

Town of Kinder, Louisiana

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED JUNE 30, 2021

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Oberlin, LA

Town of Kinder, Louisiana

TABLE OF CONTENTS

	<u>Pages</u>
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)	4-11
INDEPENDENT AUDITORS' REPORT	12-13
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of Net Position	16
Statement of Activities	17
FUND FINANCIAL STATEMENTS (FFS)	
Balance Sheet - Governmental Funds	20
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	23
Statement of Net Position - Proprietary Funds	24
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	25
Statement of Cash Flows - Proprietary Funds	26
NOTES TO BASIC FINANCIAL STATEMENTS	27-47
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund:	
Budgetary Comparison Schedule	49
Special Revenue Funds:	
DMV Fund:	
Budgetary Comparison Schedule	50
Gaming Fund:	
Budgetary Comparison Schedule	51
HUD Fund:	
Budgetary Comparison Schedule	52
Sales Tax Fund:	
Budgetary Comparison Schedule	53
General Fund:	
Departmental Expenditures - Budgetary Comparison Schedules	
General and Administrative	54
Street Department	54
Police Department	55

Town of Kinder, Louisiana

TABLE OF CONTENTS-CONTINUED

Schedule of Town's Proportionate Share of Net Pension Liability-MPERS	56
Schedule of Town's Contributions to MPERS	57
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	58
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Compensation Paid to Mayor and Council Members	60
Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer	61
Judicial System Funding Schedule Collecting/Disbursing Entity, as Required by Act 87 of the 2020 Regular Legislative Session	62
INDEPENDENT AUDITORS' 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	63-64
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE	65-66
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	67
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	68
SCHEDULE OF FINDINGS AND QUESTIONS COSTS	69-70
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS AND RESPONSES (UNAUDITED)	71
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS	72

**Town of Kinder, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

Within this section of the Town of Kinder, Louisiana's annual financial report, the Town's management is pleased to provide this narrative discussion and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities by \$10,324,212 (net position) for the fiscal year reported.
- Total revenues of \$6,512,302 exceeded total expenses of \$6,430,290 which resulted in a current year surplus of \$82,012. In comparison, for the previous year ended June 30, 2020, the Town's total revenues of \$3,865,897 were exceeded by total expenses of \$4,008,336, yielding a deficit of \$142,439.
- Total net position is comprised of the following:
 - (1) Capital assets, net of related debt, of \$7,471,872 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets. In comparison, as of June 30, 2020, the Town's capital assets, net of related debt, was \$7,237,662.
 - (2) For the fiscal years ended June 30, 2021 and 2020, respectively, net position of \$2,586,363 and \$3,401,858 were restricted by constraints imposed from outside the Town such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position, representing the portion of net position available to maintain the Town's continuing obligations to citizens and creditors, amounted to a surplus (deficit) of \$265,977 and (\$397,320) for the fiscal years ended June 30, 2021 and 2020, respectively.
- The Town's governmental funds reported a total ending fund balance of \$3,056,395 this year. This compares to the prior year ending fund balance of \$3,254,997, reflecting a decrease of \$198,602 during the current year. For the prior year ended June 30, 2020, a decrease of \$258,237 was reported in the total ending fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$699,645, or 17% of total General Fund expenditures and 15% of total General Fund revenues including other financing sources. In comparison, for the fiscal year ended June 30, 2020, unassigned fund balance for the General Fund was \$38,695, or 2% of total General Fund expenditures and 2% of total General Fund revenues including other financing sources.
- Overall, the Town's financial position improved in the current year, and the Town continues to maintain a strong financial position. It is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the Town's basic financial statements, which include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Town also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

**Town of Kinder, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the Town's assets and deferred outflows of resources minus liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall health of the Town would extend to other non-financial factors such as diversification of the taxpayer base and the condition of Town infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Town's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Town that are principally supported by sales and ad valorem taxes from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities principally include general government, public safety and streets. Business-type activities include the gas, water and sewer systems.

The government-wide financial statements are presented on pages 16 and 17 of this report.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole.

