

Town of Kinder, Louisiana

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2025

Royce T. Scimemi, CPA, APAC
Oberlin, LA

Town of Kinder, Louisiana

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INDEPENDENT AUDITOR'S REPORT

December 22, 2025

Honorable Wayland LaFargue, Mayor
and the Town Council
Town of Kinder, Louisiana

Opinions

We have audited the accompanying financial statements of the governmental activities, the business activities, and each fund of the Town of Kinder, Louisiana (the "Town"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business activities, and each fund of the Town as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the pension liability information on pages 44 through 51 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion

Honorable Wayland LaFargue, Mayor and the Town Council
Independent Auditor's Report
December 22, 2025
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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 of the Town has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by 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. Our opinion on the basic financial statements is not affected by this omitted information.

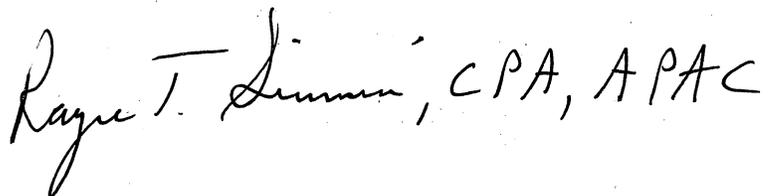
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying departmental expenditures budgetary comparison schedules, schedule of compensation paid to mayor and council members, schedule of compensation, benefits and other payments to chief executive officer, judicial system funding schedule for a collecting/disbursing entity as required by Act 87 of the 2020 Louisiana regular legislative session, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards*, are presented as supplementary information ("SI") on pages 54 through 58 and page 64 for purposes of additional analysis and are not a required part of the basic financial statements. Such SI is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The SI 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 this SI is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025, on our consideration of the Town'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 Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Royce T. Scimemi, CPA, APAC
Oberlin, Louisiana
December 22, 2025



BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

Town of Kinder, Louisiana
Statement of Net Position
June 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
<i>Current Assets:</i>			
Cash	\$ 68,713	\$ 388,741	\$ 457,454
Restricted cash	1,707,350	310,825	2,018,175
Investments	150,299	54,365	204,664
Restricted investments	1,476,641	--	1,476,641
Taxes receivable	79,982	--	79,982
Accounts receivable	--	132,585	132,585
Other receivable	58,537	--	58,537
Due from other governments	166,310	--	166,310
Total Current Assets	3,707,832	886,516	4,594,348
<i>Noncurrent Assets:</i>			
Land	265,511	15,300	280,811
Construction-in-progress	--	5,433,453	5,433,453
Capital assets, net	5,390,600	4,616,190	10,006,790
Total Noncurrent Assets	5,656,111	10,064,943	15,721,054
Total Assets	9,363,943	10,951,459	20,315,402
DEFERRED OUTFLOWS OF RESOURCES			
Aggregated deferred outflows	253,583	--	253,583
Total Deferred Outflows of Resources	253,583	--	253,583
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts and other accrued payables	370,864	66,314	437,178
Interest payable	4,849	12,524	17,373
Due within one year	142,000	100,000	242,000
Total Current Liabilities	517,713	178,838	696,551
<i>Noncurrent Liabilities:</i>			
Customer meter deposits	--	217,215	217,215
Due after one year	1,108,376	3,185,000	4,293,376
Net pension liability	1,005,818	--	1,005,818
Accrued compensated absences	68,889	5,960	74,849
Total Noncurrent Liabilities	2,183,083	3,408,175	5,591,258
Total Liabilities	2,700,796	3,587,013	6,287,809
DEFERRED INFLOWS OF RESOURCES			
Aggregated deferred inflows	32,729	--	32,729
Total Deferred Inflows of Resources	32,729	--	32,729
NET POSITION			
<i>Invested in capital assets, net of related debt</i>	4,400,886	6,767,419	11,168,305
<i>Restricted</i>	3,183,991	93,610	3,277,601
<i>Unrestricted</i>	(700,876)	503,417	(197,459)
Total Net Position	\$ 6,884,001	\$ 7,364,446	\$ 14,248,447

See accompanying notes.

Town of Kinder, Louisiana
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Program Revenues				Net (Expense) Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities:							
General and administrative	\$ 803,612	\$ 172,615	\$ --	\$ --	\$ (630,997)	\$ --	\$ (630,997)
Streets	416,283	--	--	--	(416,283)	--	(416,283)
Police	1,290,764	301,484	100,213	--	(889,067)	--	(889,067)
Section 8 housing	434,723	--	437,562	--	2,839	--	2,839
Interest on long-term debt	10,293	--	--	--	(10,293)	--	(10,293)
Total Governmental Activities	2,955,675	474,099	537,775	--	(1,943,801)	--	(1,943,801)
Business-Type Activities:							
Sewer Fund	413,091	356,361	--	--	--	(56,730)	(56,730)
Water Fund	428,197	539,541	--	--	--	111,344	111,344
Gas Fund	553,037	760,673	--	--	--	207,636	207,636
Interest on Long-Term Debt - Sewer Fund	77,155	--	--	--	--	(77,155)	(77,155)
Total Business-Type Activities	1,471,480	1,656,575	--	--	--	185,095	185,095
Total Primary Government	\$ 4,427,155	\$ 2,130,674	\$ 537,775	\$ --	\$ (1,943,801)	\$ 185,095	\$ (1,758,706)

General Revenues and Operating Transfers:

General Revenues

Taxes:

Property	211,086	--	211,086
Franchise	160,088	--	160,088
Sales	933,648	--	933,648
Intergovernmental	51,300	--	51,300
Miscellaneous	167,768	--	167,768
Interest Income	117,116	5,674	122,790
Operating Transfers	359,481	(359,481)	--
Total General Revenues and Operating Transfers	2,000,487	(353,807)	1,646,680

Change in Net Position

Change in Net Position	56,686	(168,712)	(112,026)
<i>Net Position at Beginning of Period</i>	11,958,938	2,401,535	14,360,473
Capital Contribution of WWTP Construction-in-Progress (See Note D)	(5,131,623)	5,131,623	--
Net Position at End of Period	\$ 6,884,001	\$ 7,364,446	\$ 14,248,447

See accompanying notes.

FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUND DESCRIPTIONS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Sales Tax Fund

To account for the receipt and use of proceeds of the Town's restricted sales and use taxes.

Gaming Fund

To account for the receipt and expenditure of funds in accordance with the compact agreement with the Coshatta Tribe of Louisiana.

HUD Fund

To account for the receipt and expenditure of federal financial assistance for low-income housing.

DMV Fund

To account for the receipt and expenditure of funds collected on transactions with the state motor vehicle department.

Louisiana Community Development Block Grant Fund

To account for the receipt and expenditure of funds collected from a federal program to be used to pay a contractor to renovate the Town's wastewater treatment plant.

Debt Service Fund

Sales Tax Bond Sinking Fund

To account for the accumulation of resources for and the payment of bond principal, interest, and related costs. It is funded by sales tax revenues.

Enterprise Funds

Water Fund

To account for the provision of water services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Sewer Fund

To account for the provision of sewerage services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Gas Fund

To account for the provision of gas services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

**Town of Kinder, Louisiana
Balance Sheet
Governmental Funds
June 30, 2025**

	Special Revenue					Debt Service		Total Governmental Funds
	General Fund	DMV Fund	HUD Fund	Gaming Fund	Sales Tax Fund	Louisiana Community Development Block Grant Fund	Sales Tax Bond Sinking Fund	
ASSETS								
Cash	\$ 68,713	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 68,713
Restricted cash	115,785	15,616	93,584	--	1,041,315	--	441,050	1,707,350
Investments	150,299	--	--	--	--	--	--	150,299
Restricted investments	--	--	--	--	1,476,641	--	--	1,476,641
Taxes receivable	--	--	--	--	79,982	--	--	79,982
Other receivable	58,537	--	--	--	--	--	--	58,537
Due from other governments	166,310	--	--	--	--	--	--	166,310
Total Assets	<u>559,644</u>	<u>15,616</u>	<u>93,584</u>	<u>--</u>	<u>2,597,938</u>	<u>--</u>	<u>441,050</u>	<u>3,707,832</u>
DEFERRED OUTFLOWS OF RESOURCES								
Aggregated deferred outflows	--	--	--	--	--	--	--	--
Total Assets and Deferred Outflows of Resources	<u>\$ 559,644</u>	<u>\$ 15,616</u>	<u>\$ 93,584</u>	<u>\$ --</u>	<u>\$ 2,597,938</u>	<u>\$ --</u>	<u>\$ 441,050</u>	<u>\$ 3,707,832</u>
LIABILITIES								
Accounts and other accrued payables	\$ 95,133	\$ --	\$ --	\$ --	\$ 30,922	\$ 244,809	\$ --	\$ 370,864
Total Liabilities	<u>95,133</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>30,922</u>	<u>244,809</u>	<u>--</u>	<u>370,864</u>
DEFERRED INFLOWS OF RESOURCES								
Aggregated deferred inflows	--	--	--	--	--	--	--	--
Total Liabilities and Deferred Inflows of Resources	<u>95,133</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>30,922</u>	<u>244,809</u>	<u>--</u>	<u>370,864</u>
FUND BALANCE								
Restricted	115,785	15,616	93,584	--	2,567,016	--	441,050	3,233,051
Unassigned	348,726	--	--	--	--	(244,809)	--	103,917
Total Fund Balance	<u>464,511</u>	<u>15,616</u>	<u>93,584</u>	<u>--</u>	<u>2,567,016</u>	<u>(244,809)</u>	<u>441,050</u>	<u>3,336,968</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 559,644</u>	<u>\$ 15,616</u>	<u>\$ 93,584</u>	<u>\$ --</u>	<u>\$ 2,597,938</u>	<u>\$ --</u>	<u>\$ 441,050</u>	<u>\$ 3,707,832</u>

See accompanying notes.

Town of Kinder, Louisiana
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

Total Fund Balance - Governmental Funds	\$	3,336,968
Accrued interest payable is accrued on Statement of Net Position and expensed on the Statement of Activities. Interest is expensed on a cash basis on the Statement of Revenues, Expenditures, and Changes in Fund Balances.		(4,849)
Compensated absences are expensed as paid in governmental fund statements, expensed as incurred in entity-wide statements, and reflected as liability on Statement of Net Position.		(68,889)
Fixed assets are capitalized in the Statement of Net Position and depreciated in the Statement of Activities. These are expensed when acquired in the Statement of Revenues, Expenditures, and Changes in Fund Balances.		5,656,111
Long-term debt is reflected on Statement of Net Position but not in governmental funds balance sheet.		(1,250,376)
Net pension liability is reflected on the Statement of Net Position but not in governmental funds balance sheet.		(1,005,818)
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred outflows.		253,583
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred inflows.		(32,729)
Total Net Position - Governmental Activities	\$	<u>6,884,001</u>

See accompanying notes.

