CITY OF KAPLAN, LOUISIANA

Financial Report

Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kaplan, Louisiana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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, 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.

Other 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 other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation paid to city council, schedule of compensation, benefits, and other payments to agency head, and the justice system funding schedule 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The combining balance sheet, combining statement of revenues, expenditures, and changes in fund balances, and the comparative departmental analysis of revenues and expenses – utility fund have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 28, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City 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 City of Kaplan, Louisiana's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
October 28, 2021

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)

CITY OF KAPLAN, LOUISIANA

Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and interest-bearing deposits	$ 2,047,099	$ 3,859,843	$ 5,906,942
Receivables, net	12,868	902,793	915,661
Due from other governmental units	188,703	-	188,703
Restricted assets:			
Cash and interest-bearing deposits	-	741,155	741,155
Capital assets:			
Non-depreciable	114,547	179,309	293,856
Depreciable, net	8,337,457	9,230,581	17,568,038
Total assets	10,700,674	14,913,681	25,614,355
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pensions	484,345	139,743	624,088

(continued)

CITY OF KAPLAN, LOUISIANA

Statement of Net Position (Continued)
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts and other payables	113,936	275,694	389,630
Compensated absences payable	8,787	-	8,787
Internal balances	(34,905)	34,905	-
Customer deposits payable	-	425,999	425,999
Accrued interest	5,774	2,069	7,843
Long-term liabilities:			
Due within one year	128,231	139,000	267,231
Due in more than one year	1,426,185	607,000	2,033,185
Net pension liability	1,251,723	506,953	1,758,676
Total liabilities	2,899,731	1,991,620	4,891,351
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pensions	126,773	50,201	176,974
NET POSITION			
Net investment in capital assets	7,212,449	8,663,890	15,876,339
Restricted for:			
Debt service	396,231	313,087	709,318
Sales tax dedications	1,142,915	-	1,142,915
Unrestricted	(593,080)	4,034,626	3,441,546
Total net position	$ 8,158,515	$ 13,011,603	$ 21,170,118

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

CITY OF KAPLAN, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2021

		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	$ 1,024,527	$ 173,721	$ 99,861	$ 5,000	$ (745,945)	$ -	$ (745,945)
Public safety:							
Police	1,120,628	39,901	97,000	-	(983,727)	-	(983,727)
Fire	464,066	-	65,480	-	(398,586)	-	(398,586)
Streets	471,655	-	-	-	(471,655)	-	(471,655)
Culture and recreation	84,720	-	-	-	(84,720)	-	(84,720)
Interest on long-term debt	43,830	-	-	-	(43,830)	-	(43,830)
Total governmental activities	3,209,426	213,622	262,341	5,000	(2,728,463)	-	(2,728,463)
Business-type activities:							
Electric	2,758,820	3,995,688	-	191,323	-	1,428,191	1,428,191
Gas	616,589	706,458	-	-	-	89,869	89,869
Water	580,165	774,522	-	-	-	194,357	194,357
Sewerage	847,719	706,630	-	-	-	(141,089)	(141,089)
Interest on long-term debt	27,551	-	-	-	-	(27,551)	(27,551)
Total business-type activities	4,830,844	6,183,298	-	191,323	-	1,543,777	1,543,777
Total	$ 8,040,270	$ 6,396,920	$ 262,341	$ 196,323	(2,728,463)	1,543,777	(1,184,686)

(continued)

CITY OF KAPLAN, LOUISIANA

Statement of Activities (Continued)
For the Year Ended June 30, 2021

General revenues:			
Taxes -			
Property taxes, levied for general purposes	86,403	-	86,403
Property taxes, levied for bond retirement	147,362	-	147,362
Sales and use taxes, levied for general purposes	752,103	-	752,103
Franchise taxes	25,748	-	25,748
Beer taxes	10,017	-	10,017
Interest and investment earnings	3,937	14,820	18,757
Miscellaneous	38,382	27,834	66,216
Nonemployer pension contribution	38,950	15,556	54,506
Transfers	1,526,205	(1,526,205)	-
Total general revenues and transfers	2,629,107	(1,467,995)	1,161,112
Change in net position	(99,356)	75,782	(23,574)
Net position, beginning	8,257,871	12,935,821	21,193,692
Net position, ending	$ 8,158,515	$ 13,011,603	$ 21,170,118