The Town has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 20 through 23 of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The three Town proprietary funds are classified as enterprise funds. These enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements.

**Town of Kinder, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

The basic enterprise fund financial statements are presented on pages 24 through 26 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 27 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including the management's discussion and analysis, budgetary comparison schedules for the general fund and the major special revenue funds, schedule of Town's proportionate share of net pension liability for the Municipal Police Employee Retirement System (MPERS), and the schedule of Town's contributions to the MPERS. The budgetary comparison schedules demonstrate compliance with the Town's adopted and final revised budgets. The required supplementary information and the notes to the required supplementary information can be found on pages 4 through 11 and 49 through 58 of this report.

Other supplementary information including the schedule of compensation paid to the Mayor and Council members, the schedule of compensation, benefits and other payments to the chief executive officer, and the justice system funding schedule – collecting/dispersing entity as required by Act 87 of the 2020 regular legislative session is presented on pages 60 through 62 of this report.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's net position at fiscal year-end was \$10,324,212. The following table provides a summary of the Town's net position:

	<u>Summary of Net Position</u>			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Percentage Total</u>
Assets:				
Current assets	\$ 4,570,640	\$ 882,118	\$ 5,452,758	33%
Capital assets	<u>5,510,096</u>	<u>5,624,313</u>	<u>11,134,409</u>	<u>67%</u>
Total assets	<u>10,080,736</u>	<u>6,506,431</u>	<u>16,587,167</u>	<u>100%</u>
Deferred outflows of resources	<u>248,770</u>	<u>-</u>	<u>248,770</u>	<u>100%</u>
Liabilities:				
Current liabilities	1,514,245	161,007	1,675,252	26%
Long-term liabilities	<u>963,372</u>	<u>3,782,040</u>	<u>4,745,412</u>	<u>74%</u>
Total liabilities	<u>2,477,617</u>	<u>3,943,047</u>	<u>6,420,664</u>	<u>100%</u>
Deferred inflows of resources	<u>91,061</u>	<u>-</u>	<u>91,061</u>	<u>100%</u>
Net Position:				
Investment in capital assets, net of debt	5,510,096	1,961,776	7,471,872	72%
Restricted	2,356,750	229,613	2,586,363	25
Unrestricted	<u>(106,018)</u>	<u>371,995</u>	<u>265,977</u>	<u>3</u>
Total net position	<u>\$ 7,760,828</u>	<u>\$ 2,563,384</u>	<u>\$ 10,324,212</u>	<u>100%</u>

**Town of Kinder, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

The Town continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio is 3.02 to 1 for governmental activities and 5.48 to 1 for business-type activities. This compares with the prior year's ratios of 8.14 to 1 and 7.88 to 1, respectively. For the Town overall, the current ratio is 3.25 to 1 while that same financial indicator was 8.09 to 1 for the fiscal year ended June 30, 2020. These ratios remain fairly strong.

The Town reported positive balances in net position for both governmental and business-type activities. For the fiscal years ended June 30, 2021 and 2020, respectively, net position increased (decreased) by \$273,053 and \$22,591 for governmental activities and by (\$191,041) and (\$165,030) for business-type activities. The Town's overall financial position improved during the fiscal year ended in 2021.

Note that approximately 71% and 67% of the governmental activities' net position are tied up in capital assets as of June 30, 2021 and June 30, 2020, respectively. The Town uses these capital assets to provide services to its citizens. However, with business-type activities, the Town has invested approximately 77% and 79% of its net position in capital assets during the respective fiscal years ended June 30, 2021 and 2020. Capital assets in the business-type activities provide utility services, but they also generate revenues for this fund. For the respective fiscal years ended June 30, 2021 and 2020, 72% and 71% of the Town's total net position, net of debt, are included in capital assets.