Town of Kinder, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue					Debt Service		Total Governmental Funds
	General Fund	DMV Fund	HUD Fund	Gaming Fund	Sales Tax Fund	Louisiana Community Development Block Grant Fund	Sales Tax Bond Sinking Fund	
Revenues								
Taxes	\$ 371,174	\$ --	\$ --	\$ --	\$ 933,648	\$ --	\$ --	\$ 1,304,822
Licenses and permits	166,160	--	--	--	--	--	--	166,160
Intergovernmental	78,007	--	437,562	--	--	--	44,635	560,204
Fines	301,484	--	--	--	--	--	--	301,484
Miscellaneous	167,768	--	--	--	--	--	--	167,768
Special assessments	--	6,455	--	--	--	--	--	6,455
Interest Income	2,509	9	164	10	112,961	--	1,463	117,116
Total Revenues	1,087,102	6,464	437,726	10	1,046,609	--	46,098	2,624,009
Expenditures								
Current:								
General and administrative	600,145	6,001	5,000	--	99,941	--	--	711,087
Streets	197,089	--	--	--	--	--	--	197,089
Police	1,138,541	--	--	--	--	--	--	1,138,541
Section 8 housing	--	--	434,723	--	--	--	--	434,723
Debt Service:								
Principal retirement	--	--	--	--	--	--	33,000	33,000
Interest on long-term debt	--	--	--	--	--	--	7,450	7,450
Capital outlay	155,396	--	--	--	414,128	1,057,790	--	1,627,314
Total Expenditures	2,091,171	6,001	439,723	--	514,069	1,057,790	40,450	4,149,204
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,004,069)	463	(1,997)	10	532,540	(1,057,790)	5,648	(1,525,195)
Other Financing Sources (Uses)								
Bond proceeds - sales tax bonds	--	--	--	--	--	--	630,765	630,765
Operating Transfers	794,261	--	--	(78,811)	(358,340)	661,068	(658,697)	359,481
Net Other Financing Sources (Uses)	794,261	--	--	(78,811)	(358,340)	661,068	(27,932)	990,246
Net Change in Fund Balance	(209,808)	463	(1,997)	(78,801)	174,200	(396,722)	(22,284)	(534,949)
Fund Balance at Beginning of Period	674,319	15,153	95,581	78,801	2,392,816	151,913	463,334	3,871,917
Fund Balance at End of Period	\$ 464,511	\$ 15,616	\$ 93,584	\$ --	\$ 2,567,016	\$ (244,809)	\$ 441,050	\$ 3,336,968

See accompanying notes.

Town of Kinder, Louisiana
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities
For the Year Ended June 30, 2025

Total Net Change in Fund Balance - Governmental Funds	\$ (534,949)
Fixed assets expensed as capital outlays in governmental fund statements, but capitalized in the Statement of Net Position.	1,627,314
Compensated absences are expensed as paid in governmental fund statements, expensed as incurred in entity-wide statements, and reflected as liability on Statement of Net Position.	6,211
Depreciation expense is reflected in entity-wide statements, but not deducted in the governmental fund statements.	(348,467)
Accrued interest expense is included in Statement of Activities, but only expensed as paid in governmental fund statements.	(2,843)
Proceeds of long-term debt treated as revenue in the fund level statements, treated as increases to long-term debt in entity wide statements.	(630,765)
Long-term debt is reflected on Statement of Net Position but not in governmental funds balance sheet.	33,000
Basis in assets disposed of during the year.	(40,242)
Pension expense is based on employer contributions in the government funds Statement of Revenues, Expenditures, and Changes in Fund Balances, but is an actuarially calculated expense on the Statement of Activities.	(81,450)
Non-employers contributions to retirement systems for the benefit of Town employees.	28,877
Changes in Net Position - Governmental Activities	<u><u>\$ 56,686</u></u>

See accompanying notes.

**Town of Kinder, Louisiana
Statement of Net Position
Proprietary Funds
June 30, 2025**

	Business-Type Activities - Enterprise Funds			
	Sewer Fund	Water Fund	Gas Fund	Total Enterprise Funds
ASSETS				
<i>Current Assets:</i>				
Cash	\$ 133,209	\$ 255,532	\$ --	\$ 388,741
Restricted cash	93,756	86,908	130,161	310,825
Investments	--	17,900	36,465	54,365
Accounts receivable	42,532	43,532	46,521	132,585
Total Current Assets	269,497	403,872	213,147	886,516
<i>Noncurrent Assets:</i>				
Land	15,300	--	--	15,300
Construction-in-progress	5,433,453	--	--	5,433,453
Capital assets, net	3,872,306	608,429	135,455	4,616,190
Total Noncurrent Assets	9,321,059	608,429	135,455	10,064,943
Total Assets	9,590,556	1,012,301	348,602	10,951,459
DEFERRED OUTFLOWS OF RESOURCES				
Aggregated deferred outflows	--	--	--	--
Total Deferred Outflows of Resources	--	--	--	--
LIABILITIES				
<i>Current Liabilities:</i>				
Accounts and other accrued payables	6,044	32,718	27,552	66,314
Interest payable	12,524	--	--	12,524
Due within one year	100,000	--	--	100,000
Due to/from other funds	(3,321)	(31,937)	35,258	--
Total Current Liabilities	115,247	781	62,810	178,838
<i>Noncurrent Liabilities:</i>				
Customer meter deposits	146	86,908	130,161	217,215
Due after one year	3,185,000	--	--	3,185,000
Accrued compensated absences	--	1,730	4,230	5,960
Total Noncurrent Liabilities	3,185,146	88,638	134,391	3,408,175
Total Liabilities	3,300,393	89,419	197,201	3,587,013
DEFERRED INFLOWS OF RESOURCES				
Aggregated deferred inflows	--	--	--	--
Total Deferred Inflows of Resources	--	--	--	--
NET POSITION				
Invested in capital assets, net of related debt	6,023,535	608,429	135,455	6,767,419
Restricted	93,610	--	--	93,610
Unrestricted	173,018	314,453	15,946	503,417
Total Net Position	\$ 6,290,163	\$ 922,882	\$ 151,401	\$ 7,364,446

See accompanying notes.

Town of Kinder, Louisiana
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities - Enterprise Funds			
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Gas Fund</u>	<u>Total Enterprise Funds</u>
Operating Revenues				
Charges for services	\$ 356,361	\$ 539,541	\$ 760,673	\$ 1,656,575
Total Operating Revenues	356,361	539,541	760,673	1,656,575
Operating Expenses				
Audit fees	--	6,000	6,000	12,000
Contract labor	--	--	918	918
Depreciation	312,495	61,608	15,446	389,549
Dues	--	495	--	495
Engineering fees	--	1,920	2,810	4,730
Gas and oil	--	--	9,470	9,470
Insurance	--	12,889	26,123	39,012
Materials and supplies	19,551	26,820	27,223	73,594
Miscellaneous	2,414	977	1,497	4,888
Office supplies	--	229	4,251	4,480
Salaries	--	33,156	106,113	139,269
Payroll taxes	--	3,730	8,191	11,921
Per diem	--	645	610	1,255
Postage	--	5,364	6,454	11,818
Professional services	8,861	--	11,175	20,036
Retirement	--	--	3,502	3,502
Repairs and maintenance	9,559	15,446	3,980	28,985
Telephone	--	--	1,196	1,196
Travel	--	4,801	689	5,490
Uniforms	--	--	3,147	3,147
Utilities	60,211	13,862	1,312	75,385
Water and gas purchases	--	240,255	312,930	553,185
Total Operating Expenses	413,091	428,197	553,037	1,394,325
Operating Income (Loss)	(56,730)	111,344	207,636	262,250
Non-Operating Revenues (Expenses)				
Interest Income	3,497	402	1,775	5,674
Interest expense	(77,155)	--	--	(77,155)
Net Non-Operating Revenues (Expenses)	(73,658)	402	1,775	(71,481)
Income Before Operating Transfers	(130,388)	111,746	209,411	190,769
Operating Transfers	16,509	(118,994)	(256,996)	(359,481)
Change In Net Position	(113,879)	(7,248)	(47,585)	(168,712)
<i>Net Position at Beginning of Period</i>	1,272,419	930,130	198,986	2,401,535
Capital Contributions of WWTP Construction-in-Progress (See Note D)	5,131,623	--	--	5,131,623
Net Position at End of Period	\$ 6,290,163	\$ 922,882	\$ 151,401	\$ 7,364,446

See accompanying notes.

Town of Kinder, Louisiana
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2025

	Business-Type Activities – Enterprise Funds			
	Water Fund	Sewer Fund	Gas Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 546,172	\$ 351,617	\$ 781,234	\$ 1,679,023
Payments to suppliers	(331,639)	(95,857)	(420,764)	(848,260)
Payments to employees	(36,909)	-	(120,461)	(157,370)
Net cash from operating activities	177,624	255,760	240,009	673,393
CASH FLOWS FROM INVESTING ACTIVITIES:				
Net proceeds (purchase) of investments	(825)	-	(1,679)	(2,504)
Interest earnings	402	3,496	1,775	5,673
Net cash from investing activities	(423)	3,496	96	3,169
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Interest paid on sewer revenue bonds	-	(77,155)	-	(77,155)
Principal paid on sewer revenue bonds	-	(95,000)	-	(95,000)
Purchase of fixed assets	(3,838)	(97,350)	-	(101,188)
Net cash from capital activities	(3,838)	(269,505)	-	(273,343)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Operating transfers	(118,994)	16,509	(256,996)	(359,481)
Loans (to)/from other funds	(36,360)	5,469	32,308	1,417
Net cash from non-capital financing activities	(155,354)	21,978	(224,688)	(358,064)
NET INCREASE (DECREASE) IN CASH	18,009	11,729	15,417	45,155
CASH – BEGINNING	324,431	215,236	114,744	654,411
CASH – ENDING	\$ 342,440	\$ 226,965	\$ 130,161	\$ 699,566
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	\$ 111,344	\$ (56,730)	\$ 207,637	\$ 262,251
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:				
Depreciation	61,608	312,495	15,446	389,549
(Increase) decrease in receivables	2,601	(4,743)	13,931	11,789
Increase (decrease) in accounts payable	(1,936)	4,739	(980)	1,823
Increase (decrease) in compensated absences	(23)	-	(2,655)	(2,678)
Increase (decrease) in customer meter deposits	4,030	(1)	6,630	10,659
Net cash from operating activities	\$ 177,624	\$ 255,760	\$ 240,009	\$ 673,393

See accompanying notes.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Kinder, Louisiana (the "Town"), was created under the provisions of the Lawrason Act. The purpose of the Town is to provide services to its citizens, which include sewer, water and gas utilities, and police protection. The Town has a board of five elected council members who are compensated. The Town is located in Allen Parish, Louisiana and its population is approximately 2,170. There are approximately 30 employees working for the Town.

1. Reporting Entity

As the municipal governing authority, for reporting purposes, the Town is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations 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.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 14 established criteria for determining which component units should be considered part of the Town for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

- a. Appointing a voting majority of an organization's governing body, and
 - (1) The ability of the municipality to impose its will on that organization, and/or
 - (2) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
- b. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
- c. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial data of the Town (the primary government) which has no component units under the above criteria.