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

FUND FINANCIAL STATEMENTS (FFS)

CITY OF KAPLAN, LOUISIANA

Balance Sheet
Governmental Funds
June 30, 2021

	General	Sales Tax	Other Governmental Funds	Total
ASSETS				
Cash and interest-bearing deposits	$ 499,463	$ 1,031,640	$ 515,996	$ 2,047,099
Receivables:				
Due from other funds	68,405	100	6,510	75,015
Due from other governmental entities	11,312	139,178	38,213	188,703
Accrued interest receivable	-	263	97	360
Other receivables	12,508	-	-	12,508
Total assets	$ 591,688	$ 1,171,181	$ 560,816	$ 2,323,685
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 45,006	$ -	$ 970	$ 45,976
Payroll liabilities	67,960	-	-	67,960
Compensated absences payable	8,787	-	-	8,787
Due to other funds	11,244	28,266	600	40,110
Total liabilities	132,997	28,266	1,570	162,833
Fund balances:				
Restricted	-	1,142,915	402,005	1,544,920
Assigned	-	-	157,241	157,241
Unassigned	458,691	-	-	458,691
Total fund balances	458,691	1,142,915	559,246	2,160,852
Total liabilities and fund balances	$ 591,688	$ 1,171,181	$ 560,816	$ 2,323,685

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

CITY OF KAPLAN, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021

Total fund balances for governmental funds		$ 2,160,852
Capital assets net		8,452,004
Long-term liabilities:		
Bonds payable	(1,554,416)	
Net pension liability	(1,251,723)	
Accrued interest payable	(5,774)	(2,811,913)
Deferred outflows of resources related to net pension liability		484,345
Deferred inflows of resources related to net pension liability		(126,773)
Total net position of governmental activities		$ 8,158,515

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, 2021

	General	Sales Tax	Other Governmental Funds	Total
Revenues:				
Taxes	$ 86,403	$ 752,103	$ 147,362	$ 985,868
Licenses and permits	173,721	-	-	173,721
Intergovernmental	206,878	-	70,480	277,358
Fines and forfeits	34,801	-	5,100	39,901
Interest income	527	1,364	2,046	3,937
Miscellaneous	61,378	-	2,750	64,128
Total revenues	563,708	753,467	227,738	1,544,913
Expenditures:				
Current -				
General government	851,312	79,827	-	931,139
Public safety:				
Police	1,037,932	-	12,400	1,050,332
Fire	315,240	-	71,047	386,287
Streets, bridges, and drainage	389,886	-	-	389,886
Culture and recreation	34,838	-	-	34,838
Capital outlay	5,678	159,910	-	165,588
Debt service -				
Principal retirement	-	16,915	61,000	77,915
Interest and fiscal charges	-	2,186	42,063	44,249
Total expenditures	2,634,886	258,838	186,510	3,080,234
(Deficiency) excess of revenues over expenditures	(2,071,178)	494,629	41,228	(1,535,321)
Other financing sources (uses):				
Proceeds from issuance of debt	-	-	-	-
Proceeds from capital lease	-	110,245	-	110,245
Proceeds from sale of assets	-	-	-	-
Transfers in	2,104,481	-	-	2,104,481
Transfers out	-	(262,617)	(315,659)	(578,276)
Total other financing sources (uses)	2,104,481	(152,372)	(315,659)	1,636,450
Net change in fund balances	33,303	342,257	(274,431)	101,129
Fund balances, beginning	425,388	800,658	833,677	2,059,723
Fund balances, ending	$ 458,691	$ 1,142,915	$ 559,246	$ 2,160,852

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

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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, 2021