The following table provides a summary of the Town's changes in net position:

	Governmental Activities	Business-Type Activities	Total	Percentage Total
Revenues:				
Program:				
Charges for services/fines	\$ 567,541	\$ 1,462,717	\$ 2,030,258	31%
Operating grants	532,595	-	532,595	8
General:				
Taxes	1,253,015	-	1,253,015	19
Gaming	157,994	-	157,994	2
Intergovernmental	2,401,039	-	2,401,039	37
Interest/investment earnings (losses)	(17,654)	608	(17,046)	-
Miscellaneous	154,447	-	154,447	3
Total Revenues	5,048,977	1,463,325	6,512,302	<u>100%</u>
Program expenses:				
General government	821,322	-	821,322	13%
Public safety:				
Police	1,240,328	-	1,240,328	19
Streets	2,466,590	-	2,466,590	39
Section 8 housing	333,682	-	333,682	5
Interest	5,416	146,997	152,413	2
Utility expenses	-	1,415,955	1,415,955	22
Total Expenses	<u>4,867,338</u>	<u>1,562,952</u>	<u>6,430,290</u>	<u>100%</u>
Excess (deficiency)	181,639	(99,627)	82,012	
Transfers	<u>91,414</u>	<u>(91,414)</u>	-	
Change in net position	273,053	(191,041)	82,012	
Beginning net position	<u>7,487,775</u>	<u>2,754,425</u>	<u>10,242,200</u>	
Ending net position	<u>\$ 7,760,828</u>	<u>\$ 2,563,384</u>	<u>\$ 10,324,212</u>	

**Town of Kinder, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

GOVERNMENTAL REVENUES

The Town is heavily reliant on sales taxes to support governmental operations. Sales taxes equal 19% of the revenues for governmental activities, as compared with 29% in the prior year. Intergovernmental revenues mostly resulting from hurricane assistance amounted to 48% of revenues for governmental activities. Also note that program revenues cover only 23% (45% in the year ended June 30, 2020) of governmental operating expenses. This means that the government's taxpayers and the Town's other general revenues fund 77% (55% in the prior fiscal year) of the governmental activities. As a result, the general economy and the local businesses have a major impact on the Town's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

For the fiscal years ended June 30, 2021 and 2020, respectively, police services comprised 19% and 31% of the Town's total expenses and 26% and 47% of the total governmental expenses.

This table presents the cost of each of the Town's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the Town's taxpayers by each of these functions.

	Governmental Activities			
	2021		2020	
	<u>Total Cost of Services</u>	<u>Net Cost (Benefit) of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost (Benefit) of Services</u>
General government	\$ 821,322	\$ 679,663	\$ 692,182	\$ 558,952
Public safety:				
Police	1,240,328	724,080	1,223,789	561,944
Streets	2,466,590	2,360,153	324,948	288,194
Section 8 Housing	333,682	(2,110)	330,635	6,477
Interest on long-term debt	<u>5,416</u>	<u>5,416</u>	<u>13,464</u>	<u>13,464</u>
Total	<u>\$ 4,867,338</u>	<u>\$ 3,767,202</u>	<u>\$ 2,585,018</u>	<u>\$ 1,429,031</u>

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

Utility fund operating revenues increased 9% from prior year figures, while operating expenses decreased 2%. In comparison, the fiscal year ended in 2020 reflected operating revenues for utility funds at 8% less than the previous year and operating expenses at 2% less than that the previous year. Within the total business-type activities of the Town, these activities reported a \$218,820 operating income compared to an operating income of \$73,520 for the prior year. However, after non-operating revenues and expenses, and operating transfers, the utility funds reported a loss of \$191,041, which compares with the overall fund loss of \$165,030 experienced in the year ended June 30, 2020.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$3,056,395 and \$3,254,997, for the fiscal years ended June 30, 2021 and 2020, respectively. Of these year-end totals, \$699,645 and \$38,695 were unassigned for the respective years, indicating availability for continuing Town service requirements. Legally restricted fund balances were \$2,356,750 and \$3,216,302 in the years ended June 30, 2021 and 2020, respectively.

**Town of Kinder, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

The total ending fund balances of governmental funds show a decrease of \$198,602. This compares with an decrease of \$258,237 experienced in the prior fiscal year ended June 30, 2020.