2. Basis of Presentation

The accompanying basic financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America and with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments", issued in June 1999, except that management has elected to omit the otherwise required Management's Discussion and Analysis.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Town as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the Town's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Program revenues include (a) fees and charges paid by the recipients of services offered by the Town 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 Town uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Town functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Town are classified into two categories: governmental and proprietary/enterprise. The emphasis of fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town; if the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all governmental and enterprise funds of that category or type; or if the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Town reports the following major funds:

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

The DMV Fund is used to account for the receipt and expenditure of funds collected on transactions with the state motor vehicle department.

The Gaming Fund is used to account for the receipt and expenditure of funds in accordance with the compact agreement with the Coushatta Tribe of Louisiana.

The HUD Fund is used to account for the receipt and expenditure of federal financial assistance for low-income housing.

The Sales Tax Fund is used to account for the receipt and use of proceeds of the Town's restricted sales and use taxes.

The Louisiana Community Development Block Grant Fund is used to account for the receipt and expenditure of funds collected from a federal program to be used to pay a contractor to renovate the Town's wastewater treatment plant.

The Sales Tax Bond Sinking Fund is used to account for the accumulation of resources for and the payment of bond principal, interest, and related costs. It is funded by sales tax revenues.

The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

or recovered primarily through user charges that are reported as program revenues; 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. The enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All other revenues and expenses are reported as non-operating revenues and expenses. The Town enterprise funds account for water, sewer, and gas services.

3. Measurement Focus/Basis of Accounting

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

Measurement Focus

On the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the "economic resources" measurement focus as defined in item b. below. In the fund financial statements, the "current financial resources" measurement focus is used as appropriate:

- a. 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 balances as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize 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 non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

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

Governmental fund financial statements are reported using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are 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 outlays) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

The proprietary funds utilize the accrual basis of accounting, under which revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. The Town applies all applicable FASB pronouncements in accounting and reporting for its proprietary funds.

4. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, and enterprise funds. All annual appropriations lapse at fiscal year-end.

Prior to the beginning of each fiscal year, the Mayor submits a budget to the Town Council. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The Town Council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated. Any changes in the revenue estimates must be approved by a majority vote of the Town Council. Expenditures may not legally exceed budgeted appropriations at the activity level.

The original budget and one amendment during the year are reflected in the budgetary comparison schedules.

5. Cash and Investments

Deposits include amounts in demand deposits, interest-bearing demand deposits, and time deposits.

State statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. government agencies, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having an office in the State of Louisiana, as stipulated in La. R.S. 33:2955, or any other federally insured investment.

As of June 30, 2025, the Town had deposits (book balances) totaling \$2,625,928. These deposits are stated at cost, which approximates market. Custodial credit risk is the risk that, in the event of bank failure, the Town's deposits may not be returned. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must always equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. On June 30, 2025, the Town has \$2,389,339 in deposits (collected bank balances). These deposits are secured from custodial credit risk by \$635,781 of federal deposit insurance and \$1,753,558 of pledged securities held by the custodial banks in the name of the fiscal agent banks or letters of credit from Federal Home Loan Bank.

Local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. LAMP is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term high-quality investments. LAMP is not registered with the SEC as an investment company. LAMP's annual financial statements can be obtained from the Louisiana Legislative Auditor's website.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar-weighted-average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

The LAMP investments totaled \$1,342,689 on June 30, 2025. In accordance with GASB Codification Section 150.126, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds (LAMP is a 2a7-like investment pool) and therefore not evidenced by securities that exist in physical or book entry form. Also, pooled investments are excluded from the concentration of credit risk 5 percent disclosure requirement and foreign currency risk is not applicable to 2a7-like pools.

On June 30, 2025, the weighted-average maturity cannot exceed 90 days. The weighted-average maturity for LAMP's total investments was 18 days as of June 30, 2025. LAMP is rated AAAM by Standard & Poors.

The Town uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures of investments in debt and equity securities that are classified as available-for-sale on a recurring basis. FASB ASC 820-10 defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure requirements for fair value measurements. FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Town can access at the measurement date.

Level 2 inputs are quoted prices (unadjusted) other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis on June 30, 2025 are as follows:

	<u>Fair Value</u>	Quoted Price in Active Markets Identical Assets <u>Level 1</u>	Significant Observable Inputs <u>Level 2</u>	Significant Unobservable Inputs <u>Level 3</u>	<u>Cost</u>
Investments subject to categorization:					
Mutual funds	\$ <u>338,615</u>	\$ <u>338,615</u>	\$ _____	\$ _____	\$ <u>388,851</u>
Total	\$ <u>338,615</u>	\$ <u>338,615</u>	\$ _____	\$ _____	\$ <u>388,851</u>
Investments not subject to categorization:					
LAMP	<u>1,342,690</u>				
Total Investments	<u>\$1,681,305</u>				

<u>Type of Debt Investment</u>	<u>Fair Value</u>	<u>Maturity</u>			<u>Credit Rating (Standard and Poor's)</u>
		<u>Less than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	
Investments subject to categorization:					
Mutual funds	\$ <u>338,615</u>	<u>338,615</u>	\$ _____	\$ _____	A+
Total	\$ <u>338,615</u>	\$ <u>338,615</u>	\$ _____	\$ _____	

The funds have interest reported net of the change in fair market value of the associated investments as follows:

	<u>Accrual Interest Income</u>	<u>(Decrease) Increase in FMV</u>	<u>Reported Interest Income</u>
General fund	\$ 2,509	\$ -	\$ 2,509
Sales tax fund	81,592	31,369	112,961
Gaming fund	10	-	10
HUD fund	164	-	164
DMV fund	9	-	9
Sales tax bond sinking fund	1,463	-	1,463
Gas fund	1,775	-	1,775
Sewer fund	3,497	-	3,497
Water fund	<u>402</u>	<u>-</u>	<u>402</u>
Total	<u>\$ 91,421</u>	<u>\$ 31,369</u>	<u>\$122,790</u>

Interest Rate Risk: The Town's policy on cash and investments states that safety of principal is the foremost objective, followed by liquidity and yield. Each investment transaction shall seek to first ensure that capital losses are avoided no matter the sources.

Credit Rate Risk: The Town's policy states that cash and investment decisions should not incur unreasonable risks in order to obtain current investment income and requires the overall quality rating to be

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

no lower than AA- as measured by Standard & Poor's or the equivalent rating (Aa3) by Moody's Investor Service.

Concentration of Credit Risk: The Town's investment portfolio consisted of 20% mutual funds and 80% in LAMP.

Custodial Credit Risk-Investments: For investments, this is the risk that, in the event of the failure of the counter party, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's policy addresses custodial credit risk for investments by requiring that they must be held by national banks, state-chartered banks, a national or state trust company in the name of the Town or LAMP.

6. Interfund Receivables/Payables

During operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified on the balance sheet as due from other funds or due to other funds.

7. Accounts Receivable

Uncollectible amounts due for receivables of governmental funds other than ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate that the receivable is not collectible.

There appears to be a concentration of credit risk in general accounts receivable and more specifically, accounts receivable for gas, water and sewer user fees in the enterprise funds. The Town's ability to collect the amounts due from the users of the Town's gas, water and sewer systems and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disaster, or other calamity in this one concentrated geographic location.

8. Capital Assets

Capital assets, which include property, plant, and equipment, 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 cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$1,500 or more for capitalization of asset purchases.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation netted 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 asset type is as follows:

Buildings	20-50 years
Equipment and furniture	3-40 years
Water, sewer, and gas systems	20-66 years
Infrastructure	25-50 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.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

9. Statement of Cash Flows

For the statement of cash flows for the proprietary funds, the Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Investments with a maturity of more than three months are considered non-cash equivalents. The statement reflects ending cash and cash equivalents of \$699,566 which represents unrestricted and restricted amounts of \$388,741 and \$310,825, respectively. The cash and certificates of deposit are broken down further as follows:

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Gas Fund</u>	<u>Totals</u>
Cash and cash equivalents-Unrestricted	\$ 133,209	\$ 255,532	\$ -	\$ 388,741
Cash and cash equivalents-Restricted	<u>93,756</u>	<u>86,908</u>	<u>130,161</u>	<u>310,825</u>
Total cash per the statement of cash flows	<u>\$ 226,965</u>	<u>\$ 342,440</u>	<u>\$ 130,161</u>	<u>\$ 699,566</u>

10. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as a long-term liability on the statement of net position but not on the fund balance sheet. No expenditure is reported for these amounts in the fund financial statements. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with generally accepted accounting principles, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits for police personnel that the Town estimates will be taken as "terminal leave" prior to retirement.

The Town has the following policy relating to vacation and sick leave:

Employees of the Town receive 80 hours to 200 hours of vacation leave each year, depending on their length of service. Upon termination, the employee is entitled to any unused vacation leave. In addition, employees may accumulate up to 240 hours of sick leave. Only police employees retiring at or after age 65 are entitled to any unused sick leave.

On June 30, 2025, employees of the Town have accumulated \$74,849 in leave privileges.

11. Long-Term Debt

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of sewer revenue refunding bonds and sales tax bonds.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

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 payments of principal and interest are 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.

12. Equity Classification

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

- a. Invested in capital assets, net of related debt – 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 net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - Consists of all other net position that does not meet the definition of a or b above.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

In the fund statements, governmental fund equity is classified as fund balance and is further classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used for specific purposes determined by a formal action of the Mayor and Town Council. They are the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Mayor and Town Council.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Town's adopted policy, only the Mayor and Town Council members may assign amounts for specific purposes.
- e. Unassigned – includes positive fund balance within the general fund which has not been classified with the above-mentioned categories and when applicable, negative fund balances in other governmental funds.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

The Town's policy is to use restricted fund balances first unless prohibited by legal or contractual provisions, and then use less restrictive classifications - committed, assigned, and lastly unassigned amounts of fund balance in that order when expenditures are made.

13. Interfund Transactions

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

14. Sales Taxes

1% Sales Tax

Proceeds of the 1% sales and use tax levied by the Town are dedicated to the following purposes:

1. 75% to be used for capital improvements; and
2. 25% to be used for capital improvements and/or repairs and maintenance.

The tax does not expire.

0.3% Sales Tax

Proceeds of the 0.3% sales and use tax levied by the Town are dedicated to the following purposes:

1. 90% to be used for operating and maintaining the Town's sewerage system; and
2. 10% to be used for operating and maintaining the Town's library. This tax was retroactively rededicated in an election, by the voters on December 7, 2024, to the Town's police department.

The tax expires on December 31, 2034.

15. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

16. Revenues, Expenditures, and Expenses

Program Revenues

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

Revenues

Ad valorem taxes are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent after December 31.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

The taxes are generally collected in December, January and February of the fiscal year. Sales taxes are considered as "measurable" when in the hands of the sales tax collector and are recognized as revenue at that time. Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures/expenses

The Town's primary expenditures include salaries and insurance, which are recorded when the liabilities are incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) when the transfers are authorized by the Town.

17. Environmental Remediation Costs

The Town accrues for losses associated with environmental remediation obligations when such losses are probable and reasonably estimable. Accruals for estimated losses from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study. Such accruals are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value.