Net change in fund balances of governmental funds		$ 101,129
Capital assets:		
Capital outlay	$ 165,588	
Depreciation expense	(306,604)	(141,016)
Proceeds from capital lease		(110,245)
Principal payments on long term debt		77,915
Change in accrued interest payable		502
The effect of the change in net pension liability and deferred outflows/inflows of resources:		
Increase in pension expense	(66,591)	
Nonemployer pension contribution revenue recognized	38,950	(27,641)
Change in net position of governmental activities		$ (99,356)

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, 2021

ASSETS

Current assets:	
Cash and interest-bearing deposits	$ 3,859,843
Receivables:	
Accounts, net	487,887
Unbilled utility receivables	408,295
Accrued interest receivable	2,903
Due from other funds	8,180
Other	3,708
Total current assets	4,770,816
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	741,155
Capital assets, net of accumulated depreciation	9,409,890
Total noncurrent assets	10,151,045
Total assets	14,921,861

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources - pensions	139,743

(continued)

CITY OF KAPLAN, LOUISIANA

Statement of Net Position (Continued)
Proprietary Fund - Enterprise Fund
June 30, 2021

LIABILITIES	
Current liabilities:	
Accounts payable	255,394
Payroll liabilities	20,300
Due to other funds	43,085
Payable from restricted assets -	
Revenue bonds	139,000
Accrued interest payable	2,069
Total current liabilities	459,848
Noncurrent liabilities:	
Customers' deposits payable	425,999
Revenue bonds	607,000
Net pension liability	506,953
Total noncurrent liabilities	1,539,952
Total liabilities	1,999,800
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions	50,201
NET POSITION	
Net investment in capital assets	8,663,890
Restricted for debt service	313,087
Unrestricted	4,034,626
Total net position	$ 13,011,603

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

CITY OF KAPLAN, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund - Enterprise Fund
Year Ended June 30, 2021

Operating revenues:	
Charges for services	$ 6,183,298
Operating expenses:	
Electricity department expenses	2,711,036
Gas department expenses	553,045
Water department expenses	452,909
Sewerage department expenses	495,331
Depreciation expense	590,972
Total operating expenses	4,803,293
Operating income	1,380,005
Nonoperating revenues (expenses):	
Interest income	14,820
Franchise fee	27,833
Interest expense	(27,551)
Nonemployer pension contribution	15,556
Total nonoperating revenues (expenses)	30,658
Income before capital contributions and transfers	1,410,663
Capital contributions	191,324
Transfers in	633,188
Transfers out	(2,159,393)
Change in net position	75,782
Net position, beginning	12,935,821
Net position, ending	$ 13,011,603

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, 2021

Cash flows from operating activities:	
Receipts from customers	$ 6,262,536
Payments to suppliers	(3,373,380)
Payments to employees	(751,993)
Net cash provided by operating activities	2,137,163
Cash flows from noncapital financing activities:	
Franchise fees	27,833
Cash paid to other funds	1,090
Transfers from other funds	633,188
Transfers to other funds	(2,159,393)
Net cash used by noncapital financing activities	(1,497,282)
Cash flows from capital and related financing activities:	
Capital contribution	191,324
Principal paid on bonds and notes	(135,000)
Interest and fiscal charges paid on bonds	(30,835)
Acquisition of capital assets	(394,390)
Net cash used by capital and related financing activities	(368,901)
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	(1,662,218)
Interest on investments	14,820
Net cash provided by investing activities	14,820
Net change in cash and cash equivalents	285,800
Cash and cash equivalents, beginning of period	2,652,980
Cash and cash equivalents, end of period	$ 2,938,780

(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, 2021

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$1,380,005
Adjustments to reconcile operating income to net cash provided by operating activities:	
Provision for net pension liability	32,310
Depreciation	590,972
(Increase) decrease in current assets	
Accounts receivable, net	84,599
Unbilled utility receivables	(22,550)
Other receivables	2,405
Increase (decrease) in current liabilities	
Accounts payable	60,292
Salaries payable	(5,654)
Customer deposits	14,784
Net cash provided by operating activities	$2,137,163
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	$3,589,967
Cash and interest-bearing deposits - restricted	725,231
Less: Interest-bearing deposits with maturities in excess of 90 days	(1,662,218)
Total cash and cash equivalents	2,652,980
Cash and cash equivalents, end 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
Net change	$ 285,800

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.