MAJOR GOVERNMENTAL FUNDS

The General Fund is the Town's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$661,667 in the current fiscal year, while in the fiscal year ended June 30, 2020, the fund balance decreased by \$167,860. However, the reader needs to remember that the Town controls these differences by the amount of resources it transfers in from the Town's other funds.

The revenues increased by \$2,362,873 or 210% more than the prior year, while in the fiscal year ended June 30, 2020, such revenues decreased \$11,901 or 1% less than the preceding year. The expenditures side shows an increase of \$2,157,396 or 114% more than the prior year. In comparison, the prior year expenditures decreased by \$81,250, which was 4% less than the preceding fiscal year.

The General Fund's ending fund balance was \$774,442 representing the equivalent of 19% of its annual expenditures and 16% of its annual revenues including operating transfers.

The DMV Fund continues to maintain a moderate fund balance as revenues and expenditures in the fiscal year ended June 30, 2021 decreased 1% and 5%, respectively, from their levels in fiscal year ended June 30, 2020.

The HUD Fund, a major special revenue fund, continues to maintain a strong fund balance with revenues and expenditures in the fiscal year ended June 30, 2021 being 4% more than and approximately the same as those in fiscal year ended June 30, 2020, respectively.

The Gaming Fund, a major special revenue fund, continues to maintain a strong fund balance with revenues in the fiscal year ended June 30, 2021 that were 13% less than those in the fiscal year ended June 30, 2020.

The Sales Tax Fund, a major special revenue fund, continues to maintain a strong fund balance with revenues and expenditures in the fiscal year ended June 30, 2021 being 22% more than and approximately the same as those in the fiscal year ended June 30, 2020, respectively, which had experienced a 13% increase and 17% increase from the preceding year, respectively.

The Sales Tax Bond Sinking Fund, a major debt service fund, is used to accumulate monies for the payment of principal and interest on long-term indebtedness. This fund now has an insignificant fund balance and was used to fund the repayment of the \$1,315,000 sales tax bond issue that was used for street improvements. It will be used to fund the repayment of the 3,660,000 utility revenue refunding bonds.

The Street Improvement Projects Fund, was a major capital projects fund, and was used to account for improvements being made to various streets.

PROPRIETARY FUNDS

The proprietary fund statements share the same focus as the government-wide statements, reporting short-term information about financial status.

BUDGETARY HIGHLIGHTS

The General Fund - Both the revenue and expenditure sides of the current year final budget for the General Fund were revised by a \$1,894,535 increase and a \$2,006,302 increase, respectively, in relation to the prior year's final budget. The primary change in the General Fund's budget relates to increases in grant income and increases in repairs and maintenance due to hurricane damage. The actual revenues exceeded the final budget by \$543,816 or 18% and the actual expenditures exceeded the final budget by \$160,702 or 4%.

The DMV Fund - The revenue and expenditure sides of the current year final budget for the DMV Fund were revised by a \$1,150 decrease and a \$100 decrease, respectively, in relation to the prior year's final budget. The

**Town of Kinder, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

primary change in the DMV Fund's budget relates to an overall decrease in special assessments revenues and no changes to expenditures. The actual revenues exceeded budgeted revenues by \$1,214 or 51% and the actual expenditures were exceeded by budgeted expenditures by \$100 or 2%.

The Gaming Fund - The revenue side of the current year final budget for the Gaming Fund was revised by a \$11,998 increase and the expenditure side reflected no change in relation to the prior year final budget. The primary change in the Gaming Fund's budget relates to the overall increase in gaming revenues. The actual revenues were exceeded by the final budgeted revenues by \$32,289 or 17% while the actual expenditures exceeded budgeted expenditures by \$87 or 100%. Operating transfers of \$708,318 were made from the Gaming Fund.

The HUD Fund - The revenue and expenditure sides of the current year final budget for the HUD Fund were revised by a \$55,010 increase and a \$64,500 increase in relation to the prior year final budget. The primary change in the HUD Fund's final amended budget compared to the original budget relates to an expected increase in housing assistance revenue and the overall increase in housing assistance expenditures. The actual revenues exceeded final budgeted revenues by \$15,792 or 5% and the actual expenditures were exceeded by final budgeted expenditures by \$5,217 or 2%.