18. Subsequent Events

Management has evaluated subsequent events through December 22, 2025, the date the financial statements were issued.

19. Pensions

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

20. Deferred outflows/inflows of resources

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

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

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE B - PROPERTY TAXES

For the year ended June 30, 2025, taxes of 14.18 mills were levied on property with assessed valuations totaling \$15,531,650 and were dedicated as follows:

General corporate purposes	14.18 mills
Total property taxes levied were \$220,239.	

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year and become delinquent after December 31. Property taxes not paid by the end of February are subject to lien.

NOTE C - RECEIVABLES

The following is a summary of receivables for June 30, 2025:

<u>Class of Receivable:</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
Taxes:		
Sales and use	\$ 79,982	\$ -
Intergovernmental	166,310	-
Charges for services	-	132,585
Other	<u>58,537</u>	<u>-</u>
Total	<u>\$ 304,829</u>	<u>\$ 132,585</u>

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

Note D – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2025 follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Governmental Activities:				
Land	\$ 265,511	\$ -	\$ -	\$ 265,511
Buildings	3,006,915	89,985	-	3,096,900
Construction-in-Progress				
- sewer system	4,003,030	1,128,593	5,131,623	-
Equipment and furniture	1,550,585	171,824	184,854	1,537,555
Infrastructure	<u>4,866,523</u>	<u>236,912</u>	-	<u>5,103,435</u>
Totals at historical cost	13,692,564	1,627,314	5,316,477	10,003,401
Less accumulated depreciation for:				
Buildings	1,434,819	76,395	-	1,511,214
Equipment and furniture	997,452	138,306	144,612	991,146
Infrastructure	<u>1,711,164</u>	<u>133,766</u>	-	<u>1,844,930</u>
Total accumulated depreciation	<u>4,143,435</u>	<u>348,467</u>	<u>144,612</u>	<u>4,347,290</u>
Governmental Activities Capital Assets, net	<u>\$ 9,549,129</u>	<u>\$ 1,278,847</u>	<u>\$ 5,171,865</u>	<u>\$ 5,656,111</u>
Business-Type Activities:				
Land	\$ 15,300	\$ -	\$ -	\$ 15,300
Construction-in-Progress				
-sewer system	301,831	5,131,623	-	5,433,454
Water system	2,476,480	3,838	-	2,480,318
Sewer system	11,378,283	97,350	-	11,475,633
Gas system	<u>787,875</u>	-	-	<u>787,875</u>
Totals at historical cost	14,959,769	5,232,811	-	20,192,580
Less accumulated depreciation for:				
Water system	1,810,281	61,608	-	1,871,889
Sewer system	7,290,832	312,495	-	7,603,327
Gas system	<u>636,975</u>	<u>15,446</u>	-	<u>652,421</u>
Total accumulated depreciation	<u>9,738,088</u>	<u>389,549</u>	-	<u>10,127,637</u>
Business-Type Activities Capital Assets, net	<u>\$ 5,221,681</u>	<u>\$ 4,843,262</u>	<u>\$ -</u>	<u>\$ 10,064,943</u>

Depreciation expense for the year ended June 30, 2025 was \$348,467 and \$389,549 for the governmental activities and the business-type activities, respectively.

Depreciation expense was charged to governmental activities as follows:

General and administrative	\$ 90,374
Streets	183,062
Police	<u>75,031</u>
	<u>\$ 348,467</u>

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

The construction-in-progress on the waste-water treatment plant in the sewer fund and a governmental fund was ongoing during the fiscal year with \$1,057,790 and \$70,803 spent on contractor costs and engineering fees, respectively. There is only one project under construction. This project is being primarily funded by a federal grant and federal loan. A capital contribution of \$5,131,632 asset construction costs was made by the General Fund to the Sewer Fund for construction-in-progress on the waste-water treatment plant as the sewer fund is where the assets will ultimately be used.

NOTE E - ACCOUNTS PAYABLE

The following is a summary of payables at June 30, 2025:

<u>Class of Payable:</u>	<u>Governmental Activities Funds</u>	<u>Business-Type Activities Funds</u>
Accounts Payable - Trade	\$ 74,905	\$ 63,795
Accrued Salaries Payable	23,520	2,189
Construction Contractor Retainage Payable	244,809	-
Intergovernmental Payable	3,835	330
Payroll Liabilities	10,406	-
Retirement Payable	<u>13,389</u>	<u>-</u>
Total	<u>\$ 370,864</u>	<u>\$ 66,314</u>

NOTE F - PENSION PLAN

All employees of the Town are members of the federal social security system.

Police officers of the Town are eligible to participate in the Municipal Police Employees Retirement System of Louisiana (System or MPERS). This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

Municipal Police Employees Retirement System of Louisiana

Plan Description. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, provided he or she does not have to pay social security and provided 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. 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/she 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/she has been a member

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are 3½% 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 40% to 60% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10% 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 is 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/she 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/she 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/she 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 3% and 2½%, 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 statutes, the benefits range from 25% to 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives 10% of average final compensation or \$200 per month whichever is greater. If a deceased member had less than 10 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 COLA 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 COLA until they reach regular retirement age. Under Act 170 of the 2013 Regular Session of the Legislature, the Board of Trustees may not take action to authorize a COLA during any calendar year prior to the end of the legislative session for that year, during the first six months of any year, or in any calendar year in which the legislature has granted a COLA unless the legislation granting such COLA specifically allows the Board to also take COLA action.

Pursuant to R.S. 11:2225.5, the Board of Trustees may provide a nonrecurring lump sum payment (subject to frequency limitations) or permanent benefit increase only from funds set aside in the System's funding deposit account. The funding deposit account may be credited with up to 0.85% of plan payroll in any year in which the Board of Trustees elects to require that employers contribute an amount in excess of the rate determined under R.S. 11:103. In such years as the Board sets the employer contribution rate above the rate determined under R.S. 11:103 (the minimum net direct actuarially determined employer contribution rate) for the purpose of funding additional benefits for retirees, survivors, and beneficiaries, a contribution to the funding deposit account will be determined within the system's actuarial valuation. The funds in the account shall earn interest annually at the board approved valuation interest rate.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

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. 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 36 months or less. For those employees who enter DROP after June 30, 2024, participation in the DROP is 60 months or less. If employment is terminated after the DROP 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 after 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, but before July 1, 2019, 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. If the member elects a money market investment account, the funds are transferred to a government money market account. Pursuant to Act 78 of the 2019 Regular Session of the Louisiana Legislature, DROP members can self-direct their DROP funds. For those members who elected to self-direct their DROP funds the System transferred lump sum distributions to the stable value fund of Empower Retirement. Empower Retirement acts as an agent of the System to allow participants to self-direct the investment of their lump sum balances. Participants can irrevocably elect to participate in the self-directed portion of the program. If they do so, they can invest in Vanguard Lifestrategy Funds through Empower Retirement.

Initial Benefit Option Plan: In 1999, the State Legislature authorized the MPERS to establish an Initial Benefit Option, which 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 benefits, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

The MPERS issues an annual publicly available financial report that includes financial statements and required supplementary information for the MPERS. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809-7601, or by calling (225) 929-7411 or on the internet at www.lampers.org.

Funding Policy. Plan members are required by state statute to contribute 10% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. As provided by La. R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. For the fiscal year ended June 30, 2025, the required rate is 35.6% of annual covered payroll. The Town's contributions to the MPERS for the years ending June 30, 2025, 2024, and 2023 were \$119,406, \$132,768, and \$109,584, respectively. These amounts are equal to the required contributions for each year. The amount payable for legally required contributions by the Town on June 30, 2025 was \$13,389.

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

On June 30, 2025, the Town reported a liability of \$1,005,818 for its proportionate share of net pension liability (NPL). The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. On June 30, 2024, the Town's proportion was 0.111018%, which was an increase of 0.003721% from its proportion measured as of June 30, 2023. The Town's proportionate share of revenue recognized for non-employer pension contributions to the plan was \$28,877 through the measurement date.

For the year ended June 30, 2025, the Town recognized pension expense of \$200,856. On June 30, 2025, the Town recognized deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 54,458	\$30,426
Net difference between projected and actual earnings on pension plan investments	27,961	-
Changes of assumptions	-	-
Changes in proportion of beginning NPL	51,758	-
Differences between Town contributions and proportionate share of contributions	-	2,303
Town contributions after the measurement date	<u>119,406</u>	<u>-</u>
Totals	<u>\$ 253,583</u>	<u>\$32,729</u>

The \$119,406 reported as deferred outflows of resources related to pensions resulting from the Town contributions after the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	\$ 34,879
2026	110,398
2027	(26,202)
2028	(17,627)
2029	-
Thereafter	-
Total	<u>\$ 101,448</u>

Actuarial assumptions. The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	6.75%, net of investment expense	
Expected Remaining Service Lives	4 years	
Inflation rate	2.5%	
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	12.30%
	Above 2	4.70%

Mortality For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115%

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

for males and 125% for females, each with full generational projection using the MP2019 scale was used.

For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 125% 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.

Cost-of-Living Adjustments The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

Mortality Rate. The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019. A change was made to full generational mortality which combines the use of base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2024 (the measurement date) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	52.00%	3.14%
Fixed Income	34.00%	1.07%
Alternative	<u>14.00%</u>	<u>1.03%</u>
Totals	100.00%	5.24%
Inflation		<u>2.62%</u>
Expected Arithmetic Return		7.86%

Discount rate. The discount rate used to measure the total pension liability was 6.750%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of the 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 of the Town's proportionate share of pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.750% as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.750%) and one percentage point higher (7.750%) than the current rate as of June 30, 2024:

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

	1% Decrease 5.750%	Discount Rate 6.750%	1% Increase 7.750%
Town's proportionate share of the net pension liability	\$1,494,119	\$1,005,818	\$598,183

Change in Net Pension Liability: The changes in the net pension liability for the year ended June 30, 2024, were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience:

The differences between expected and actual experience about economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The differences between expected and actual experience resulted in a deferred outflow of resources in the amount of \$54,458 and a deferred inflow of resources in the amount of \$30,426 for the year ended June 30, 2025.

Differences between Projected and Actual Investment Earnings:

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The differences between projected and actual investment earnings resulted in a deferred outflow of resources of \$27,961 for the year ended June 30, 2025.

Changes of Assumptions or Other Inputs:

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes of assumptions or other inputs resulted in no deferred outflow or inflow of resources for the year ended June 30, 2025.

Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Changes in employer's portion of the beginning net pension liability resulted in a deferred outflow of resources of \$51,758 for the year ended June 30, 2025.