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.

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

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:

	General Fund	Sales Tax Fund	Other Governmental Funds
Restricted:			
Tax dedications	$ -	$ 1,142,915	$ -
Debt service	-	-	402,005
Assigned - public safety	-	-	157,241
Unassigned	458,691	-	-
Total fund balances	$ 458,691	$ 1,142,915	$ 559,246

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	$ 6,867,102
Deposits are secured as follows:	
Federal deposit insurance	$ 1,301,436
Uninsured and collateral held by the pledging bank, not in the City's name	5,565,666
Total	$ 6,867,102

(4) Receivables

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

Current	$ 506,232
31 - 60 days	6,828
60 - 90 days	597
Over 90 days	207,258
Less allowances for uncollectible accounts	(233,028)
Total	$ 487,887

(5) Restricted Assets – Enterprise Fund

Restricted assets were applicable to the following:

Customers' deposits	$ 418,271
Bond sinking fund account	39,232
Bond reserve fund	172,688
Bond renewal and replacement fund	110,964
Total restricted assets	$ 741,155

(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
Other capital assets:				
Buildings	2,950,607	-	-	2,950,607
Infrastructure	12,362,233	5,702	-	12,367,935
Equipment, furniture and fixtures	2,477,739	159,886	-	2,637,625
Totals	17,905,126	165,588	-	18,070,714
Less accumulated depreciation				
Buildings	1,244,512	68,070	-	1,312,582
Infrastructure	5,957,713	101,650	-	6,059,363
Equipment, furniture and fixtures	2,109,881	136,884	-	2,246,765
Total accumulated depreciation	9,312,106	306,604	-	9,618,710
Governmental activities, capital assets, net	$ 8,593,020	$ (141,016)	$ -	$ 8,452,004
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 179,309	$ -	$ -	$ 179,309
Construction in progress	-	55,268	-	55,268
Other capital assets:				
Buildings and systems	23,353,837	-	-	23,353,837
Machinery and equipment	776,487	296,284	-	1,072,771
Automobiles	356,162	42,838	7,800	391,200
Total other capital assets	24,665,795	394,390	7,800	25,052,385
Less accumulated depreciation				
Buildings and systems	14,164,381	478,433	-	14,642,814
Machinery and equipment	615,500	74,894	-	690,394
Automobiles	279,442	37,645	7,800	309,287
Total accumulated depreciation	15,059,323	590,972	7,800	15,642,495
Business-type activities, capital assets, net	$ 9,606,472	$ (196,582)	$ -	$ 9,409,890

Depreciation expense was charged to governmental activities as follows:

General government	$ 58,371
Police	37,407
Fire	67,163
Streets	93,781
Recreation	49,882
Total depreciation expense	$306,604

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

Electric	$ 47,784
Gas	63,544
Water	127,256
Sewer	352,388
Total depreciation expense	$590,972

(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	$ 724,000	$ -	$ (61,000)	$ 663,000	$ 63,000
General Obligation Bonds, Series 2019	750,000	-	-	750,000	25,000
Total governmental activities	$ 1,474,000	$ -	$ (61,000)	$ 1,413,000	$ 88,000
Business-type activities:					
Utilities Revenue Refunding Bonds, Series 2011	$ 881,000	$ -	$ (135,000)	$ 746,000	$ 139,000

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)	$ 663,000
$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)	750,000
Total general obligation bonds	$ 1,413,000

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)	$ 746,000

The bonds are due as follows:

	Governmental Activities		Business-type Activities		
Year Ending June 30,	Principal payments	Interest payments	Principal payments	Interest payments	Total
2022	$ 88,000	$ 40,538	$ 139,000	$ 26,110	$ 293,648
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 - 2031	566,000	118,626	-	-	684,626
2032 - 2034	380,000	27,126	-	-	407,126
	$ 1,413,000	$ 327,244	$ 746,000	$ 80,152	$ 2,566,396

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, 2021.

