Transfers in	2,481,882	22,232	-
Transfers out	(8,000)	(246,552)	-
Appropriation from other government	-	-	343,213
Total other financing sources (uses)	2,707,309	(224,320)	343,213
Net change in fund balances	142,820	281,743	(33,781)
Fund balances, beginning	458,691	1,142,915	151,280
Fund balances, ending	$ 601,511	$ 1,424,658	$ 117,499

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

Capital Projects	American Rescue Plan	Other Governmental Funds	Total
$ -	$ -	$ 127,646	$ 1,005,421
-	-	-	210,625
544,360	819,076	3,694	1,583,478
-	-	3,967	33,124
-	560	573	2,621
-	-	10	87,746
544,360	819,636	135,890	2,923,015
-	7	-	1,020,023
-	-	7,126	1,058,144
-	-	-	388,610
-	-	-	321,422
-	-	-	45,088
-	-	-	894,476
-	-	88,000	218,367
-	-	40,538	48,090
-	7	135,664	3,994,220
544,360	819,629	226	(1,071,205)
-	-	-	154,394
-	-	-	79,033
-	-	-	2,504,114
(544,360)	(182,015)	(195,306)	(1,176,233)
-	-	-	343,213
(544,360)	(182,015)	(195,306)	1,904,521
-	637,614	(195,080)	833,316
-	-	407,966	2,160,852
$ -	$ 637,614	$ 212,886	$ 2,994,168

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CITY OF KAPLAN, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2022

Net change in fund balances of governmental funds		$ 833,316
Capital assets:		
Capital outlay	$ 894,476	
Depreciation expense	(303,188)	591,288
Transactions involving capital assets:		
Gain on disposal		(610)
Proceeds from capital lease		(154,394)
Principal payments on long term debt		218,367
Change in accrued interest payable		(7,360)
The effect of the change in net pension liability and deferred outflows/inflows of resources:		
Increase in pension expense	(58,857)	
Nonemployer pension contribution revenue recognized	39,070	(19,787)
Change in net position of governmental activities		$ 1,460,820

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

CITY OF KAPLAN, LOUISIANA

Statement of Net Position
Proprietary Fund - Enterprise Fund
June 30, 2022

ASSETS	
Current assets:	
Cash and interest-bearing deposits	$ 3,803,815
Receivables:	
Accounts, net	692,195
Unbilled utility receivables	592,502
Accrued interest receivable	2,903
Due from other funds	25,617
Other	33,949
Total current assets	5,150,981
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	763,788
Capital assets, net of accumulated depreciation	9,661,773
Total noncurrent assets	10,425,561
Total assets	15,576,542
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions	96,846

(continued)

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

CITY OF KAPLAN, LOUISIANA

Statement of Net Position (Continued)
Proprietary Fund - Enterprise Fund
June 30, 2022

LIABILITIES

Current liabilities:	
Accounts payable	475,104
Payroll liabilities	26,415
Due to other funds	152,440
Payable from restricted assets -	
Revenue bonds	144,000
Accrued interest payable	2,069
Total current liabilities	800,028
Noncurrent liabilities:	
Customers' deposits payable	432,415
Revenue bonds	463,000
Net pension liability	345,464
Total noncurrent liabilities	1,240,879
Total liabilities	2,040,907

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources - pensions	126,375

NET POSITION

Net investment in capital assets	9,054,773
Restricted for debt service	329,304
Unrestricted	4,122,029
Total net position	$ 13,506,106

CITY OF KAPLAN, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund - Enterprise Fund
Year Ended June 30, 2022

Operating revenues:	
Charges for services	$ 7,216,222
Operating expenses:	
Electricity department expenses	3,367,344
Gas department expenses	593,448
Water department expenses	501,976
Sewerage department expenses	444,791
Depreciation expense	628,804
Total operating expenses	5,536,363
Operating income	1,679,859
Nonoperating revenues (expenses):	
Interest income	7,494
Franchise fee	34,525
Interest expense	(26,110)
Nonemployer pension contribution	14,904
Gain on disposal of assets	17,067
Total nonoperating revenues (expenses)	47,880
Income before capital contributions and transfers	1,727,739
Capital contributions	94,645
Transfers in	1,150,769
Transfers out	(2,478,650)
Change in net position	494,503
Net position, beginning	13,011,603
Net position, ending	$ 13,506,106

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

CITY OF KAPLAN, LOUISIANA

Statement of Cash Flows
Proprietary Fund - Enterprise Fund
For the Year Ended June 30, 2022

Cash flows from operating activities:	
Receipts from customers	$ 6,803,881
Payments to suppliers	(3,921,717)
Payments to employees	(732,503)
Net cash provided by operating activities	2,149,661
Cash flows from noncapital financing activities:	
Franchise fees	34,525
Cash paid to other funds	91,918
Transfers from other funds	1,150,769
Transfers to other funds	(2,478,650)
Net cash used by noncapital financing activities	(1,201,438)
Cash flows from capital and related financing activities:	
Capital contribution	94,645
Principal paid on bonds and notes	(139,000)
Interest and fiscal charges paid on bonds	(26,110)
Acquisition of capital assets	(901,580)
Proceeds from disposal of asset	(17,067)
Net cash used by capital and related financing activities	(989,112)
Cash flows from investing activities:	
Proceeds of interest-bearing deposits with maturity in excess of ninety days	1,662,218
Purchase of interest-bearing deposits with maturity in excess of ninety days	(1,662,475)
Interest on investments	7,494
Net cash provided by investing activities	7,237
Net change in cash and cash equivalents	(33,652)
Cash and cash equivalents, beginning of period	2,938,780
Cash and cash equivalents, end of period	$ 2,905,128

(continued)

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

CITY OF KAPLAN, LOUISIANA

Statement of Cash Flows (continued)
Proprietary Fund - Enterprise Fund
For the Year Ended June 30, 2022

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 1,679,859
Adjustments to reconcile operating income to net cash provided by operating activities:	
Provision for net pension liability	27,514
Depreciation	628,804
(Increase) decrease in current assets	
Accounts receivable, net	(204,308)
Unbilled utility receivables	(184,207)
Other receivables	(30,242)
Increase (decrease) in current liabilities	
Accounts payable	219,710
Salaries payable	6,115
Customer deposits	6,416
Net cash provided by operating activities	$ 2,149,661
Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net position:	
Cash and cash equivalents, beginning of period -	
Cash and interest-bearing deposits - unrestricted	$ 3,859,843
Cash and interest-bearing deposits - restricted	741,155
Less: Interest-bearing deposits with maturities in excess of 90 days	(1,662,218)
Total cash and cash equivalents	2,938,780
Cash and cash equivalents, end of period -	
Cash and interest-bearing deposits - unrestricted	3,803,815
Cash and interest-bearing deposits - restricted	763,788
Less: Interest-bearing deposits with maturities in excess of 90 days	(1,662,475)
Total cash and cash equivalents	2,905,128
Net change	$ (33,652)

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

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the City of Kaplan (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The City of Kaplan was incorporated in 1902 under the provisions of the Lawrason Act. The City operates under a Mayor-City Council form of government and provides the following services as authorized by its charter: public safety, police, fire, civil defense, highways and streets, sanitation, culture – recreation, public improvements, planning and zoning, and general administrative services.

A financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Section 2100 of the 2011 Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, "Defining the Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. A potential component unit must have separate corporate powers that distinguish it as being legally separate from the primary government. These include the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued in its own name without recourse to a State or local government, and the right to buy, sell, lease, and mortgage property in its own name.

2. The primary government must be financially accountable for a potential component unit. Financial accountability may exist as a result of the primary government appointing a voting majority of the potential component unit's governing body; their ability to impose their will on the potential component unit by significantly influencing the programs, projects, activities, or level of services performed or provided by the potential component unit; or the existence of a financial benefit or burden. In addition, financial accountability may also exist as a result of a potential component unit being fiscally dependent on the primary government.

In some instances, the potential component unit should be included in the reporting entity (even when the criteria in No. 2 above are not met), if exclusion would render the reporting entity's financial statements incomplete or misleading.

Based on the foregoing criteria, the City has no component units.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities displays information about the City of Kaplan, the reporting government, as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements

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

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

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

2. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total of all governmental and enterprise funds combined.

The major funds of the City are described below:

Governmental Funds –

General Fund

The 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. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the general fund.

Sales Tax Fund

The Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for a specific purpose.

Fire Protection Fund

The Fire Protection Fund is used to account for monies received from the Vermilion Parish Police Jury to defray costs of the fire department.

Capital Projects Fund

The Capital Projects Fund is used to account for capital improvements within the City. Improvements are funded by federal grants and general fund monies.

American Rescue Plan Fund

The American Rescue Plan Fund is used to account for the collection and disbursements of federal funds from the American Rescue Plan (ARPA) to provide relief from COVID-19 crisis.

Proprietary Fund –

Utility Fund

The Utility fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement Focus/Basis of Accounting

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

Measurement Focus

In the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item 2. below.

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

1. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

2. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

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

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

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City on September 1 and are actually billed to taxpayers in November. The taxes are generally collected in December of the current year and January and February of the subsequent year. Property tax revenues are recognized when levied to the extent that they result in current receivables.

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

Program revenues

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the City's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the City's general revenues.

Allocation of indirect expenses

The City reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the statement of activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the statement of activities.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits

For purposes of the statements of net position, cash and interest-bearing deposits include all demand accounts, saving accounts, and certificates of deposits of the City. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

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

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem and sales and use taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible utility service receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. Unbilled utility service receivable resulting from utility services rendered between the date of meter reading and billing and the end of the month are recorded at year-end.

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

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

Buildings	40 years
Equipment	5-30 years
Utility system and improvements	25 years
Infrastructure	20-50 years

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

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. Sick leave vests only upon retirement, therefore an accrual is made only when an employee is eligible for retirement. Amounts are accrued when incurred in proprietary funds and reported as a fund liability. Amounts that are expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it.

Employees of the City earn sick leave at the rate of one day per month, up to a maximum of 120 days. No sick leave is paid upon resignation. Employees separated due to retirement are paid for accumulated sick leave at the hourly rates being earned by that employee at separation. Employees of the City earn vacation when they are hired and it is based upon the number of years of full-time service and varies from 5 to 15 days per year. Vacation leave cannot be carried over to the following year.

Employees of the City earn paid time off, instead of overtime pay at a rate of time and a half which is based on the employee's hourly rate, up to a maximum of 240 hours. Amounts are payable on demand and therefore are recorded as a liability when earned. The amount is attributable to the governmental activities.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits.

Long-term debt

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

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of general obligation and revenue bonds payable.

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

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expenses/expenditure) until then.

In addition to liabilities, the statement of net position 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 or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Equity Classification

In the government-wide statements, equity is classified as net position and displayed in three components:

a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be 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 – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

In the fund statements, governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be spent only for specific purposes determined by a formal action of the council members. The council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by council members.

Assigned – amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. Only council members or the City's finance committee may assign amounts for specific purposes.

Unassigned – all other amounts not included in other spendable classifications.

Fund balances are composed of the following:

	Restricted	Assigned	Unassigned	Total
General Fund	$ -	$ -	$ 601,511	$ 601,511
Sales Tax Fund				
Tax dedications	1,424,658	-	-	1,424,658
Fire Protection Fund	-	117,499	-	117,499
Capital Projects Fund	-	-	-	-
American Rescue Plan	637,614	-	-	637,614
Other Governmental Funds	206,374	6,512	-	212,886
Totals	$ 2,268,646	$ 124,011	$ 601,511	$2,994,168

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

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

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

Expenditures/Expenses

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

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character
Proprietary Fund - By Operating and Nonoperating

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

Interfund Transfers

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

F. Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

Revenue Source	Legal Restrictions of Use
Ad valorem tax	2.20 mills for bonded indebtedness
Sales tax	See Note 2
Electricity, gas, water and sewer revenue	see Note 8

The City uses unrestricted resources only when restricted resources are fully depleted.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows or resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

H. Pensions

The net pension liability, deferred outflows of resources, and deferred inflows of resources to pensions, and pension expense has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. Non-employer contributions are recognized as revenues in the government-wide and propriety fund financial statements. In the governmental fund financial statements contributions are recognized as expenditures when due.

(2) Dedication of Proceeds and Flow of Funds – Sales and Use Tax Levies

Proceeds of the one percent sales and use tax levied by the City are dedicated to the following purposes:

a. Constructing, acquiring, extending, and/or improving public parks and recreational facilities, drainage facilities, streets and street lighting facilities, sewers and sewerage disposal works, waterworks, natural gas facilities, electrical distribution facilities, public buildings (including a jail and/or fire department stations and equipment) and purchasing and acquiring equipment and furnishings for the aforesaid public works, buildings, improvements and facilities, title to which improvements shall be in the public.

b. Paying principal and interest on any bonded or funded indebtedness of said City or for any one or more of said purposes, and such tax to be subject to funding bonds by said City in the manner authorized by Sub Part D, Part I, Chapter 6, Title 33 of the Louisiana Revised Statutes of 1950.