Differences Between Town's Contributions and Proportionate Share of Contributions:

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Differences between Town contributions and proportionate share of contributions resulted in a deferred inflow of resources of \$2,303 for the year ended June 30, 2025.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE G - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2025 follows:

	<u>Beginning of Year</u>	<u>Issued</u>	<u>Retired</u>	<u>End of Year</u>
Bonds payable	\$ 4,032,611	\$ 630,765	\$ 128,000	\$ 4,535,376
Other liabilities:				
Accrued leave benefits	<u>68,889</u>	<u>-</u>	<u>5,960</u>	<u>74,849</u>
Long-Term Liabilities	<u>\$ 4,101,500</u>	<u>\$ 630,765</u>	<u>\$ 133,960</u>	<u>\$ 4,610,225</u>

The payments on the sewer revenue bonds will be paid out of the Sales Tax Fund and/or the Sewer Fund. The accrued leave benefits liabilities will be paid by the General Fund. The long-term debt is comprised of the following individual issues:

Accrued Leave Payable-Governmental	\$ 68,889
Accrued Leave Payable-Proprietary	5,960

Utilities Revenue Refunding Bonds Payable-Proprietary:

\$3,660,000 Sewer revenue refunding bonds dated 06/08/2021 due in annual installments of \$90,000 to \$165,000 from 03/01/2022 through 03/01/2051; interest at 1.15% to 3% (secured by utility revenues)	3,285,000
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Taxable Sales Tax Bond Payable-Governmental

\$3,350,000 Sales tax bonds dated 08/26/2021 due in annual installments of \$137,000 to \$164,000 from 08/01/2022 through 08/01/2041; interest at 0.95% (secured by sales tax revenues)	<u>1,250,376</u>
Total	<u>\$ 4,610,225</u>

The annual requirements to amortize all revenue and sales tax bonds outstanding at June 30, 2025 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Totals</u>
2026	\$ 168,000	\$ 87,618	\$ 255,618
2027	243,000	85,466	328,466
2028	244,000	82,353	326,353
2029	250,000	79,230	329,230
2030	252,000	76,005	328,005
2031-2035	1,158,376	330,283	1,488,659
2036-2040	615,000	258,763	873,763
2041-2045	690,000	180,300	870,300
2046-2050	795,000	76,374	871,374
2051	<u>120,000</u>	<u>3,000</u>	<u>123,000</u>
Totals	<u>\$4,535,376</u>	<u>\$1,259,392</u>	<u>\$ 5,794,768</u>

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

In accordance with La. R.S. 39:562, the Town is legally restricted from incurring long-term bonded debt (payable solely from ad valorem taxes) more than 35% of the assessed value of taxable property in the Town. On June 30, 2025 the statutory limit is \$5,436,078.

NOTE H - COMPONENTS OF RESTRICTED ASSETS

	<u>On</u> <u>Deposit</u>	<u>Required</u>	<u>Over</u> <u>(Under)</u>
Restricted assets consisted of the following at June 30, 2025:			
Cash account in sales tax bond sinking fund	\$ 441,050	\$ 190,382	\$250,668
Utilities refunding bond sinking account	93,756	71,729	22,027
Customer deposits – gas and water and sewer	<u>217,215</u>	<u>217,215</u>	-
Total restricted assets	<u>\$ 752,021</u>	<u>\$479,326</u>	<u>\$272,695</u>

NOTE I - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE J - CONTINGENCIES

The Town participates in a number of federal and state grant programs that are either partially or fully funded by grants received from other governmental units. Such grants are subject to audit by the grantor agencies which could result in requests for reimbursement to the granting agency for expenditures that are disallowed under the terms of the grant. Based on past experience, the Town believes that any disallowed costs as a result of such audits will be immaterial.

NOTE K - TRIBAL STATE COMPACT COMPLIANCE

The \$78,811 in operating transfers out of the gaming fund to the other funds were used entirely for reimbursement of police salaries.

NOTE L - LOCAL SERVICES AGREEMENT

On September 8, 1997 the Town entered into a local services agreement with the Allen Parish Libraries Board of Control, a subdivision of the Allen Parish Police Jury. The purpose was to construct a building in the Town to be used as a public library. The Town agreed to purchase land for the building, construct a building, be responsible for certain repairs, insure the building against loss, provide liability insurance and borrow money to accomplish the purposes of the agreement.

NOTE M - DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees who have been employed by the Town for 12 consecutive months, permits them to defer a portion of their salaries until future years. The Town will match one-hundred percent (100%) of the employee's contribution to a maximum of five percent (5%) of the employee's salary. The deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency. Deferred compensation is available to employees' beneficiaries in case of death. The amount of deferred compensation reported as expense during the reporting period was \$12,063. The

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

balance due to the plan for both employer and employee contributions at the end of the reporting period was \$0.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Town (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Town's general creditors. Participants' rights under the plan are equal to those of general creditors of the Town in an amount equal to the fair market value of the deferred account for each participant.

In management's opinion, the Town has no liability for losses under the plan. However, the Town does have the duty of due care that would be required of an ordinary prudent investor. The Town believes it is unlikely that it will use the plan assets to satisfy the claims of general creditors in the future.

NOTE N - ON-BEHALF PAYMENTS FOR SALARIES

The State of Louisiana pays a portion of the salaries of the Town's police officers. These on-behalf payments have been recorded in the accompanying financial statements in accordance with GASB Statement 24 as intergovernmental revenues and expenditures as follows:

Intergovernmental Revenues:	
State	<u>\$ 44,500</u>
Expenditures:	
Salaries	<u>\$ 44,500</u>

NOTE O – OPERATING TRANSFERS

Operating transfers consisted of the following at June 30, 2025:

	Transfers In	Transfers Out
Major funds:		
General Fund	\$ 926,474	\$ 132,213
Sales Tax Fund	-	358,340
Gaming Fund	-	78,811
Sales Tax Bond Sinking Fund	2,370	661,067
Louisiana Community Development Block Grant Fund	661,068	-
Water Fund	3,838	122,832
Sewer Fund	286,509	270,000
Gas Fund	<u>18,004</u>	<u>275,000</u>
	<u>\$1,898,263</u>	<u>\$1,898,263</u>

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

Operating transfers are used to move revenues from the fund that is required by statute or budget to collect them to the fund that is required by statute or budget to expend them. Typically, most of the operating transfers from proprietary funds are made into the General Fund. The Gaming Fund transfers to the General Fund in the amount of \$78,811 are used to cover a portion of police salaries. Operating transfers totaling \$16,703 were transferred from the Sales Tax Fund to the Sales Tax Bond Sinking Fund for debt service payments. The Sales Tax Fund also transferred debt service payments of \$173,458 to the Sewer Fund. The interfund balances result from the credit/debit card collections by the Water Fund that belong to the Gas and Sewer Funds that have not been transferred by the end of each month. Also, the interfund balances result from the payment of payroll in the General Fund that is subsequently reimbursed by the Gas and Water Funds.

NOTE P – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 22, 2025, the date the financial statements were issued.

NOTE Q – Disposal of Gas Utility Assets

On August 16, 2024, the Town entered into an Assignment, Transfer, and Settlement Agreement with the Coushatta Tribe of Louisiana, a federally recognized Indian Tribe, for the transfer of the Town's gas tap known as "City Gate" and related natural gas infrastructure located on the Tribe's property. The assets disposed of included gas transmission lines, pipelines, gas meters, valves, and associated improvements. Under the terms of the agreement, the Town received total consideration of \$570,000, consisting of a \$150,000 payment for the assignment of ownership of the assets and \$60,000 per year for seven years under a separate gas purchase agreement. That gas purchase agreement allows the Tribe to purchase gas from the Town at its cost plus \$60,000 per year. The \$60,000 payments and the revenue will be recorded in future years when the associated gas is sold. If the gas purchase agreement is not executed or is terminated, the Tribe remains liable for the full \$570,000, less any payments already made. The agreement does not reference an independent appraisal or formal determination of fair market value for the assets transferred. The consideration was determined through negotiation between the parties. The Town retained a leaseback interest in the City Gate, as needed to serve other customers, at a nominal rate not to exceed \$1.00 per year. The Coushatta Tribe assumed responsibility for the operation, maintenance, and any required upgrades of the infrastructure. The transaction was approved by the Town's governing authority and is subject to the requirements of Louisiana law regarding the disposal of municipal property.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Kinder, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable
				(Unfavorable)
			Final to Actual	
Revenues				
Ad valorem	\$ 200,000	\$ 207,220	\$ 211,086	\$ 3,866
Public utility franchise	140,000	153,540	160,088	6,548
Licenses	170,000	121,525	159,844	38,319
Permits	11,755	6,331	6,316	(15)
Beer tax	8,000	6,670	6,671	1
Grant	73,200	78,305	71,336	(6,969)
Court fines	533,500	299,340	280,571	(18,769)
Police special	30,000	21,845	20,313	(1,532)
DWI	--	625	600	(25)
Interest	1,800	770	2,509	1,739
Miscellaneous	88,150	64,675	167,768	103,093
Total Revenues	1,256,405	960,846	1,087,102	126,256
Expenditures				
Current:				
Advertising - notices	3,500	7,060	7,008	52
Audit fees	6,000	6,000	6,000	--
Auto allowance - dog catcher	1,560	1,560	1,560	--
Care of prisoners	5,500	5,365	4,932	433
Contract labor	5,000	2,845	2,342	503
Dues	5,400	4,695	4,663	32
Engineering fees	8,000	2,285	423	1,862
Gas and oil	33,900	38,850	35,142	3,708
Insurance	399,550	410,985	301,468	109,517
Materials and supplies	19,500	31,430	43,664	(12,234)
Miscellaneous	38,225	26,231	28,600	(2,369)
Office supplies	5,500	6,370	8,893	(2,523)
Payroll taxes	79,735	77,437	77,944	(507)
Per diem	4,000	835	745	90
Postage	4,100	2,870	1,750	1,120
Professional services	12,500	19,944	23,050	(3,106)
Repairs and maintenance	89,645	216,413	91,805	124,608
Retirement	123,990	121,800	126,836	(5,036)
Salaries	967,093	1,083,115	1,034,565	48,550
Salaries - dog catcher	14,690	14,690	14,690	--
Street lights	44,200	50,105	48,041	2,064
Telephone	3,800	14,085	14,324	(239)
Travel	6,500	3,620	3,655	(35)
Uniforms	2,000	3,110	2,887	223
Utilities	35,800	40,695	50,788	(10,093)
Capital outlays	50,000	54,901	155,396	(100,495)
Total Expenditures	1,969,688	2,247,296	2,091,171	156,125
Excess (Deficiency) of Revenues Over				
(Under) Expenditures	(713,283)	(1,286,450)	(1,004,069)	282,381
Other Financing Sources (Uses)				
Operating Transfers	350,000	860,000	794,262	(65,738)
Total Other Financing Sources (Uses)	350,000	860,000	794,262	(65,738)
Net Change in Fund Balance	(363,283)	(426,450)	(209,807)	216,643
Fund Balance at Beginning of Period	674,319	674,319	674,319	--
Fund Balance at End of Period	\$ 311,036	\$ 247,869	\$ 464,512	\$ 216,643

See accompanying notes.