(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) Capital Lease

In July 2018, the City entered into a lease agreement for acquisition of two (2) vehicles and in September 2019, the City entered into a lease agreement for acquisition of another vehicle. In January 2021, the City entered into a lease agreement for acquisition of equipment. The lease agreements qualify as capital leases for accounting purposes, and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2021 were as follows:

Year Ending June 30,	
2022	$ 45,378
2023	34,884
2024	25,803
2025	24,368
2026	24,369
Total minimum lease payments	154,802
Less: amount representing interest	(13,386)
Present value of minimum lease payments	$ 141,416

At June 30, 2021, the vehicles and equipment are included in capital assets with a cost of $202,142 and accumulated depreciation of $46,236. Depreciation expense of $25,234 was recorded for these assets at June 30, 2021.

(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)	$ 31,956
Municipal Police Employees' Retirement System of Louisiana	3,524
Firefighters Retirement System of Louisiana	19,026
	$ 54,506

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)	$ 534,419	$ 506,953	1.149130%	1.295313%	-0.146183%
MPERS	149,430	-	0.016168%	1.223400%	-1.207232%
FRS	470,694	-	0.067906%	0.069240%	-0.001334%
LASERS	97,180	-	0.001180%	0.011000%	-0.009820%
Total	$ 1,251,723	$ 506,953			

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)	$ 141,893
Municipal Police Employees' Retirement System of Louisiana	56,244
Firefighters Retirement System of Louisiana	63,682
Louisiana State Employees' Retirement System	65,526
	$ 327,345

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	$ -	$ 8,991	$ -	$ 8,531
Change in assumption	16,562	-	15,711	-
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	43,929	-	41,670
Net differences between projected and actual earnings on plan investments	58,019	-	55,037	-
Contributions subsequent to the measurement date	72,734	-	68,995	-
Total	$ 147,315	$ 52,920	$ 139,743	$ 50,201

Municipal Police Employees' Retirement System (MPERS):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 5,886
Change in assumptions	3,551	3,688
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	72,586	-
Net differences between projected and actual earnings on plan investments	17,927	-
Contributions subsequent to the measurement date	23,356	-
Total	$ 117,420	$ 9,574

Firefighters' Retirement System (FRS):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 30,115
Change in assumptions	45,501	-
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	6,012	33,231
Net differences between projected and actual earnings on plan investments	51,836	-
Contributions subsequent to the measurement date	54,279	-
Total	$ 157,628	$ 63,346

Louisiana State Employees' Retirement System (LASERS):

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 933
Change of assumptions	311	-
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	36,897	-
Net differences between projected and actual earnings on plan investments	14,206	-
Contributions subsequent to the measurement date	10,568	-
Total	$ 61,982	$ 933

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)	$ 141,729
Municipal Police Employees' Retirement System of Louisiana	23,356
Firefighters Retirement System of Louisiana	54,279
Louisiana State Employees' Retirement System	10,568
	$ 229,932

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
2022	$ 4,388	$ 32,833	$ 4,905	$ 38,706	$ 80,832
2023	(4,495)	36,792	12,500	4,097	48,894
2024	25,757	11,460	12,162	4,390	53,769
2025	16,558	3,405	10,296	3,288	33,547
2026	-	-	57	-	57
2027	-	-	83	-	83
	$ 42,208	$ 84,490	$ 40,003	$ 50,481	$ 217,182

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, 2020	June 30, 2020	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	6.95% net of pension plan investment expense, including inflation	6.95% net of investment expense	7.0% per annum, net of investment expense, including inflation	7.55% per annum, net of investment expenses
Projected Salary Increases	7.4% for 1-4 years of service; 4.9% with more than 4 years of service	Varies from 12.30% in 1st 2 years to 4.70% with more than 2 years of service	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%	48.50%	54.00%	0.00%
Fixed income	38.00%	33.50%	31.00%	0.00%
Alternatives	9.00%	18.00%	15.00%	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	2.33%	3.08%	26.80%	10.62%
Fixed income	1.67%	0.54%	4.40%	5.74%
Alternatives	0.40%	1.02%	14.49%	6.69%
Other	0.00%	0.00%	8.44%	3.61%
Totals	4.40%	4.64%	54.13%	26.66%
Inflation	2.60%	2.55%	2.50%	2.30%
Expected Arithmetic Nominal Return	7.00%	7.19%	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	5.95%	6.95%	7.95%
Net Pension Liability (Asset)	$ 1,386,260	$ 1,041,372	$ 749,549
MPERS			
Discount Rate	5.95%	6.95%	7.95%
Net Pension Liability (Asset)	$ 2,099,333	$ 149,430	$ 98,852
FRS			
Discount Rate	6.00%	7.00%	8.00%
Net Pension Liability (Asset)	$ 679,913	$ 470,694	$ 296,058
LASERS			
Discount Rate	6.55%	7.55%	8.55%
Net Pension Liability (Asset)	$ 119,420	$ 97,180	$ 78,308