(3) Cash and Interest-Bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. The City may also invest in shares of any homestead and building and loan association in any amount not exceeding the federally insured amount.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. The City does not have a policy for custodial credit risk; however, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) are as follows:

Bank balances	$ 7,473,134
Deposits are secured as follows:	
Federal deposit insurance	$ 1,252,607
Uninsured and collateral held by the pledging bank,	
not in the City's name	6,220,527
Total	$ 7,473,134

(4) Receivables

The aging of the accounts receivable in the enterprise fund is as follows:

Current	$ 689,615
31 - 60 days	6,551
60 - 90 days	1,046
Over 90 days	237,168
Less allowances for uncollectible accounts	(242,185)
Total	$ 692,195

(5) Restricted Assets – Enterprise Fund

Restricted assets were applicable to the following:

Customers' deposits	$ 432,415
Bond sinking fund account	39,349
Bond reserve fund	172,688
Bond renewal and replacement fund	119,336
Total restricted assets	$ 763,788

(6) Capital Assets

Capital asset activity was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 114,547	$ -	$ -	$ 114,547
Construction in progress	-	62,000	-	62,000
Other capital assets:				
Buildings	2,950,607	1,348	-	2,951,955
Infrastructure	12,367,935	14,713	-	12,382,648
Equipment, furniture and fixtures	2,565,728	641,016	15,175	3,191,569
Leased equipment	71,897	175,399	100,245	147,051
Totals	18,070,714	894,476	115,420	18,849,770
Less accumulated depreciation				
Buildings	1,312,582	68,104	-	1,380,686
Infrastructure	6,059,363	97,326	-	6,156,689
Equipment, furniture and fixtures	2,211,383	120,455	10,441	2,321,397
Leased equipment	35,382	17,303	24,811	27,874
Total accumulated depreciation	9,618,710	303,188	35,252	9,886,646
Governmental activities, capital assets, net	$ 8,452,004	$ 591,288	$ 80,168	$ 8,963,124
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 179,309	$ -	$ -	$ 179,309
Construction in progress	55,268	610,078	53,118	612,228
Other capital assets:				
Buildings and systems	23,353,837	220,233	-	23,574,070
Machinery and equipment	1,072,771	126,494	-	1,199,265
Automobiles	391,200	-	30,000	361,200
Total other capital assets	25,052,385	956,805	83,118	25,926,072
Less accumulated depreciation				
Buildings and systems	14,642,814	479,277	-	15,122,091
Machinery and equipment	690,394	117,674	-	808,068
Automobiles	309,287	31,853	7,000	334,140
Total accumulated depreciation	15,642,495	628,804	7,000	16,264,299
Business-type activities, capital assets, net	$ 9,409,890	$ 328,001	$ 76,118	$ 9,661,773

Depreciation expense was charged to governmental activities as follows:

General government	$ 54,086
Police	37,378
Fire	63,616
Streets	104,343
Recreation	43,765
Total depreciation expense	$303,188

Depreciation expense was charged to business-type activities as follows:

Electric	$ 40,426
Gas	63,798
Water	144,600
Sewer	379,980
Total depreciation expense	$628,804

(7) Changes in Long-Term Debt

The following is a summary of long-term debt:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable -					
General Obligation Bonds, Series 2015	$ 663,000	$ -	$ (63,000)	$ 600,000	$ 66,000
General Obligation Bonds, Series 2019	750,000	-	(25,000)	725,000	25,000
Total governmental activities	$ 1,413,000	$ -	$ (88,000)	$ 1,325,000	$ 91,000
Business-type activities:					
Utilities Revenue Refunding Bonds, Series 2011	$ 746,000	$ -	$ (139,000)	$ 607,000	$ 144,000

Bonds payable are comprised of the following individual issues:

Governmental activities –

Direct borrowing General Obligation Bonds (G.O. Bonds):

$1,000,000 General Obligation Bonds, Series 2015, due in annual installments of $51,000 to $84,000 through March 1, 2030; at interest rates of 2.00% to 2.75% (to be retired from the proceeds of ad valorem taxes)	$ 600,000
$750,000 General Obligation Bonds, Series 2019, due in annual installments of $25,000 to $135,000 through March 1, 2034; at interest rates of 3.5% (to be retired from the proceeds of ad valorem taxes)	725,000
Total general obligation bonds	$ 1,325,000

Business-type activities –

Direct borrowing revenue bonds:

$1,849,000 Uitilities Revenue Refunding Bonds, Series 2011, due in annual installments of $42,000 to $160,000 through June 1, 2026; interest rate of 3.5% (to be retired from operation of combined waterworks system, electric distirbution system, sewerage system and natural gas transmission and distribution system)	$ 607,000

The bonds are due as follows:

	Governmental Activities		Business-type Activities		
Year Ending June 30,	Principal payments	Interest payments	Principal payments	Interest payments	Total
2023	$ 91,000	$ 38,492	$ 144,000	$ 21,246	$ 294,738
2024	94,000	36,368	149,000	16,206	295,574
2025	96,000	34,170	154,000	10,990	295,160
2026	98,000	31,924	160,000	5,600	295,524
2027	106,000	29,444			135,444
2028 - 2032	580,000	102,482	-	-	682,482
2033 - 2034	260,000	13,826	-	-	273,826
	$ 1,325,000	$ 286,706	$ 607,000	$ 54,042	$ 2,272,748

In the event of default on the above bonds, the bondholder may take actions as deemed necessary and appropriate as permitted by law to cause the City to comply with its obligations under the debt and compel performance.

Bond Covenants:

The various bond indentures identified above contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverage. The City is in compliance with all such significant limitations and restrictions for the year ended June 30, 2022.

(8) Flows of Funds; Restrictions on Use – Utilities Revenues

Under the terms of the loan and pledge agreements, all revenues derived from the operation of the utilities system shall be deposited into an account designated as the City of Kaplan Utilities Revenue Fund and said account is to be maintained and administered in the following order of priority and for the following express purposes:

a. The payment of all reasonable and necessary expenses of operating and maintaining the utilities system.

b. Each month there shall be set aside into the Utilities Revenue Bond Sinking Fund on or before the 20th day of each month a sum equal to the principal and interest accruing on said debt obligations for such month payable from the Sinking Fund together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due.

c. The Reserve Fund is to be maintained solely for the purpose of paying the principal of and interest on bonds payable from the Debt Service Fund. The Reserve Fund is required to be funded to a sum equal to the lesser of (1) 10% of the proceeds of the bonds and any issue of Parity Obligations, (2) one half of the maximum scheduled principal and interest requirements for any succeeding calendar year on the Bonds and any Parity Obligations, or (3) 125% of the average annual principal and interest requirements on the Bonds and any issue of Parity Obligations. Pursuant to the Bond Ordinance the Issuer, is to retain in the Reserve Fund an amount equal to the Reserve Fund Requirement, which upon delivery of the Bonds was $83,033.

d. Funds shall be set aside into the Capital Addition and Contingency Fund to provide for extensions, additions, improvements, renewals, and replacements necessary to properly operate the utilities system. Transfers shall be made on or before the 20th day each month in an amount equal to a sum at least equal to five percent of the amount to be paid into the Sinking Fund, provided such sum is available after provision is made for the payments required under (a), (b), and (c) above.

All required transfers were made for the year.

(9) Leases

In July 2018, the City entered into a lease agreement for 48 months at a fixed interest rate of 4.75% for the acquisition of two (2) vehicles. In September 2019, the City leased a vehicle with a term of 48 months at a fixed interest rate of 6.75%. In May 2022, the City leased equipment with a term of five years at a fixed interest rate of 3.689%.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	Principal	Interest
2023	$ 38,788	$ 6,106
2024	31,163	4,649
2025	30,838	3,540
2026	31,976	2,403
2027	33,156	1,223
	$165,921	$17,921

Lease assets are reported with capital assets on the statement of net position.