Town of Kinder, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
DMV Fund
For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable) Final to Actual
Revenues				
Interest	\$ 10	\$ 9	\$ 9	\$ --
Special assessments	<u>5,000</u>	<u>5,991</u>	<u>6,455</u>	<u>464</u>
Total Revenues	5,010	6,000	6,464	464
Expenditures				
Current:				
Miscellaneous	<u>6,000</u>	<u>6,000</u>	<u>6,001</u>	<u>(1)</u>
Total Expenditures	6,000	6,000	6,001	(1)
Net Change in Fund Balance	(990)	--	463	463
<i>Fund Balance at Beginning of Period</i>	<u>15,153</u>	<u>15,153</u>	<u>15,153</u>	<u>--</u>
Fund Balance at End of Period	\$ 14,163	\$ 15,153	\$ 15,616	\$ 463

See accompanying notes.

Town of Kinder, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Gaming Fund
For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable) <u>Final to Actual</u>
Revenues				
Interest	\$ --	\$ --	\$ 10	\$ 10
Total Revenues	<u>--</u>	<u>--</u>	<u>10</u>	<u>10</u>
Expenditures				
Current:				
Miscellaneous	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>--</u>	<u>10</u>	<u>10</u>
Other Financing Sources (Uses)				
Operating Transfers	<u>--</u>	<u>--</u>	<u>(78,811)</u>	<u>(78,811)</u>
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(78,811)</u>	<u>(78,811)</u>
Net Change in Fund Balance	<u>--</u>	<u>--</u>	<u>(78,801)</u>	<u>(78,801)</u>
Fund Balance at Beginning of Period	<u>78,801</u>	<u>78,801</u>	<u>78,801</u>	<u>--</u>
Fund Balance at End of Period	<u>\$ 78,801</u>	<u>\$ 78,801</u>	<u>\$ --</u>	<u>\$ (78,801)</u>

See accompanying notes.

Town of Kinder, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
HUD Fund
For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable) Final to Actual
Revenues				
Grant	\$ 502,980	\$ 449,103	\$ 437,562	\$ (11,541)
Interest	350	176	164	(12)
Total Revenues	<u>503,330</u>	<u>449,279</u>	<u>437,726</u>	<u>(11,553)</u>
Expenditures				
Current:				
Miscellaneous	5,000	5,000	5,000	--
Section 8 housing	504,820	450,850	434,723	16,127
Total Expenditures	<u>509,820</u>	<u>455,850</u>	<u>439,723</u>	<u>16,127</u>
Net Change in Fund Balance	<u>(6,490)</u>	<u>(6,571)</u>	<u>(1,997)</u>	<u>4,574</u>
<i>Fund Balance at Beginning of Period</i>	<u>95,581</u>	<u>95,581</u>	<u>95,581</u>	<u>--</u>
Fund Balance at End of Period	<u><u>\$ 89,091</u></u>	<u><u>\$ 89,010</u></u>	<u><u>\$ 93,584</u></u>	<u><u>\$ 4,574</u></u>

See accompanying notes.

Town of Kinder, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Louisiana Community Development Block Grant Fund
For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable) Final to Actual</u>
Revenues				
Grant	\$ 2,710,700	\$ 1,564,300	\$ --	\$ (1,564,300)
Total Revenues	<u>2,710,700</u>	<u>1,564,300</u>	<u>--</u>	<u>(1,564,300)</u>
Expenditures				
Capital outlays	<u>2,534,300</u>	<u>2,821,870</u>	<u>1,057,790</u>	<u>1,764,080</u>
Total Expenditures	<u>2,534,300</u>	<u>2,821,870</u>	<u>1,057,790</u>	<u>1,764,080</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	176,400	(1,257,570)	(1,057,790)	199,780
Other Financing Sources (Uses)				
Bond Proceeds	--	661,100	--	(661,100)
Operating Transfers	--	--	661,068	661,068
Total Other Financing Sources (Uses)	--	661,100	661,068	(32)
Net Change in Fund Balance	<u>176,400</u>	<u>(596,470)</u>	<u>(396,722)</u>	<u>199,748</u>
<i>Fund Balance at Beginning of Period</i>	<u>151,913</u>	<u>151,913</u>	<u>151,913</u>	<u>--</u>
Fund Balance at End of Period	<u>\$ 328,313</u>	<u>\$ (444,557)</u>	<u>\$ (244,809)</u>	<u>\$ 199,748</u>

See accompanying notes.

Town of Kinder, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Sales Tax Fund
For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable) <u>Final to Actual</u>
Revenues				
Grant	\$ 70,000	\$ --	\$ --	\$ --
Interest	32,000	38,315	112,961	74,646
Sales taxes	894,000	908,360	954,098	45,738
Less: collection fees	--	--	(20,450)	(20,450)
Total Revenues	<u>996,000</u>	<u>946,675</u>	<u>1,046,609</u>	<u>99,934</u>
Expenditures				
Current:				
Audit fees	21,500	30,500	30,500	--
Engineering fees	20,000	46,800	--	46,800
Materials and supplies	4,500	--	1,750	(1,750)
Miscellaneous	96,665	95,000	--	95,000
Professional services	5,000	5,370	4,766	604
Repairs and maintenance	48,395	86,733	62,925	23,808
Debt service:				
Principal retirement	--	65,417	--	65,417
Interest	76,790	128,136	--	128,136
Capital outlays	115,000	166,213	414,128	(247,915)
Total Expenditures	<u>387,850</u>	<u>624,169</u>	<u>514,069</u>	<u>110,100</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	608,150	322,506	532,540	210,034
Other Financing Sources (Uses)				
Bond Proceeds	--	41,275	--	(41,275)
Operating Transfers	(300,000)	(244,000)	(358,340)	(114,340)
Total Other Financing Sources (Uses)	(300,000)	(202,725)	(358,340)	(155,615)
Net Change in Fund Balance	<u>308,150</u>	<u>119,781</u>	<u>174,200</u>	<u>54,419</u>
Fund Balance at Beginning of Period	<u>2,392,816</u>	<u>2,392,816</u>	<u>2,392,816</u>	<u>--</u>
Fund Balance at End of Period	<u>\$ 2,700,966</u>	<u>\$ 2,512,597</u>	<u>\$ 2,567,016</u>	<u>\$ 54,419</u>

See accompanying notes.

**Town of Kinder, Louisiana
General Fund
Schedule of Town's Proportionate Share of
Net Pension Liability**

Municipal Police Employee Retirement System (MPERS)

Last 10 Fiscal Years

*Fiscal Year Ended June 30:	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability (asset)	.111018%	.107297%	.104803%	.095342%	.095261%	.091286%	.094927%	.105295%	.111447%	.107780%
Town's proportionate share of the net pension liability (asset)	\$1,005,818	\$1,133,589	\$1,071,273	\$508,225	\$880,434	\$829,030	\$802,519	\$919,270	\$1,044,572	\$844,344
Town's covered-employee payroll	\$391,358	\$350,668	323,538	\$289,326	\$294,626	\$285,076	\$280,144	\$314,339	\$312,185	\$288,305
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	257.01%	323.27%	331.11%	175.66%	298.83%	290.81%	286.47%	292.45%	334.60%	292.86%
Plan fiduciary net position as a percentage of the total pension liability	75.8%	71.30%	70.80%	84.09%	70.95%	71.01%	71.89%	70.08%	66.04%	70.73%

*Amounts presented were determined as of the measurement date.

**Town of Kinder, Louisiana
General Fund
Schedule of Town's Contributions**

Municipal Police Employee Retirement System (MPERS)

Last 10 Fiscal Years

*Fiscal Year Ended June 30:	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$119,406	\$132,768	\$109,584	\$96,253	\$97,648	\$95,626	\$ 91,937	\$ 86,144	\$ 99,803	\$ 92,094
Contributions in relation to the contractually required contribution	(119,406)	(132,768)	(109,584)	(96,253)	(97,648)	(95,626)	(91,937)	(86,144)	(99,803)	(92,094)
Contribution deficiency (excess)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Town's covered-employee payroll	\$335,410	\$391,358	\$350,668	\$323,538	\$289,326	\$294,626	\$285,076	\$280,144	\$314,339	\$312,185
Contribution as a percentage of cover-employee payroll	35.60%	33.925%	31.25%	29.75%	33.75%	32.50%	32.25%	30.75%	31.75%	29.50%

*Amounts presented were determined as of the end of the fiscal year.

Town of Kinder, Louisiana

**Notes to Required Supplementary Information
for the Year Ended June 30, 2025**

(1) Budget and Budgetary Accounting

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

1. The Town Clerk prepares a proposed budget and presents it to the Mayor and Council prior to ninety days before the beginning of each fiscal year.
2. After the proposed budget is presented to the Mayor and Town Council, the Mayor publishes the proposed budget and notifies the public that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held by the Mayor and Town Council on the proposed budget at least ten days after publication of the call for the hearing.
4. Any changes in the proposed annual operating budget require a majority vote of the Mayor and Council.
5. No later than the last regular meeting of the fiscal year, the Mayor and Town Council adopt the annual operating budget for the ensuing fiscal year.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Budget appropriations lapse at year-end.

(2) Excess of Expenditures Over Appropriations

Formal budgetary integration is employed as a management control device during the year, and encumbrance accounting is not used by the Town. Budgeted amounts included in the accompanying financial statements include the original adopted and final budget amounts. The budget was amended once during the year.

(3) Pension Information

The schedule of the Town's proportionate share of the net pension liability and the schedule of the Town's pension contributions show information for 10 years.

OTHER SUPPLEMENTARY INFORMATION

**Town of Kinder, Louisiana
General Fund
Departmental Expenditures –
Budgetary Comparison Schedules
For The Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		(Unfavorable) <u>Final to Actual</u>
GENERAL AND ADMINISTRATIVE				
Advertising - notices	\$ 3,500	\$ 7,060	\$ 7,008	\$ 52
Audit fees	6,000	6,000	6,000	-
Dues	3,000	2,455	2,524	(69)
Engineering fees	8,000	2,285	423	1,862
Gas and oil	2,400	1,575	1,582	(7)
Insurance	266,750	282,680	123,263	159,417
Material and supplies	6,500	4,605	4,724	(119)
Miscellaneous	26,900	13,835	15,460	(1,625)
Office supplies	4,000	4,400	7,022	(2,622)
Payroll taxes	22,640	21,735	21,113	622
Per diem	2,000	535	445	90
Postage	3,500	2,270	1,750	520
Professional services	9,000	14,484	17,582	(3,098)
Repairs and maintenance	65,165	168,906	45,614	123,292
Retirement	3,550	3,475	3,332	143
Salaries	280,813	266,305	298,350	(32,045)
Telephone	1,800	5,625	5,816	(191)
Travel	5,000	2,265	2,122	143
Utilities	25,300	30,505	36,013	(5,508)
Capital outlay	-	-	105,495	(105,495)
TOTAL GENERAL AND ADMINISTRATIVE	<u>\$ 745,818</u>	<u>\$ 841,000</u>	<u>\$ 705,638</u>	<u>\$ 135,362</u>
STREET DEPARTMENT				
Care of prisoners	\$ 1,500	\$ 565	\$ 188	\$ 377
Contract labor	5,000	2,845	2,342	503
Gas and oil	8,500	11,260	8,067	3,193
Insurance	9,100	9,100	7,582	1,518
Materials and supplies	10,000	19,775	30,955	(11,180)
Miscellaneous	3,825	3,985	4,351	(366)
Payroll taxes	4,825	5,420	5,455	(35)
Professional Services	-	500	500	-
Repairs and maintenance	3,500	14,727	12,174	2,553
Salaries	55,120	69,035	71,210	(2,175)
Street lights	44,200	50,105	48,041	2,064
Utilities	2,000	1,730	6,223	(4,493)
TOTAL STREET DEPARTMENT	<u>\$ 147,570</u>	<u>\$ 189,047</u>	<u>\$ 197,088</u>	<u>\$ (8,041)</u>

See accompanying notes.