The Sales Tax Fund - The revenue and expenditure sides of the current year final budget for the Sales Tax Fund were revised by a \$174,500 increase and a \$234,020 increase, respectively in relation to the prior year's final budget. The primary change in the Sales Tax Fund's budget relates to an increase in sales tax revenues and an increase in engineering. The actual revenues exceeded the final budget revenues by \$112,783 or 12% and the actual expenditures were exceeded by the final budget by \$438,521 or 65%.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Town's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2021, were \$5,510,096 and \$5,624,313, respectively, while those figures as of June 30, 2020, were \$5,726,364 and \$5,819,649 respectively. The depreciated percentage of capital assets at year-end for the Town as a whole was 1% less than that at the end of the prior year. See Note D for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. A major construction project was begun on the wastewater treatment plant expecting to cost about \$4.7 million. Construction in progress of \$101,362 was incurred for engineering plans. This project will be primarily funded by a federal grants totaling \$4.03 million. The following table provides a summary of capital asset activity.

	Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Non-depreciable assets:						
Land	\$ 265,511	\$ 265,511	\$ 15,300	\$ 15,300	\$ 280,811	\$ 280,811
Construction in progress	-	-	101,362	31,912	101,362	31,912
Total non-depreciable	265,511	265,511	116,662	47,212	382,173	312,723
Depreciable assets:						
Buildings & utility systems	2,711,992	2,725,647	14,266,381	14,259,980	16,978,373	16,985,627
Equipment & furniture	1,190,667	1,148,319	-	-	1,190,667	1,148,319
Infrastructure	5,315,492	5,319,992	-	-	5,315,492	5,319,992
Total depreciable assets	9,218,151	9,193,958	14,266,381	14,259,980	23,484,532	23,453,938
Less accumulated depreciation	3,973,566	3,733,105	8,758,730	8,487,543	12,732,296	12,220,648
Book value-depreciable assets	<u>\$ 5,244,585</u>	<u>\$ 5,460,853</u>	<u>\$ 5,507,651</u>	<u>\$ 5,772,437</u>	<u>\$ 10,752,236</u>	<u>\$ 11,233,290</u>
Percentage depreciated	43%	41%	61%	60%	51%	52%
Book value-all assets	<u>\$ 5,510,096</u>	<u>\$ 5,726,364</u>	<u>\$ 5,624,313</u>	<u>\$ 5,819,649</u>	<u>\$ 11,134,409</u>	<u>\$ 11,546,013</u>

**Town of Kinder, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

The depreciable capital assets for governmental activities were 43% and 41% depreciated for the fiscal years ended June 30, 2021 and June 30, 2020, respectively. This comparison indicates that the Town is replacing its governmental assets at the slower rate as they are depreciating.

The major additions for governmental activities were:

- 1 police car
- Ice machine

With the Town's business-type activities, 61% of the asset values were depreciated at June 30, 2021 compared to 60% at June 30, 2020. This comparison indicates that the town is replacing its business-type assets at a rate slower than they are depreciating.

The major additions for business-type activities were:

- Radio read meters
- Waste-water treatment plant plans
- Computer

Long-term debt

At the end of the fiscal year, the Town had total long-term debt outstanding of \$3,761,057. All of this amount is backed by the full faith and credit of the Town with debt service funded by sales taxes and sewer fund revenues.

During the year, the Town issued \$3,660,717 and retired \$4,303,779 in long-term debt. See Note G for additional information regarding long-term debt.

ECONOMIC CONDITIONS AFFECTING THE TOWN

The Town's primary nonproprietary revenue stream is from sales taxes, which are subject to changes in the economy. Since sales are considered an "elastic" revenue stream, tax collections are higher in a flourishing economy and are lower in a depressed economy. The coronavirus pandemic has had a significantly negative impact on the Town financially.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Town Clerk, Traci Fontenot, P.O. Drawer AH, Kinder, LA 70648.