(11) Litigation and Claims

On January 3, 1994, the City entered into a consent judgment awarding Washington National Insurance Company $25,988, plus attorney fees in the amount of $6,000, plus legal interest from May 1, 1990, until paid for sums due on the group health and accident insurance policy.

In the opinion of the City's legal counsel, this judgment operates as an encumbrance against the City, although it is judicially unenforceable based on legal precedents, which have held that property, which is owned by the public and is being used for public purposes, is exempt from seizure. However, legal counsel further states that the property owned by a municipality, but which is being used in a nongovernmental, profit-making way, may be seized.

As a result of this legal opinion, no provisions have been made in the financial statements for the amount of the outstanding judgment.

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	$ 68,405	$ 11,244
Sales Tax Fund	100	28,266
Enterprise fund	8,180	43,085
Other Governmental Funds	6,510	600
Total	$ 83,195	$ 83,195

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	$ 2,104,481	$ -
Sales Tax Fund	-	262,617
Enterprise fund	633,188	2,159,393
Other Governmental funds	-	315,659
Total	$ 2,737,669	$ 2,737,669

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 $97,000 as revenue and expenditure for on-behalf salary payments made by the State of Louisiana.

(15) New Accounting Pronouncement

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 and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. 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. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after December 15, 2021. The effect of implementation on the City's financial statements has not yet been determined.

REQUIRED
SUPPLEMENTARY INFORMATION

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CITY OF KAPLAN, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Taxes	$ 77,350	$ 85,650	$ 86,403	$ 753
Licenses and permits	144,750	154,750	173,721	18,971
Intergovernmental	46,750	146,250	206,878	60,628
Fines and forfeitures	42,000	42,000	34,801	(7,199)
Interest	-	-	527	527
Miscellaneous	125,000	125,000	61,378	(63,622)
Total revenues	435,850	553,650	563,708	10,058
Expenditures:				
Current -				
General government	802,660	800,660	851,312	(50,652)
Public safety:				
Police	809,150	962,650	1,037,932	(75,282)
Fire	278,850	286,850	315,240	(28,390)
Streets, bridges, and drainage	388,750	403,500	389,886	13,614
Culture and recreation	40,500	38,000	34,838	3,162
Capital outlay	60,000	20,000	5,678	14,322
Total expenditures	2,379,910	2,511,660	2,634,886	(123,226)
Deficiency of revenues over expenditures	(1,944,060)	(1,958,010)	(2,071,178)	(113,168)
Other financing sources:				
Transfers in	2,069,750	2,080,000	2,104,481	24,481
Net change in fund balance	125,690	121,990	33,303	(88,687)
Fund balance, beginning	425,388	425,388	425,388	-
Fund balance, ending	$ 551,078	$ 547,378	$ 458,691	$ (88,687)