**Town of Kinder, Louisiana
General Fund
Departmental Expenditures –
Budgetary Comparison Schedules
For The Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable) <u>Final to Actual</u>
POLICE DEPARTMENT				
Auto allowance – dog catcher	\$ 1,560	\$ 1,560	\$ 1,560	\$ -
Care of prisoners	4,000	4,800	4,744	56
Dues	2,400	2,240	2,139	101
Gas and oil	23,000	26,015	25,493	522
Insurance	96,500	92,065	141,965	(49,900)
Insurance - dispatchers	27,200	27,140	28,658	(1,518)
Materials and supplies	3,000	7,050	7,985	(935)
Miscellaneous	7,500	8,411	8,789	(378)
Office supplies	1,500	1,970	1,871	99
Payroll taxes	52,270	50,282	51,376	(1,094)
Per diem	2,000	300	300	-
Postage	600	600	-	600
Professional services	3,500	4,960	4,968	(8)
Repairs and maintenance	20,980	32,780	34,017	(1,237)
Retirement	120,440	118,325	123,504	(5,179)
Salaries	631,160	747,775	665,005	82,770
Salaries - dog catcher	14,690	14,690	14,690	-
Telephone	2,000	8,460	8,508	(48)
Travel	1,500	1,355	1,533	(178)
Uniforms	2,000	3,110	2,887	223
Utilities	8,500	8,460	8,552	(92)
Capital Outlay	50,000	54,901	49,901	5,000
TOTAL POLICE DEPARTMENT	<u>\$ 1,076,300</u>	<u>\$ 1,217,249</u>	<u>\$ 1,188,445</u>	<u>\$ 28,804</u>

See accompanying notes.

Town of Kinder, Louisiana
Schedule of Compensation Paid to Mayor and Council Members
For The Year Ended June 30, 2025

DeWees, Maria	\$ 6,427
LaFargue, Wayland – Mayor	31,350
Nevils, Jerry	6,427
Sonnier, Aldyth	6,427
Tunwar, LaToya	6,427
Van Norman, Angela	<u>6,427</u>
Total Compensation Paid to Mayor and Council Members	<u>\$ 63,485</u>

Town of Kinder, Louisiana
Schedule of Compensation, Benefits and Other Payments to
Chief Executive Officer
For The Year Ended June 30, 2025

Chief Executive Officer: Wayland LaFargue, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$31,350
Benefits-insurance	-0-
Benefits-retirement	-0-
Benefits-cell phone	612
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

Justice System Funding Schedule - Collecting/Disbursing Entity

As Required by Act 87 of the 2020 Regular Legislative Session

Identifying Information		
Entity Name	Town of Kinder	
LLA Entity ID # (This is the ID number assigned to the entity by the Legislative Auditor for identification purposes.)	2276	
Date that reporting period ended (mm/dd/yyyy)	6/30/2025	
	First Six Month Period Ended 12/31/2024	Second Six Month Period Ended 06/30/2025
Cash Basis Presentation		
Beginning Balance of Amounts Collected (i.e. cash on hand)	120,635	101,956
Add: Collections		
Civil Fees (including refundable amounts such as garnishments or advance deposits)	-	-
Bond Fees	-	-
Asset Forfeiture/Sale	-	-
Pre-Trial Diversion Program Fees	-	-
Criminal Court Costs/Fees	12,974	12,979
Criminal Fines - Contempt	-	-
Criminal Fines - Other	132,998	117,686
Restitution	-	-
Probation/Parole/Supervision Fees	-	-
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	-	-
Interest Earnings on Collected Balances	-	-
Other (do not include collections that fit into more specific categories above)	-	-
Subtotal Collections	145,972	130,665
Less: Disbursements To Governments & Nonprofits: (Must include one agency name and one Louisiana Department of Health, Criminal Court Costs/Fees-THSC	2,722	2,256
Louisiana State Treasurer, Criminal Court Costs/Fees-CMIS	2,526	3,560
Louisiana Commission on Law Enforcement, Criminal Court Costs/Fees-State Fees	1,143	1,088
SW LA Crime Lab, Criminal Court Costs/Fees-Title 32	15,474	16,139
Allen Parish IDB, Criminal Court Costs/Fees - Public Defender	7,651	7,119
Allen Parish Crime Stoppers, Criminal Court Costs/Fees-Crime Stoppers	1,223	1,093
Supreme Court of Louisiana, Criminal Court Costs/Fees-Title 13	47	74
Less: Amounts Retained by Collecting Agency		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	-	-
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	-	-
Amounts "Self-Disbursed" to Collecting Agency (must include a separate line for each collection type, as applicable) - Example: Criminal Fines - Other		
Civil Fees (including refundable amounts such as garnishments or advance deposits)	-	-
Bond Fees	-	-
Asset Forfeiture/Sale	-	-
Pre-Trial Diversion Program Fees	-	-
Criminal Court Costs/Fees	-	-
Criminal Fines - Contempt	-	-
Criminal Fines - Other	133,865	118,554
Restitution	-	-
Probation/Parole/Supervision Fees	-	-
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	-	-
Interest Earnings on Collected Balances	-	-
Other (do not include collections that fit into more specific categories above)	-	-
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Civil Fee Refunds	-	-
Bond Fee Refunds	-	-
Restitution Payments to Individuals (additional detail is not required)	-	-
Other Disbursements to Individuals (additional detail is not required)	-	-
Payments to 3rd Party Collection/Processing Agencies	-	-
Subtotal Disbursements/Retainage	164,651	149,882
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	101,956	82,739
Ending Balance of "Partial Payments" Collected but not Disbursed (only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained above.	-	-
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)	6,820	3,150
Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service)	-	-

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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

December 22, 2025

Honorable Wayland LaFargue, Mayor
and the Town Council
Town of Kinder, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each fund of the Town of Kinder, Louisiana (the "Town"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 22, 2025.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Honorable Wayland LaFargue, Mayor
and the Town Council
Town of Kinder, Louisiana
December 22, 2025
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2025-1 C and 2025-2 C.

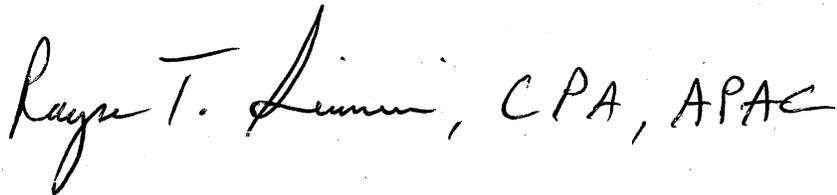
Town of Kinder, Louisiana's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's response to the findings identified in our audit is described in the accompanying management's corrective action plan for the current year audit findings and questioned costs. The Town'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

This 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 of the State of Louisiana as a public document.

Royce T. Scimemi, CPA, APAC
Oberlin, Louisiana
December 22, 2025



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

December 22, 2025

Honorable Wayland LaFargue, Mayor
and the Town Council
Town of Kinder, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Kinder, Louisiana's ("Town") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2025. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Honorable Wayland LaFargue, Mayor
and the Town Council
Town of Kinder, Louisiana
December 22, 2025
Page 2

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Honorable Wayland LaFargue, Mayor
and the Town Council
Town of Kinder, Louisiana
December 22, 2025
Page 3

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

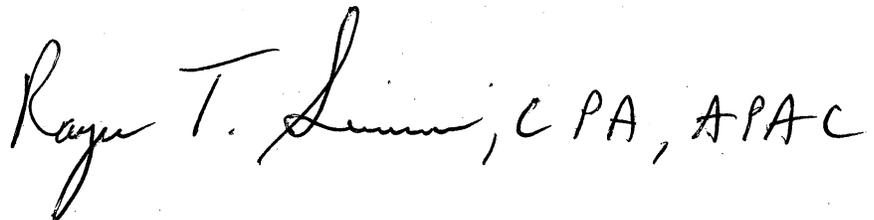
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Royce T. Scimemi, CPA, APAC
Oberlin, Louisiana
December 22, 2025

A handwritten signature in black ink that reads "Royce T. Scimemi, CPA, APAC". The signature is written in a cursive style with a large initial 'R'.

**Town of Kinder, Louisiana
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2025**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development: Section 8	14.871	\$ 439,723
U.S. Department of Treasury: Coronavirus State and Local Fiscal Recovery Funds-COVID-19 Passed through State of Louisiana Division of Administration: American Rescue Plan Act	21.027	121,861
U.S. Environmental Protection Agency: Passed through State of Louisiana Department of Environmental Quality: Clean Water State Revolving Funds Loan and Grant*	66.458	<u>675,400</u>
Total expenditures of federal awards		<u>\$1,236,984</u>

* Denotes a major federal program

Town of Kinder, Louisiana
Notes to the Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2025

(1) General

The accompanying schedule of expenditures of federal awards (the "Schedule") presents the activity of all federal awards programs of the Town of Kinder, Louisiana (the "Town"). The Town is the reporting entity as defined in Note A(1) to the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other governments agencies, are included on the Schedule.

(2) Basis of Accounting

The Schedule includes the federal award activity of the Town under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the Town's operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the Town.

(3) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note A(3) to the financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(4) Relationship to the financial statements

Federal award revenues are reported in the Town's financial statements as follows:

Sales Tax Bond Sinking Fund:	
Clean Water State Revolving Funds Loan and Grant	\$ 675,400
HUD Fund:	
Low Income Housing Assistance	<u>437,562</u>
Total federal awards revenues	<u>\$1,112,962</u>

(5) Indirect Cost Rate

The Town has not elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

Town of Kinder, Louisiana
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2025

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
 - Significant deficiency(ies) identified? ___ yes X no
 - Control deficiencies(s) identified that are not considered to be material weakness(es)? ___ yes X no
- Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified? ___ yes X no

Major programs and type of auditor's report issued:

Assistance Listing Number	Federal Agency and Name of Major Program	Type of Opinion
66.458	U.S. Environmental Protection Agency Clean Water State Revolving Funds Loan and Grant	Unmodified

Audit findings required to be reported in accordance with 2 CFR §200.516(a)? ___ yes X no

Threshold for distinguishing type A and B programs? \$750,000

Qualified as a low-risk auditee? ___ yes X no

Other

Management letter issued? ___ yes X no

Findings – Financial Statement Audit

Finding #2025-1 C:

Local Governmental Budget Act Compliance

Criteria: The budgeted revenues in the Louisiana Community Development Block Grant Fund exceeded actual revenues by 5% or more.

Cause: The budget was prepared before corrections to the accounting system were posted.