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

March 18, 2022

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Independent Auditors' Report
Honorable Wayland LaFargue, Mayor and the Town Council
Town of Kinder, LA
March 18, 2022
Page 2

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension liability information on pages 4 through 11 and 49 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

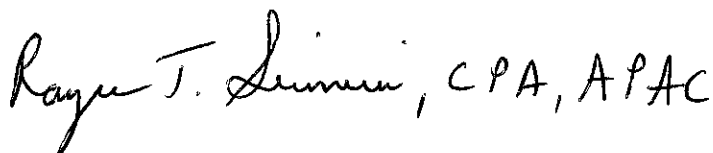
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Kinder, Louisiana's basic financial statements. The schedule of compensation paid to the Mayor and Council Members, schedule of compensation, benefits and other payments to chief executive officer, and the justice system funding schedule – collecting/dispersing entity as required by Act 87 of the 2020 regular legislative session ("Other Supplementary Information") are presented on pages 60-62 for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2022, on our consideration of the Town of Kinder, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Kinder, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Kinder, Louisiana's internal control over financial reporting and compliance.

Royce T. Scimemi, CPA, APAC



BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

Town of Kinder, Louisiana
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 1,139,656	\$ 321,777	\$ 1,461,433
Investments	1,016,907	--	1,016,907
Restricted cash	74,804	423,534	498,338
Taxes receivable	161,380	--	161,380
Gaming receivable	33,745	--	33,745
Interest receivable	1,682	--	1,682
Accounts receivable	--	136,729	136,729
Other receivable	54,125	78	54,203
Due from other governments	2,088,341	--	2,088,341
Land	265,511	15,300	280,811
Capital assets, net	5,244,585	5,609,013	10,853,598
Total Assets	10,080,736	6,506,431	16,587,167
DEFERRED OUTFLOWS OF RESOURCES			
Aggregated deferred outflows	248,770	--	248,770
Total Deferred Outflows of Resources	248,770	--	248,770
LIABILITIES			
Accounts and other accrued payables	1,496,587	86,128	1,582,715
Due to (from) other funds	17,658	(17,658)	--
Interest payable	--	2,537	2,537
Due within one year	--	90,000	90,000
Due after one year	--	3,570,000	3,570,000
Customer meter deposits	--	193,921	193,921
Net pension liability	880,434	--	880,434
Accrued compensated absences	82,938	18,119	101,057
Total Liabilities	2,477,617	3,943,047	6,420,664
DEFERRED INFLOWS OF RESOURCES			
Aggregated deferred inflows	91,061	--	91,061
Total Deferred Inflows of Resources	91,061	--	91,061
NET POSITION			
<i>Invested in capital assets, net of related debt</i>	5,510,096	1,961,776	7,471,872
<i>Restricted</i>	2,356,750	229,613	2,586,363
<i>Unrestricted</i>	(106,018)	371,995	265,977
Total Net Position	\$ 7,760,828	\$ 2,563,384	\$ 10,324,212

See accompanying notes.

Town of Kinder, Louisiana
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities:							
General and Administrative	\$ 821,322	\$ 141,659	\$ --	\$ --	\$ (679,663)	\$ --	\$ (679,663)
Streets	2,466,590	--	106,437	--	(2,360,153)	--	(2,360,153)
Public Safety - Police	1,240,328	425,882	90,366	--	(724,080)	--	(724,080)
Section 8 Housing	333,682	--	335,792	--	2,110	--	2,110
Interest on Long-Term Debt	5,416	--	--	--	(5,416)	--	(5,416)
Total Governmental Activities	4,867,338	567,541	532,595	--	(3,767,202)	--	(3,767,202)
Business-Type Activities:							
Sewer Fund	575,080	316,653	--	--	--	(258,427)	(258,427)
Water Fund	322,989	432,179	--	--	--	109,190	109,190
Gas Fund	517,886	713,885	--	--	--	195,999	195,999
Interest on Long-Term Debt - Sewer Fund	146,997	--	--	--	--	(146,997)	(146,997)
Total Business-Type Activities	1,562,952	1,462,717	--	--	--	(100,235)	(100,235)
Total Primary Government	\$ 6,430,290	\$ 2,030,258	\$ 532,595	\$ --	\$ (3,767,202)	\$ (100,235)	\$ (3,867,437)