(10) Employee Retirement

The City is a participating employer in several cost-sharing defined benefit pension plans. These plans are administered by four public employee retirement systems: the Municipal Employees' Retirement System of Louisiana (MERS), the Municipal Police Employees' Retirement System of Louisiana (MPERS), the Firefighters' Retirement System of Louisiana (FRS), and the Louisiana State Employees' Retirement System (LASERS).

Each of the retirement systems issue an annually publicly available stand-alone report on their financial statements and required supplementary information. These reports may be obtained on each retirement system's website or on the Louisiana Legislative Auditor's website as follows:

Municipal Employees' Retirement System – www.mersla.com
Municipal Police Employees' Retirement System – www.mpersla.com
Firefighters' Retirement System – www.ffret.com
Louisiana State Employees' Retirement System – www.lasersonline.org
Louisiana Legislative Auditor – www.lla.la.gov

Plan description:

Municipal Employees' Retirement System of Louisiana (MERS)

Municipal Employees' Retirement System of Louisiana (MERS) was originally established by Act 356 of 1954 regular session of the Legislature of the State of Louisiana. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Employees of the City are members of Plan B.

The System provides retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system, and which elect to become members of the System.

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

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

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

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

1. Any age with thirty (30) years of creditable service.

2. Age 60 with a minimum of ten (10) or more years of creditable service.

Any member of Plan B Tier 2 shall be eligible for retirement if he meets one of the following requirements:

1. Age 67 with seven (7) or more years of creditable service.

2. Age 62 with ten (10) or more years of creditable service.

3. Age 55 with thirty (30) or more years of creditable service.

4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual sick leave, with an actuarially reduced early benefit.

The monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

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

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

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

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

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

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

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

Municipal Police Employees' Retirement System of Louisiana (MPERS)

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

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

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

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

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or $200 per month, whichever is greater.

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

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

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

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

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

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

Deferred Retirement Option Plan: A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members’ sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty-six months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter

DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

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

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

Firefighters' Retirement System of Louisiana (FRS)

Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. The following is a brief description of the plan and its benefits and is provided for general informational purposes only. Participants should refer to the appropriate statutes for more complete information.

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

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

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

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

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

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

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

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

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

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

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

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

Cost of Living Adjustments (COLAs): Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs, pursuant to 11:241, the board may also grant an increase based on a formula equal to up to $1 times the total number of years of credited service accrued at retirement or at death of the member or retiree plus the number of years since retirement or since death of the member or retiree to June 30th preceding the payment of benefit increase.

Louisiana State Employees' Retirement System (LASERS)

The System was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of La. R.S. 11:401, as amended, for eligible state officers, employees and their beneficiaries. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

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

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

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

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

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

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

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

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

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

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

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

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

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

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

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

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

Funding Policy:

Employer Contributions: According to state statute, contribution requirements for all employers are actuarially determined each year for MERS, MPERS, and FRS. The contribution rates in effect for the year for the City were as follows:

Municipal Employees' Retirement System of Louisiana (Plan B)	15.50%
Municipal Police Employees' Retirement System of Louisiana	
Hired prior to 1/1/2013	33.75%
Hazardous Duty Members hired after 1/1/2013	33.75%
Non Hazardous Duty Members hired after 1/1/2014	33.75%
Earnable compensation is below poverty limit	36.25%
Firefighters Retirement System of Louisiana	
Earnable compensation is above poverty limit	32.25%
Earnable compensation is below poverty limit	34.25%
Louisiana State Employees' Retirement System	
Judges hired before 1/01/11	42.50%
Judges hired after 12/31/10	43.60%
Judges hired on or after 7/01/15	43.60%

In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities. None-employer contributions are recognized as revenue and excluded from pension expense. The City recognized non-employer contributions as follows:

Municipal Employees' Retirement System of Louisiana (Plan B)	$ 29,736
Municipal Police Employees' Retirement System of Louisiana	5,069
Firefighters Retirement System of Louisiana	19,169
	$ 53,974

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The following schedule lists the City's proportionate share of the net pension liability allocated by each of the pension plans based on the measurement dates. The City uses this measurement to record its net pension liability and associated amounts in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at the measurement date for each plan, along with the change compared to prior year rates. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, determined by an actuarial valuation as of the measurement date.

	Net Pension Liability (Asset) at Measurement Date		Measurement Rate		
	Governmental Activities	Business- Type Activities	Current	Previous	Increase (Decrease)
MERS (Plan B)	$ 343,782	$ 345,464	1.189773%	1.149130%	0.040643%
MPERS	120,913	-	0.022683%	0.016168%	0.006515%
FRS	237,792	-	0.067100%	0.067906%	-0.000806%
LASERS	71,662	-	0.001300%	0.001180%	0.000120%
Total	$ 774,149	$ 345,464			

The following schedule lists each pension plan's recognized pension expense of the City for the year:

Municipal Employees' Retirement System of Louisiana (Plan B)	$ 64,246
Municipal Police Employees' Retirement System of Louisiana	52,730
Firefighters Retirement System of Louisiana	18,537
Louisiana State Employees' Retirement System	45,898
	$ 181,411

The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Municipal Employees' Retirement System (MERS):

	Governmental Activities		Business-Type Activities	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ -	$ 14,187	$ -	$ 14,257
Change in assumption	13,912	-	13,981	-
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	10,744	18,669	10,797	18,761
Net differences between projected and actual earnings on plan investments	-	92,904	-	93,357
Contributions subsequent to the measurement date	71,719	-	72,068	-
Total	$ 96,375	$ 125,760	$ 96,846	$126,375

Municipal Police Employees' Retirement System (MPERS):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 3,724
Change in assumptions	13,390	3,449
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	81,910	-
Net differences between projected and actual earnings on plan investments	-	56,457
Contributions subsequent to the measurement date	21,266	-
Total	$ 116,566	$ 63,630

Firefighters' Retirement System (FRS):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,393	$ 21,354
Change in assumptions	51,528	-
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	790	28,039
Net differences between projected and actual earnings on plan investments	-	144,306
Contributions subsequent to the measurement date	55,428	-
Total	$ 111,139	$ 193,699

Louisiana State Employees' Retirement System (LASERS):

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 71	$ -
Change of assumptions	1,755	-
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	4,519	-
Net differences between projected and actual earnings on plan investments	-	16,712
Contributions subsequent to the measurement date	9,145	-
Total	$ 15,490	$ 16,712

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period as follows:

Municipal Employees' Retirement System of Louisiana (Plan B)	$ 143,787
Municipal Police Employees' Retirement System of Louisiana	21,266
Firefighters Retirement System of Louisiana	55,428
Louisiana State Employees' Retirement System	9,145
	$ 229,626

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 June 30:	MERS	MPERS	FRS	LASERS	Total
2023	$ (59,468)	$ 36,929	$ (32,212)	$ 3,445	$ (51,306)
2024	(29,469)	11,113	(32,535)	(2,575)	(53,466)
2025	(48,309)	3,078	(34,309)	(3,797)	(83,337)
2026	(65,454)	(19,450)	(44,430)	(7,440)	(136,774)
2027	-	-	2,785	-	2,785
2028	-	-	2,713	-	2,713
	$(202,700)	$ 31,670	$ (137,988)	$ (10,367)	$ (319,385)

Actuarial Methods and Assumptions:

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

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

	MERS	MPERS	FRS	LASERS
Valuation Date	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	6.85% net of pension plan investment expense, including inflation	6.75% net of investment expense	6.9% per annum, net of investment expense, including inflation	7.40% per annum, net of investment expenses
Projected Salary Increases	Plan B 1 to 4 years of service: 7.4%, more than 4 years of service: 4.9%	1 to 2 years of service 12.30%; more than 2 years of service 4.70%	Varies from 14.10% in 1st two years to 5.2% with 3 years or more of service	Varies from 2.6% to 13.8% depending on member type
Expected Remaining Service Lives	3 years	4 years	7 years, closed period	2 years

Mortality:

Municipal Employees' Retirement System (MERS) –

Annuitant beneficiary mortality: PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.