CITY OF KAPLAN, LOUISIANA
Sales Tax Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Sales tax	$ 330,000	$ 599,000	$ 752,103	$153,103
Interest income	750	1,000	1,364	364
Total revenues	330,750	600,000	753,467	153,467
Expenditures:				
Current -				
General government	23,600	3,600	79,827	(76,227)
Capital outlay	99,000	335,000	159,910	175,090
Debt Service -				
Principal retirement	-	18,000	16,915	1,085
Interest expense	-	2,000	2,186	(186)
Total expenditures	122,600	358,600	258,838	99,762
Excess of revenues over expenditures	208,150	241,400	494,629	253,229
Other financing uses:				
Proceeds from capital lease	-	-	110,245	110,245
Transfers out	(200,000)	(220,000)	(262,617)	(42,617)
Total other financing sources (uses)	(200,000)	(220,000)	(152,372)	67,628
Net change in fund balance	8,150	21,400	342,257	320,857
Fund balance, beginning	800,658	800,658	800,658	-
Fund balance, ending	$ 808,808	$ 822,058	$1,142,915	$320,857

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, 2021

* 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%

* 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, 2021

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%

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, 2021

* 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%

* 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, 2021

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%

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, 2021

* 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%

* 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, 2021

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%

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, 2021

* 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%

* 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, 2021

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%

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, 2021.

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%

B. Municipal Police Employees' Retirement System

1) Changes of benefit terms – There were no changes of benefit terms for the year ended June 30, 2021.

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%

C. Firefighters' Retirement System

1) Changes of benefit terms – There were no changes of benefit terms for the year ended June 30, 2021.

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%

D. Louisiana State Employees' Retirement System

1) Changes of benefit terms – There were no changes of benefit terms for the year ended June 30, 2021.

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	7.600%	7.600%	2.500%	2	2.80%	14.00%
2021	2020	7.550%	7.550%	2.300%	2	2.60%	13.80%

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OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Fire Protection Fund -

To account for monies received from the Vermilion Parish Police Jury to defray costs of the fire department.

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.

Capital Projects Fund

To account for capital improvements within the City. Improvements are funded by federal grants and general fund monies.

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, 2021

	Special Revenue		Debt Service		
	Fire Protection Fund	Police Special Fund	General Obligation Bonds Fund	Capital Projects Fund	Totals
ASSETS					
Cash and interest -bearing deposits	$ 107,440	$ 6,461	$ 401,995	$ 100	$ 515,996
Due from other governmental entities	38,213	-	-	-	38,213
Due from other funds	6,510	-	-	-	6,510
Accrued interest receivable	87	-	10	-	97
Total assets	$ 152,250	$ 6,461	$ 402,005	$ 100	$ 560,816
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 970	$ -	$ -	$ -	$ 970
Due to other funds	-	500	-	100	600
Total liabilities	970	500	-	100	1,570
Fund balances:					
Restricted	-	-	402,005	-	402,005
Assigned	151,280	5,961	-	-	157,241
Total fund balances	151,280	5,961	402,005	-	559,246
Total liabilities and fund balances	$ 152,250	$ 6,461	$ 402,005	$ 100	$ 560,816

CITY OF KAPLAN, LOUISIANA

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2021

	Special Revenue		Debt Service		
	Fire Protection Fund	Police Special Fund	General Obligation Bonds Fund	Capital Projects Fund	Totals
Revenues:					
Taxes	$ -	$ -	$ 147,362	$ -	$ 147,362
Intergovernmental	65,480	5,000	-	-	70,480
Fines and forfeits	-	5,100	-	-	5,100
Interest income	687	-	1,359	-	2,046
Miscellaneous	2,750	-	-	-	2,750
Total revenues	68,917	10,100	148,721	-	227,738
Expenditures:					
Public safety -					
Police	-	12,400	-	-	12,400
Fire	71,047	-	-	-	71,047
Debt service -					
Principal retirement	-	-	61,000	-	61,000
Interest and fiscal charges	-	-	42,063	-	42,063
Total expenditures	71,047	12,400	103,063	-	186,510
Deficiency of revenues over expenditures	(2,130)	(2,300)	45,658	-	41,228
Other financing sources:					
Transfers out	-	-	(315,659)	-	(315,659)
Net change in fund balances	(2,130)	(2,300)	(270,001)	-	(274,431)
Fund balances, beginning	153,410	8,261	672,006	-	833,677
Fund balances, ending	$ 151,280	$ 5,961	$ 402,005	$ -	$ 559,246

CITY OF KAPLAN, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Departmental Analysis of Revenues and Expenses
Years Ended June 30, 2021 and 2020