General Purpose Revenues and Operating Transfers:

Revenues:

Taxes:

Property	194,817	--	194,817
Franchise	103,732	--	103,732
Sales	954,466	--	954,466
Intergovernmental - federal	2,392,691	--	2,392,691
Intergovernmental - state	8,348	--	8,348
Miscellaneous	154,447	--	154,447
Gaming	157,994	--	157,994
Interest Income/investment earnings (losses)	(17,654)	608	(17,046)
Transfers	91,414	(91,414)	--
Total General Revenues and Transfers	4,040,255	(90,806)	3,949,449
Change in Net Position	273,053	(191,041)	82,012
<i>Net Position at Beginning of Period</i>	<i>7,487,775</i>	<i>2,754,425</i>	<i>10,242,200</i>
Net Position at End of Period	\$ 7,760,828	\$ 2,563,384	\$ 10,324,212

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 Coushatta 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.

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.

Capital Projects Fund

Street Improvement Projects Fund

To account for the street improvements being made to the Town.

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, 2021

	Special Revenue					Debt Service	Capital Projects	Total Governmental Funds
	General Fund	DMV Fund	HUD Fund	Gaming Fund	Sales Tax Fund	Sales Tax Bond Sinking Fund	Street Improvement Projects Fund	
ASSETS								
Cash	\$ 134,655	\$ 14,519	\$ 91,094	\$ 14,293	\$ 885,095	\$ --	\$ --	\$ 1,139,656
Investments	--	--	--	--	1,016,907	--	--	1,016,907
Restricted cash	74,797	--	--	--	--	7	--	74,804
Taxes receivable	--	--	--	--	161,380	--	--	161,380
Gaming receivable	--	--	--	33,745	--	--	--	33,745
Interest receivable	--	--	--	--	1,682	--	--	1,682
Other receivable	54,125	--	--	--	--	--	--	54,125
Due from other governments	2,015,208	--	--	--	73,133	--	--	2,088,341
Total Assets	2,278,785	14,519	91,094	48,038	2,138,197	7	--	4,570,640
DEFERRED OUTFLOWS OF RESOURCES								
Aggregated deferred outflows	--	--	--	--	--	--	--	--
Total Assets and Deferred Outflows of Resources	\$ 2,278,785	\$ 14,519	\$ 91,094	\$ 48,038	\$ 2,138,197	\$ 7	\$ --	\$ 4,570,640
LIABILITIES								
Accounts and other accrued payables	\$ 1,486,685	\$ --	\$ --	\$ --	\$ 9,902	\$ --	\$ --	\$ 1,496,587
Due to (from) other funds	17,658	--	--	--	--	--	--	17,658
Total Liabilities	1,504,343	--	--	--	9,902	--	--	1,514,245
DEFERRED INFLOWS OF RESOURCES								
Aggregated deferred inflows	--	--	--	--	--	--	--	--
Total Liabilities and Deferred Inflows of Resources	1,504,343	--	--	--	9,902	--	--	1,514,245
FUND BALANCE								
Restricted	74,797	14,519	91,094	48,038	2,128,295	7	--	2,356,750
Unassigned	699,645	--	--	--	--	--	--	699,645
Total Fund Balance	774,442	14,519	91,094	48,038	2,128,295	7	--	3,056,395
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 2,278,785	\$ 14,519	\$ 91,094	\$ 48,038	\$ 2,138,197	\$ 7	\$ --	\$ 4,570,640

See accompanying notes.

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

Total Fund Balances - Governmental Funds	\$	3,056,395
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.		(82,938)
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.		5,510,096
Net pension liability is reflected on the Statement of Net Position but not in governmental funds balance sheet.		(880,434)
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred outflows.		248,770
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred inflows.		(91,061)
Total Net Position - Governmental Activities	\$	<u>7,760,828</u>

See accompanying notes.