Effect: Possible violation of the Louisiana Local Governmental Budget Act.

Recommendation: Closely monitor budgets and amend budgets when necessary.

Response: See Corrective Action Plan

Finding #2025-2 C:

Louisiana Public Bid Law and Disposition of Property Requirements in Vehicle Trade-In Transaction

Criteria: Louisiana public bid law requires the Town to obtain three phone or fax quotes for the purchase of a vehicle over \$30,000. The Town traded-in two vehicles as part of the acquisition of a new vehicle. This transaction was not supported by three phone or fax quotes. A disposition of a fixed asset requires that the Town declare it surplus, advertise it, and sell it at a competitive sale or auction. The disposition of the vehicles traded-in did not follow the required procedures.

Cause: The noncompliance appears to have resulted from an oversight.

Effect: Possible failure to comply with Louisiana RS 38:2211 and 33:4712

Recommendation: The Town should ensure that all future vehicle acquisitions and dispositions are conducted in compliance with Louisiana public bid law and property disposition requirements noted above.

Response: See Corrective Action Plan

Federal Award Findings and Questioned Costs

None

**Town of Kinder, Louisiana
Management's Corrective Action Plan for
Current Year Audit Findings and
Questioned Costs (Unaudited)
For The Year Ended June 30, 2025**

Finding #2025-1 C:
Local Governmental Budget Act Compliance

Management is monitoring revenues and expenditures monthly and amending budgets as necessary to comply with the Louisiana Local Governmental Budget Act.

Contact Person: Wayland LaFargue, Mayor of the Town of Kinder

Finding #2025-2 C:
Louisiana Public Bid Law and Disposition of Property Requirements in Vehicle Trade-In Transaction

Management is now aware of the applicable requirements and will not trade-in fixed assets in the future.

Contact Person: Wayland LaFargue, Mayor of the Town of Kinder

Town of Kinder, Louisiana
Summary Schedule of Prior Year Audit Findings
For The Year Ended June 30, 2025

Finding #2024-1 C:

Local Governmental Budget Act Compliance

The budgeted revenues in the General Fund and the DMV Fund exceeded actual revenues by 5% or more and the actual expenditures in the HUD Fund exceeded budgeted amounts by 5% or more. Management is monitoring revenues and expenditures monthly and amending the budget as necessary to comply with the Louisiana Local Governmental Budget Act.

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Independent Accountant's Report On Applying Agree-Upon Procedures For the Year Ended June 30, 2025

Honorable Wayland LaFargue, Mayor
And the Town Council
Town of Kinder, Louisiana
and the Louisiana Legislative Auditor

December 22, 2025

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2024 through June 30, 2025. The Town of Kinder (the "Town") management is responsible for those C/C areas identified in the SAUPs.

The Town has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2024 through June 30, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
No exceptions were found because of this procedure.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase

orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

No exceptions were found because of this procedure.

- iii. **Disbursements**, including processing, reviewing, and approving.

No exceptions were found because of this procedure.

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

No exceptions were found because of this procedure.

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

No exceptions were found because of this procedure.

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

No exceptions were found because of this procedure.

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

No exceptions were found because of this procedure.

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

No exceptions were found because of this procedure.

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

No exceptions were found because of this procedure.

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

No exceptions were found because of this procedure.

- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that

backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

No exceptions were found because of this procedure.

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

No exceptions were found because of this procedure.

2) Board or Finance Committee

No exceptions were found in prior year's testing. Current-year testing in this category is not applicable.

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public fund if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

3) Bank Reconciliations

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

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

The listing was provided and represented to be complete by management. All reconciliations were posted within the two-month time frame as applicable without exception.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

The Town Clerk reviewed and initialed all bank reconciliations tested. The Town Clerk also occasionally makes deposits, handles cash at collection points, and does sign checks. (Exception). Note that there are also two other members of management that sign the checks (Compensating Control).

Management Response/Corrective Action: The Town has a small number of employees performing these essential accounting functions and segregation of duties can be difficult. Since the Town Clerk is responsible for overseeing all essential accounting functions and only occasionally handles cash, no corrective action was deemed necessary.

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

There were no outstanding checks for more than 12 months from the statement closing date.

4) Collections (excluding electronic funds transfers)

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

The listing was provided and represented to be complete by management without exception.

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

- i. Employees responsible for cash collections do not share cash drawers/registers;

All of the Town's employees that collect payments share two cash drawers (Exception).

Management Response/Corrective Action: The Town has a small number of employees and there are two main cash drawers that collect payments. There are, at times, employees working that assist customers with utility and other payments. The drawers are centrally located within open view of the other employees and two

cameras record the transactions during normal working hours (Compensating Control). No corrective action was deemed necessary.

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

The Town has a formal process to reconcile sequentially pre-numbered receipts and cash collections to the general ledger by revenue source, but this reconciliation is done by an employee who is also responsible for some cash collections and some of the associated recording of the transactions as well as preparing/making deposits (Exception).

Management Response/Corrective Action: Management tries to limit the amount of cash collections by the same employee reconciling the bank accounts. However, the Town has a small number of employees and assistance is sometimes needed when other employees are not available for customer transactions. No corrective action was deemed necessary.

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

Since the collection data for each collection location is integrated with the accounting system and automatically posts at the end of each day, each employee who collects cash is also responsible for collection entries to the general ledger (Exception).

Management Response/Corrective Action: Since the collection and accounting systems are integrated, management believes that no corrective action is necessary.

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

There is an employee who is responsible for reconciling cash collections to the general ledger who also occasionally collects cash. However, another employee verifies the reconciliation.

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

Each employee that is responsible for handling cash was bonded throughout the entire fiscal year without exception.

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

- i. Observe that receipts are sequentially pre-numbered.

Receipts were sequentially pre-numbered where applicable without exception.

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

When applicable, the sequentially pre-numbered receipts, system reports, and other related collection documentation on the tested deposits were traced to the associated deposit slips without exception.

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

The deposit slip totals on the tested deposits were traced to the bank statement deposits without exception.

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

All deposits were made within one business day of receipt at the collection location without exception.

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

The 10 tested deposits were traced to the general ledger without exception.

5) *Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)*

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

The listing was provided and represented to be complete by management without exception.

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

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

Three of the five transactions tested had no documentation of the employee(s) initiating the purchase request and placing/making an order. One of the five transactions tested had documentation of only one employee initiating the purchase request and placing/making an order (Exception).

Management Response/Corrective Action: Management will correct this by requiring the approving employee to initial the purchase orders on all non-recurring transactions that are generated by an initiating employee who initials them before they are placed.

- ii. At least two employees are involved in processing and approving payments to vendors;

In the tested transactions, at least two employees were involved in processing and approving payments to vendors.

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

In the tested transactions, the accounts payable clerk was responsible for processing the payments and had the authority to add/modify vendor files. However, another employee is responsible for periodically reviewing changes to the vendor files.

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

In the tested transactions, the employee responsible for signing checks gave the signed checks to another employee to mail who is not responsible for processing payment without exception.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

The Town attaches the voided check and a copy of the invoice for each ACH transaction. In the five tested transactions, none of the invoices had approving initials (Exception).

Management Response/Corrective Action: A member of management will initial on all ACH invoice transactions in the future.

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

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

Management provided the non-payroll disbursement transaction population and represented it to be complete without exception.

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

We were able to match the disbursements tested to the related original itemized invoices without exception. However, there was no supporting documentation provided to verify the deliverables were received by the Town (Exception).

Management Response/Corrective Action: In the future, an employee will review items as they are received and initial the invoices or receiving reports verifying that what was ordered was actually received.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

The disbursement documentation included written evidence of segregation of duties (i.e., the payment processing employee and the approving employee were two different employees).

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

Of the five electronic disbursements tested, none had evidence of an approval by a person authorized to disburse funds or by two authorizing signatures which is the Town's policy for other non-electronic payments (Exception).

Management response/Corrective Action: The Town's finance clerk (the person who processes the payments) will initial each invoice before it goes to the Town Clerk and another authorized person (employee/mayor/or council member) for final approval and initialing before the payment is processed and paid with electronic funds.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

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

The listing was provided and represented to be complete by management.

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

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

Of the ten transactions tested, there were three charges that did not have supporting documentation or invoices (Exception). There were no authorizing signatures other than the purchaser on each invoice that were available (Exception).

Management Response/Corrective Action: In the future, the payment processing clerk will verify each invoice is accounted for before processing the payment. She will also initial on the documentation when she is the non-purchasing employee.

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

No finance charges and or late fees were assessed on the month tested.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Three of the transactions were not supported by and original itemized receipt that identified what was purchased and five did not detail the business purpose (Exception).

Management Response/Corrective Action: In the future, management will verify all invoices are accounted for when the statement is received and before payment is processed and the business purpose will be notated on each one.

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

No exceptions were found in prior year’s testing. Current-year testing in this category is not applicable.

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana (doa.la.gov/oa/ost/ppm-49-travel-guide/) or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete.

Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

No exceptions were found in prior year's testing. Current-year testing in this category is not applicable.

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

9) Payroll and Personnel

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

The listing was provided and represented to be complete by management. Paid salaries and wages for the five selected employees/officials agreed with the authorized salaries/pay rates contained in the personnel files without exception.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

Documentation of daily attendance and leave for all employees tested was provided without exception.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

Supervisor's approval of attendance and leave was provided for each of the five tested employees without exception.

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

Leave accrued or taken was reflected in the accounting/payroll system without exception.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

The rates paid to the selected employees agreed with the authorized salary/pay rate found in the personnel files for each such employee without exception.

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

The listing was provided and represented to be complete by management. The employees tested were paid in accordance with the Town's termination policy without exception and such payments were consistent with cumulative leave records and authorized pay rates.

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

Management represented that all employer and employee portions of third-party payroll related amounts were paid timely, and all required forms were filed timely without exception.

10) Ethics

No exceptions were found in prior year's testing. Current-year testing in this category is not applicable.

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11) Debt Service

No exceptions were found in prior year's testing. Current-year testing in this category is not applicable.

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing,

- obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

12) Fraud Notice

No exceptions were found in prior year's testing. Current-year testing in this category is not applicable.

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

13) Information Technology Disaster Recovery/Business Continuity

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

- A. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

- D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Three of the five employees tested verified with documentation that they had completed at least one hour of sexual harassment training within the fiscal year (Exception).

Management Response/Corrective Action: Management will require all current employees to complete the required sexual harassment training and require all new employees to provide documentation that the required training was completed within 30 days of initial employment.

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

We visually observed that the Town's sexual harassment policy and complaint procedure was posted in a conspicuous location on the premises and on the Town's website without exception.

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

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

Thirty-eight (38) people or seventy-eight percent (78%) of public servants in the Town have completed the required training.

- ii. Number of sexual harassment complaints received by the agency;
There were no sexual harassment complaints received by the Town during the fiscal year.
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
Not applicable.
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
Not applicable.
- v. Amount of time it took to resolve each complaint.
Not applicable.

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

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

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

Royce T. Scimemi, CPA, APAC
Oberlin, Louisiana
December 22, 2025