Employee mortality: PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.

Disabled lives mortality: PubG-2010(B) Disables Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

Municipal Police Employees' Retirement System (MPERS) –

Annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 sale.

Disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.

For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.

Firefighters' Retirement System (FRS) –

For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.

For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.

For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.

In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale.

Louisiana State Employees' Retirement System (LASERS) –

Non-disabled members - The RP-2014 Blue Collar (males/ females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018.

Disabled members – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.

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

	Target Allocation			
Asset Class	MERS	MPERS	FRS	LASERS
Equity	53.00%	55.50%	56.00%	0.00%
Fixed income	38.00%	30.50%	26.00%	0.00%
Alternatives	9.00%	14.00%	18.00%	0.00%
Totals	100.00%	100.00%	100.00%	0.00%

	Long-Term Expected Portfolio Real Rate of Return			
Asset Class	MERS	MPERS	FRS	LASERS
Equity	2.31%	3.47%	27.34%	9.21%
Fixed income	1.65%	0.59%	4.12%	4.43%
Alternatives	0.39%	1.01%	14.84%	6.93%
Other	0.00%	0.00%	8.34%	0.00%
Totals	4.35%	5.07%	54.64%	20.57%
Inflation	2.60%	2.22%	2.50%	2.30%
Expected Arithmetic Nominal Return	6.95%	7.30%	0.00%	0.00%

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

Sensitivity to Changes in the Discount Rate: The following table presents the City's proportionate share of net pension liability, using the discount rate of each retirement system, as well as what the City's proportionate share of net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate:

	1% Decrease	Current Rate	1% Increase
MERS (Plan B)			
Discount Rate	5.85%	6.85%	7.85%
Net Pension Liability (Asset)	$ 1,057,446	$ 689,246	$ 377,817
MPERS			
Discount Rate	5.75%	6.75%	7.75%
Net Pension Liability (Asset)	$ 210,732	$ 120,913	$ 45,944
FRS			
Discount Rate	5.90%	6.90%	7.90%
Net Pension Liability (Asset)	$ 456,187	$ 237,792	$ 55,653
LASERS			
Discount Rate	6.40%	7.40%	8.40%
Net Pension Liability (Asset)	$ 97,096	$ 71,662	$ 50,020

(11) Litigation and Claims

The City is subject to various lawsuits and claims, many of which arise in the normal course of business. Although their outcome is not presently determinable, it is the opinion of legal counsel and management that resolution of these matters will not have a material effect on the financial condition of the City.

(12) Risk Management

The City is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

(13) Interfund Transactions

Interfund balances consist of the following:

	Interfund Receivables	Interfund Payables
General Fund	$ 86,605	$ 3,244
Sales Tax Fund	100	28,267
Fire Protection Fund	6,511	-
Capital Projects fund	65,718	100
Enterprise Fund	25,617	152,440
Other Governmental Funds	-	500
Total	$ 184,551	$ 184,551

The amounts due from the General Fund to various other funds are for reimbursements owed for expenditures paid for those funds. Transfers consisted of the following:

	Transfers In	Transfers Out
General Fund	$ 2,481,882	$ 8,000
Sales Tax Fund	22,232	246,552
Capital Projects Fund	-	544,360
American Rescue Plan Fund	-	182,015
Enterprise Fund	1,150,769	2,478,650
Other Governmental Funds	-	195,306
Total	$ 3,654,883	$ 3,654,883

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

(14) On-behalf Payments

The City has recognized $83,950 as revenue and expenditure for on-behalf salary payments made by the State of Louisiana.

(15) Change in Accounting Principles

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases. The statement increased the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. During the fiscal year ended June 30, 2022, the City implemented GASBS No. 87, Leases, for accounting and reporting leases that had previously been reported as capital leases. Due to immateriality, restatement of prior period financial statements was not necessary. The change had no effect on the current year financials.

REQUIRED
SUPPLEMENTARY INFORMATION

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CITY OF KAPLAN, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 77,350	$ 77,350	$ 78,035	$ 685
Licenses and permits	144,750	215,000	210,625	(4,375)
Intergovernmental	46,750	34,250	126,157	91,907
Fines and forfeitures	42,000	17,000	29,157	12,157
Interest	-	-	161	161
Miscellaneous	175,000	175,000	85,228	(89,772)
Total revenues	485,850	518,600	529,363	10,763
Expenditures:				
Current -				
General government	829,660	825,660	983,933	(158,273)
Public safety:				
Police	820,782	960,150	1,051,018	(90,868)
Fire	293,850	310,850	333,074	(22,224)
Streets, bridges, and drainage	388,750	423,250	321,422	101,828
Culture and recreation	40,500	52,500	45,088	7,412
Capital outlay	60,000	86,095	265,822	(179,727)
Debt Service -				
Principal retirement	-	-	89,658	(89,658)
Interest expense	-	-	3,837	(3,837)
Total expenditures	2,433,542	2,658,505	3,093,852	(435,347)
Deficiency of revenues over expenditures	(1,947,692)	(2,139,905)	(2,564,489)	(424,584)
Other financing sources:				
Proceeds from leases	-	-	154,394	154,394
Proceeds from sale of assets	-	-	79,033	79,033
Transfers in	2,050,000	2,421,095	2,481,882	60,787
Transfers out	-	-	(8,000)	(8,000)
Total other financing sources	2,050,000	2,421,095	2,707,309	286,214
Net change in fund balance	102,308	281,190	142,820	(138,370)
Fund balance, beginning	458,691	458,691	458,691	-
Fund balance, ending	$ 560,999	$ 739,881	$ 601,511	$ (138,370)

CITY OF KAPLAN, LOUISIANA
Sales Tax Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Sales tax	$ 599,000	$ 800,000	$ 799,740	$ (260)
Interest income	1,000	1,000	1,090	90
Total revenues	600,000	801,000	803,330	2,330
Expenditures:				
Current -				
General government	3,600	3,600	36,083	(32,483)
Capital outlay	135,000	267,000	216,760	50,240
Debt Service -				
Principal retirement	18,300	40,000	40,709	(709)
Interest expense	2,000	5,000	3,715	1,285
Total expenditures	158,900	315,600	297,267	18,333
Excess of revenues over expenditures	441,100	485,400	506,063	20,663
Other financing uses:				
Transfers in	-	-	22,232	22,232
Transfers out	(160,000)	(200,000)	(246,552)	(46,552)
Total other financing sources (uses)	(160,000)	(200,000)	(224,320)	(24,320)
Net change in fund balance	281,100	285,400	281,743	(3,657)
Fund balance, beginning	1,142,915	1,142,915	1,142,915	-
Fund balance, ending	$ 1,424,015	$ 1,428,315	$ 1,424,658	$ (3,657)