	Electricity		Gas		Water		Sewerage		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Operating revenues:										
Customers service charges	$3,995,688	$4,793,839	$ 706,458	$ 633,521	$774,522	$706,685	$ 706,630	$ 646,696	$6,183,298	$6,780,741
Operating expenses:										
Salaries	197,362	186,104	112,805	97,976	135,735	123,701	123,627	118,521	569,529	526,302
Benefit payments:										
Payroll taxes	15,000	12,702	8,214	6,627	10,129	8,305	9,561	8,148	42,904	35,782
Retirement	40,222	34,895	23,610	18,075	27,133	16,844	10,340	12,182	101,305	81,996
Insurance - Employees	25,012	27,576	21,744	15,968	14,387	18,834	9,422	11,184	70,565	73,562
Insurance	35,606	40,344	40,589	41,777	43,015	37,135	20,167	21,875	139,377	141,131
Electricity and gas purchased	2,104,808	2,645,834	237,191	168,415	-	-	-	-	2,341,999	2,814,249
Operating supplies	9,633	7,571	12,623	9,906	102,335	96,916	22,891	24,488	147,482	138,881
Office expenses	11,147	11,375	2,304	1,583	1,811	1,746	2,347	1,392	17,609	16,096
Professional fees	142,630	-	2,488	1,835	3,860	5,915	70,012	28,987	218,990	36,737
Repairs and maintenance	96,818	88,336	78,494	63,745	40,759	47,910	148,922	82,587	364,993	282,578
Telephone and utilities	2,443	2,133	936	997	69,919	93,950	73,652	70,156	146,950	167,236
Bad debt expense	4,365	19,327	768	2,207	842	3,261	769	3,014	6,744	27,809
Depreciation	47,784	61,430	63,544	63,939	127,256	132,891	352,388	322,683	590,972	580,943
Miscellaneous	25,990	9,257	11,279	4,719	2,984	3,221	3,621	5,580	43,874	22,777
Total operating expenses	2,758,820	3,146,884	616,589	497,769	580,165	590,629	847,719	710,797	4,803,293	4,946,079
Net operating income (loss)	$1,236,868	$1,646,955	$ 89,869	$ 135,752	$194,357	$116,056	$(141,089)	$ (64,101)	$1,380,005	$1,834,662

CITY OF KAPLAN, LOUISIANA

Schedule of Compensation
City Council
Year Ended June 30, 2021

John Carbaugh	$ 700
Joyce Carbaugh	2,100
Eva Dell Morrison	4,200
Dirk Gary	4,200
Justin Johnson	4,200
Melissa Guidry	4,200
Michael Renfrow	1,750
Total	$ 21,350

CITY OF KAPLAN, LOUISIANA

Schedule of Compensation, Benefits, and Other Payments to Agency Head
Mike Kloesel, Mayor
Year Ended June 30, 2021

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, 2021

Cash Basis Presentation	First Six Month Period Ended 12/31/2020	Second Six Month Period Ended 6/30/2021
Receipts From:		
Kaplan City Court - Criminal Fines - Other	$ 17,355	$ 16,646
Vermilion Parish Sheriff Department- Criminal Fines - Other	672	478
Vermilion Parish District Attorney Office - fines, forfeitures	203	3,721
Total receipts	$ 18,230	$ 20,845

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INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Robert S. Carter, CPA*
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Stephen J. Anderson, CPA*
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable 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, 2021, 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 October 28, 2021.

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.

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

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
October 28, 2021

CITY OF KAPLAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2021

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

A. Internal Control Over Financial Reporting

2021-001 Inadequate Segregation of Accounting Functions

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

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement,* defines internal control as follows:

"Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations."

CAUSE: The cause of the condition is the fact that the City does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

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.

2021-002 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

None reported.

CITY OF KAPLAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan (Continued)
Year Ended June 30, 2021

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2020-001 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 2021-001.

2020-002 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 2021-002.

B. Compliance and other matters

2020-003 Budget noncompliance

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

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

CURRENT STATUS: Resolved.