CITY OF KAPLAN, LOUISIANA
Fire Protection Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Intergovernmental	$ 65,125	$ 65,125	$ 90,191	25,066
Interest income	-	-	237	237
Miscellaneous	-	-	8	8
Total revenues	65,125	65,125	90,436	25,311
Expenditures:				
Current -				
Public safety:	55,000	55,000	55,536	(536)
Capital outlay	10,125	418,213	411,894	6,319
Total expenditures	65,125	473,213	467,430	5,783
Deficiencies of revenues over expenditures	-	(408,088)	(376,994)	31,094
Other financing sources:				
Appropriation from other government	-	418,213	343,213	(75,000)
Net change in fund balance	-	10,125	(33,781)	(43,906)
Fund balance, beginning	151,280	151,280	151,280	-
Fund balance, ending	$ 151,280	$ 161,405	$ 117,499	$ (43,906)

CITY OF KAPLAN, LOUISIANA
American Rescue Plan Act Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Intergovernmental	$ 800,000	$ 800,000	$ 819,076	19,076
Interest income	-	-	560	560
Total revenues	800,000	800,000	819,636	19,636
Expenditures				
Current -				
General government	-	-	7	(7)
Excess of revenues over expenditures	800,000	800,000	819,629	19,629
Other financing sources:				
Transfers out	(800,000)	(204,000)	(182,015)	21,985
Net change in fund balance	-	596,000	637,614	41,614
Fund balance, beginning	-	-	-	-
Fund balance, ending	$ -	$ 596,000	$ 637,614	$ 41,614

CITY OF KAPLAN, LOUISIANA

Notes to Budgetary Comparison Schedules

(1) Budgets and Budgetary Accounting

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

a. The City Clerk prepares a proposed budget for the fiscal year and submits it to the Mayor and Council no later than fifteen days prior to the beginning of each fiscal year.

b. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

c. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

d. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.

e. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Council.

f. All budgetary appropriations lapse at the end of each fiscal year.

g. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Council.

The General Fund reported excess expenditures over appropriations.

CITY OF KAPLAN, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
Municipal Employees' Retirement System - Plan B
For the Year Ended June 30, 2022

* Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	1.322423%	$ 620,873	$ 935,008	66.4%	76.94%
2016	1.358310%	$ 923,171	$ 957,477	96.4%	68.71%
2017	1.342332%	$ 1,112,670	$ 986,226	112.8%	63.34%
2018	1.301377%	$ 1,125,994	$ 965,953	116.6%	63.49%
2019	1.340526%	$ 1,133,860	$ 993,430	114.1%	65.60%
2020	1.295313%	$ 1,133,157	$ 989,224	114.6%	66.14%
2021	1.149130%	$ 1,041,372	$ 890,545	116.9%	66.26%
2022	1.189773%	$ 689,246	$ 914,377	75.4%	79.14%

* The amounts presented have a measurement date of the previous fiscal year end.

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

CITY OF KAPLAN, LOUISIANA

Schedule of Employer Contributions
Municipal Employees' Retirement System - Plan B
For the Year Ended June 30, 2022

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2015	$ 90,960	$ 90,960	$ -	$ 957,477	9.50%
2016	$ 93,691	$ 93,691	$ -	$ 986,226	9.50%
2017	$ 106,255	$ 106,255	$ -	$ 965,953	11.00%
2018	$ 131,456	$ 131,456	$ -	$ 993,430	13.23%
2019	$ 138,631	$ 138,631	$ -	$ 989,224	14.01%
2020	$ 124,676	$ 124,676	$ -	$ 890,545	14.00%
2021	$ 141,726	$ 141,726	$ -	$ 914,377	15.50%
2022	$ 141,287	$ 141,287	$ -	$ 911,530	15.50%

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

CITY OF KAPLAN, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
Municipal Police Employees' Retirement System
For the Year Ended June 30, 2022

* Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.012234%	$ 111,105	$ 38,206	290.8%	71.01%
2021	0.016168%	$ 149,430	$ 49,939	299.2%	70.94%
2022	0.022683%	$ 120,913	$ 69,203	174.7%	84.09%

* The amounts presented have a measurement date of the previous fiscal year end.

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

CITY OF KAPLAN, LOUISIANA

Schedule of Employer Contributions
Municipal Police Employees' Retirement System
For the Year Ended June 30, 2022

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2020	$ 16,230	$ 16,230	$ -	$ 49,939	32.50%
2021	$ 23,356	$ 23,356	$ -	$ 69,203	33.75%
2022	$ 21,266	$ 21,266	$ -	$ 71,482	29.75%

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

CITY OF KAPLAN, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
Firefighters' Retirement Sysyem
For the Year Ended June 30, 2022

* Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.072949%	$ 324,617	$ 163,526	198.5%	76.02%
2016	0.079951%	$ 431,505	$ 167,637	257.4%	72.45%
2017	0.078719%	$ 514,893	$ 174,878	294.4%	68.16%
2018	0.070796%	$ 405,792	$ 161,044	252.0%	73.55%
2019	0.071143%	$ 409,220	$ 166,853	245.3%	74.76%
2020	0.069240%	$ 433,575	$ 167,343	259.1%	73.96%
2021	0.067906%	$ 470,694	$ 169,058	278.4%	72.61%
2022	0.067100%	$ 237,792	$ 168,306	141.3%	86.78%

* The amounts presented have a measurement date of the previous fiscal year end.

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

CITY OF KAPLAN, LOUISIANA

Schedule of Employer Contributions
Firefighters' Retirement System
For the Year Ended June 30, 2022

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2015	$ 49,034	$ 49,034	$ -	$ 167,637	29.25%
2016	$ 51,152	$ 51,152	$ -	$ 174,878	29.25%
2017	$ 42,315	$ 42,315	$ -	$ 161,044	26.28%
2018	$ 44,886	$ 44,886	$ -	$ 166,853	26.90%
2019	$ 44,346	$ 44,346	$ -	$ 167,343	26.50%
2020	$ 46,914	$ 46,914	$ -	$ 169,058	27.75%
2021	$ 54,279	$ 54,279	$ -	$ 168,306	32.25%
2022	$ 55,427	$ 55,427	$ -	$ 164,230	33.75%

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

CITY OF KAPLAN, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
Louisiana State Employees' Retirement System
For the Year Ended June 30, 2022

* Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.000110%	$ 7,680	$ -	0.0%	62.90%
2021	0.001800%	$ 97,180	$ 59,699	162.8%	58.00%
2022	0.001300%	$ 71,662	$ 24,866	288.2%	72.78%

* The amounts presented have a measurement date of the previous fiscal year end.

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

CITY OF KAPLAN, LOUISIANA

Schedule of Employer Contributions
Louisiana State Employees' Retirement System
For the Year Ended June 30, 2022

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2020	$ 26,144	$ 26,144	$ -	$ 59,699	43.79%
2021	$ 10,568	$ 10,568	$ -	$ 24,866	42.50%
2022	$ 9,145	$ 9,145	$ -	$ 20,926	43.70%

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

(1) Retirement Systems

A. Municipal Employees' Retirement System

1) Changes of benefit terms – There were no changes of benefit terms for the year ended June 30, 2022.

2) Changes of assumptions –

Year Ended June 30,	Measurement Date June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase Lower Range	Projected Salary Increase Upper Range
2015	2014	7.750%	7.750%	3.000%	4	5.75%	-
2016	2015	7.500%	7.500%	2.875%	4	5.00%	-
2017	2016	7.500%	7.500%	2.875%	4	5.00%	-
2018	2017	7.400%	7.400%	2.775%	4	5.00%	-
2019	2018	7.275%	7.275%	2.600%	3	5.00%	-
2020	2019	7.000%	7.000%	2.500%	3	4.50%	7.40%
2021	2020	6.950%	6.950%	2.500%	3	4.90%	7.40%
2022	2021	6.850%	6.850%	2.600%	3	4.50%	6.40%

B. Municipal Police Employees' Retirement System

1) Changes of benefit terms – There were no changes of benefit terms for the year ended June 30, 2022.

2) Changes of assumptions –

Year Ended June 30,	Measurement Date June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase Lower Range	Projected Salary Increase Upper Range
2020	2019	7.125%	7.125%	2.500%	4	4.25%	9.75%
2021	2020	6.95%	6.95%	2.500%	4	4.70%	12.30%
2022	2021	6.75%	6.75%	2.220%	4	4.70%	12.30%

C. Firefighters' Retirement System

1) Changes of benefit terms – There were no changes of benefit terms for the year ended June 30, 2022.

2) Changes of assumptions –

Year Ended June 30,	Measurement Date June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase Lower Range	Projected Salary Increase Upper Range
2015	2014	7.50%	7.50%	3.000%	7	5.50%	15.00%
2016	2015	7.50%	7.50%	2.875%	7	4.75%	15.00%
2017	2016	7.50%	7.50%	2.875%	7	4.75%	15.00%
2018	2017	7.40%	7.40%	2.775%	7	4.75%	15.00%
2019	2018	7.30%	7.30%	2.700%	7	4.75%	15.00%
2020	2019	7.15%	7.15%	2.500%	7	4.50%	14.75%
2021	2020	7.00%	7.00%	2.500%	7	5.20%	14.10%
2022	2021	6.90%	6.90%	2.500%	7	5.20%	14.10%

D. Louisiana State Employees' Retirement System

1) Changes of benefit terms – There were no changes of benefit terms for the year ended June 30, 2022.

2) Changes of assumptions –

Year Ended June 30,	Measurement Date June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase Lower Range	Projected Salary Increase Upper Range
2020	2019	7.60%	7.60%	2.500%	2	2.80%	14.00%
2021	2020	7.55%	7.55%	2.300%	2	2.60%	13.80%
2022	2021	7.40%	7.40%	2.300%	2	2.60%	13.80%

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SUPPLEMENTARY INFORMATION

CITY OF KAPLAN, LOUISIANA

Schedule of Compensation
City Council
Year Ended June 30, 2022

Eva Dell Morrison	$ 4,200
Dirk Gary	4,200
Justin Johnson	4,200
Melissa Guidry	4,200
Michael Renfrow	4,200
Total	$ 21,000

CITY OF KAPLAN, LOUISIANA

Schedule of Compensation, Benefits, and Other Payments to Agency Head
Mike Kloesel, Mayor
Year Ended June 30, 2022

Purpose	Amount
Salary	$ 24,000
Retirement	3,720
Benefits- insurance	6,235
Car allowance	7,200
Total	$ 41,155

CITY OF KAPLAN, LOUISIANA

Justice System Funding Schedule
Receiving Entity
Year Ended June 30, 2022

Cash Basis Presentation	First Six Month Period Ended 12/31/2021	Second Six Month Period Ended 6/30/2022
Receipts From:		
Kaplan City Court - Criminal Fines - Other	$ 11,183	$ 16,119
Vermilion Parish Sheriff Department- Criminal Fines - Other	777	189
Vermilion Parish District Attorney Office - fines, forfeitures	-	2,063
Total receipts	$ 11,960	$ 18,371

OTHER INFORMATION

Special Revenue Funds

To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Police Special Fund -

To account for monies received from a 15% dedication of court fines received by the General Fund and used to defray costs of the police department.

Debt Service Fund

To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

General Obligation Bonds

To accumulate monies for the General Obligation Bonds, Series 2015 and 2019 issued in the amounts of $1,000,000 and $750,000, respectively. Debt service is financed by specifically dedicated ad valorem tax levies.

CITY OF KAPLAN, LOUISIANA

Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2022

	Special Revenue	Debt Service	
	Police Special Fund	General Obligation Bonds Fund	Totals
ASSETS			
Cash and interest -bearing deposits	$ 7,012	$ 206,364	$ 213,376
Accrued interest receivable	-	10	10
Total assets	$ 7,012	$ 206,374	$ 213,386
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	$ 500	$ -	$ 500
Fund balances:			
Restricted	-	206,374	206,374
Assigned	6,512	-	6,512
Total fund balances	6,512	206,374	212,886
Total liabilities and fund balances	$ 7,012	$ 206,374	$ 213,386

CITY OF KAPLAN, LOUISIANA

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2022

	Special Revenue	Debt Service	
	Police Special Fund	General Obligation Bonds Fund	Totals
Revenues:			
Taxes	$ -	$ 127,646	$ 127,646
Intergovernmental	3,694	-	3,694
Fines and forfeits	3,967	-	3,967
Interest income	6	567	573
Miscellaneous	10	-	10
Total revenues	7,677	128,213	135,890
Expenditures:			
Public safety -			
Police	7,126	-	7,126
Debt service -			
Principal retirement	-	88,000	88,000
Interest and fiscal charges	-	40,538	40,538
Total expenditures	7,126	128,538	135,664
Excess (deficiency) of revenues over expenditures	551	(325)	226
Other financing sources:			
Transfers out	-	(195,306)	(195,306)
Net change in fund balances	551	(195,631)	(195,080)
Fund balances, beginning	5,961	402,005	407,966
Fund balances, ending	$ 6,512	$ 206,374	$ 212,886

CITY OF KAPLAN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Capital Project Fund
For the Year Ended June 30, 2022

	LCDBG
Revenues:	
Intergovernmental - Federal grant	$ 544,360
Expenditures:	
Capital outlay	
Project construction	544,360
Net change in fund balances	-
Fund balances, beginning	-
Fund balances, ending	$ -

CITY OF KAPLAN, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Departmental Analysis of Revenues and Expenses
Years Ended June 30, 2022 and 2021

	Electricity		Gas		Water		Sewerage		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Operating revenues:										
Customers service charges	$4,935,931	$3,995,688	$ 802,883	$ 706,458	$770,319	$774,522	$ 707,089	$ 706,630	$7,216,222	$6,183,298
Operating expenses:										
Salaries	213,647	197,362	94,693	112,805	145,240	135,735	146,183	123,627	599,763	569,529
Benefit payments:										
Payroll taxes	15,892	15,000	6,762	8,214	10,612	10,129	10,960	9,561	44,226	42,904
Retirement	18,685	40,222	7,779	23,610	12,234	27,133	5,857	10,340	44,555	101,305
Insurance - Employees	18,539	25,012	12,601	21,744	22,285	14,387	18,048	9,422	71,473	70,565
Insurance	37,232	35,606	40,561	40,589	43,115	43,015	20,072	20,167	140,980	139,377
Electricity and gas purchased	2,868,603	2,104,808	301,385	237,191	-	-	-	-	3,169,988	2,341,999
Operating supplies	13,101	9,633	13,819	12,623	72,620	102,335	20,038	22,891	119,578	147,482
Office expenses	11,058	11,147	2,293	2,304	2,142	1,811	2,445	2,347	17,938	17,609
Professional fees	57,568	142,630	2,051	2,488	38,664	3,860	59,889	70,012	158,172	218,990
Repairs and maintenance	94,228	96,818	95,879	78,494	65,869	40,759	76,585	148,922	332,561	364,993
Telephone and utilities	2,560	2,443	1,033	936	83,214	69,919	76,107	73,652	162,914	146,950
Bad debt expense	6,238	4,365	1,029	768	986	842	904	769	9,157	6,744
Depreciation	40,426	47,784	63,798	63,544	144,600	127,256	379,980	352,388	628,804	590,972
Miscellaneous	9,993	25,990	13,563	11,279	4,995	2,984	7,703	3,621	36,254	43,874
Total operating expenses	3,407,770	2,758,820	657,246	616,589	646,576	580,165	824,771	847,719	5,536,363	4,803,293
Net operating income (loss)	$1,528,161	$1,236,868	$ 145,637	$ 89,869	$123,743	$194,357	$(117,682)	$(141,089)	$1,679,859	$1,380,005

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

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

The Honorable Mike Kloesel, Mayor
and Members of the City Council
City of Kaplan, Louisiana

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kaplan, Louisiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Kaplan, Louisiana’s basic financial statements and have issued our report thereon dated November 16, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Kaplan, Louisiana's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Kaplan, Louisiana’s internal control. Accordingly, we do not express an opinion on the effectiveness of City of Kaplan, Louisiana’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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2020-001 and 2020-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Kaplan, Louisiana'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of current and prior year audit findings and managements corrective action plan as item 2022-003.

City of Kaplan, Louisiana's Response to Findings

City of Kaplan, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. City of Kaplan, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
November 16, 2022

CITY OF KAPLAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan (Continued)
Year Ended June 30, 2022

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2022-001 Inadequate Segregation of Accounting Functions

CONDITION: The City of Kaplan did not have adequate segregation of functions within the accounting system.

CRITERIA: Committee of Sponsoring Organizations (COSO) Internal 1031Control - Integrated Framework and the Louisiana Legislative Auditor's Governmental Audit Guide.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management concurs with the audit finding. Due to size of staffing, the achievement of adequate segregation of duties is desirable, but is cost prohibitive. All efforts are given to segregate duties where feasible.

2022-002 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities in the financial statement preparation process.

CRITERIA: The City's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The condition results from a reliance on the external auditor as part of the internal control process.

EFFECT: Financial statements and related supporting transactions may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Mr. Mike Kloesel, Mayor has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the City to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

B. Compliance and other matters

2022-003 Budget Noncompliance

CONDITION: A budget variance in excess of 5% occurred in the General Fund expenditures.

CRITERIA: LSA-RS 39:1311 et seq, Budgetary Authority and Control, provides for amending the budget when total revenue plus projected revenue are failing to meet total budgeted revenues by 5% or more, or when total expenditures plus projected expenditures exceed budgeted expenditures by 5% or more."

CAUSE: The condition is a result of failure to properly amend the budget as required by state statutes.

EFFECT: The City may not prevent and/or detect compliance violations due to under receipt or over expending of the appropriated budget and errors or irregularities on a timely basis.

RECOMMENDATION: The City should periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to cause compliance with state statute.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management will properly monitor the City's monthly expenditures to make sure the City remains within its fiscal budget.

CITY OF KAPLAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan (Continued)
Year Ended June 30, 2022

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2021-001 Inadequate Segregation of Functions

CONDITION: The City of Kaplan did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See item 2022-001.

2021-002 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: The City of Kaplan does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: Unresolved. See item 2022-002.

B. Compliance and other matters

None reported.

CITY OF KAPLAN
Kaplan, Louisiana

Statewide Agreed-Upon Procedures

Fiscal period July 1, 2021 through June 30, 2022

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Mike Kloesel, Mayor
And Members of the City Council
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. City of Kaplan's (the City) management is responsible for those C/C areas identified in the SAUPs.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
   a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
   b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
   c) ***Disbursements***, including processing, reviewing, and approving.
   d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

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

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

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

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

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

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

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

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

Board or Finance Committee

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

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

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

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

Bank Reconciliations

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

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

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

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

Collections (excluding EFTs)

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

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

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

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

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

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

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

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

   a) Observe that receipts are sequentially pre-numbered.

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

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

d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Contracts

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

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

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

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

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

Payroll and Personnel

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

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

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

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

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

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

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

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

Ethics

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

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

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

Debt Service

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

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

Fraud Notice

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

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

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

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

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

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

Sexual Harassment

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

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

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

    a. Number and percentage of public servants in the agency who have completed the training requirements;

    b. Number of sexual harassment complaints received by the agency;

    c. Number of complaints which resulted in a finding that sexual harassment occurred;

    d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

    e. Amount of time it took to resolve each complaint.

Findings:

No exceptions were found as a result of procedures list above with the exception of:

Policies and Procedures:

The City does not have written policies and procedures addressing IT/Disaster Recovery/Business Continuity and Sexual Harassment training and annual reporting.

Disbursements:

The employee responsible for processing payments also mails the checks.

Management's Response:

Management of the City concurs with the exceptions and are working to address the deficiencies identified.

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

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
November 16, 2022

CITY OF KAPLAN

Compliance Examination Engagement

For the Year Ended June 30, 2022

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Mike Kloesel, Mayor
And the Members of the City Council
City of Kaplan, Louisiana

We have examined the City of Kaplan, Louisiana's (hereinafter "City") compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF section of the 2021 OMB Compliance Supplement, including Addendum 1 and Addendum 2 (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the year ended June 30, 2022. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the "Requirements for an Alternative CSLFRF Compliance Examination Engagement." Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, the City complied, in all material respects, with the specified requirements referenced above during the year ended June 30, 2022.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements that have a material effect on the City's compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on the City's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards*.

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether the City complied, in all material respects with the specified requirements referenced above during the year ended June 30, 2022. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
November 16, 2022