Town of Kinder, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue					Debt Service		Capital Projects		Total Governmental Funds
	General	DMV Fund	HUD Fund	Gaming Fund	Sales Tax Fund	Sales Tax Bond Sinking Fund	Street Improvement Projects Fund			
Revenues										
Taxes	\$ 298,549	\$ --	\$ --	\$ --	\$ 954,466	\$ --	\$ --	\$ --	\$ 1,253,015	
Licenses and permits	138,092	--	--	--	--	--	--	--	138,092	
Intergovernmental	2,470,641	--	335,792	--	106,437	--	--	--	2,912,870	
Fines	425,882	--	--	--	--	--	--	--	425,882	
Miscellaneous	154,447	--	--	--	--	--	--	--	154,447	
Gaming	--	--	--	157,994	--	--	--	--	157,994	
Special assessments	--	3,567	--	--	--	--	--	--	3,567	
Interest income/investment earnings (losses)	145	7	35	725	(18,620)	29	25	--	(17,654)	
Total Revenues	3,487,756	3,574	335,827	158,719	1,042,283	29	25	--	5,028,213	
Expenditures										
General and administrative	542,150	4,000	4,101	87	193,291	--	--	--	743,629	
Streets	2,317,599	--	--	--	5,000	--	--	--	2,322,599	
Public safety - police	1,193,283	--	--	--	--	--	--	--	1,193,283	
Section 8 housing	--	--	333,682	--	--	--	--	--	333,682	
Principal retirement	545	--	--	--	--	673,000	--	--	673,545	
Interest on long-term debt	6	--	--	--	--	9,137	--	--	9,143	
Capital outlay	3,965	--	--	--	38,383	--	--	--	42,348	
Total Expenditures	4,057,548	4,000	337,783	87	236,674	682,137	--	--	5,318,229	
Excess (Deficit) of Revenues Over (Under) Expenditures	(569,792)	(426)	(1,956)	158,632	805,609	(682,108)	25	--	(290,016)	
Other Financing Sources (Uses)										
Operating transfers	1,231,459	743	--	(708,318)	(679,655)	343,973	(96,788)	--	91,414	
Net Other Financing Sources (Uses)	1,231,459	743	--	(708,318)	(679,655)	343,973	(96,788)	--	91,414	
Net Changes in Fund Balances	661,667	317	(1,956)	(549,686)	125,954	(338,135)	(96,763)	--	(198,602)	
<i>Fund Balances at Beginning of Period</i>	112,775	14,202	93,050	597,724	2,002,341	338,142	96,763	--	3,254,997	
Fund Balances at End of Period	\$ 774,442	\$ 14,519	\$ 91,094	\$ 48,038	\$ 2,128,295	\$ 7	\$ --	\$ --	\$ 3,056,395	

See accompanying notes.

Town of Kinder, Louisiana
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2021

Total Net Change in Fund Balances - Governmental Funds	\$ (198,602)
Fixed assets expensed as capital outlays in governmental fund statements, but capitalized in the Statement of Net Position.	42,348
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.	3,011
Principal payments on long-term debt are expensed in governmental fund statements, but treated as reductions of outstanding debt in entity-wide statements.	673,545
Depreciation expense is reflected in entity-wide statements, but not deducted in the governmental fund statements.	(247,233)
Accrued interest expense is included in Statement of Activities, but only expensed as paid in governmental fund statements.	3,727
Basis in assets disposed of during the year.	(11,383)
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.	(13,124)
Non-employers contributions to retirement system for the benefit of Town employees.	20,764
Changes in Net Position - Governmental Activities	\$ <u>273,053</u>

See accompanying notes.

Town of Kinder, Louisiana
Statement of Net Position
Proprietary Funds
June 30, 2021

	Business-Type Activities - Enterprise Funds			
	Sewer Fund	Water Fund	Gas Fund	Total Enterprise Funds
ASSETS				
<i>Current Assets:</i>				
Cash	\$ 121,390	\$ 154,065	\$ 46,322	\$ 321,777
Restricted cash	153,340	153,603	116,591	423,534
Accounts receivable	27,018	35,764	73,947	136,729
Other receivable	--	78	--	78
Total Current Assets	301,748	343,510	236,860	882,118
<i>Noncurrent Assets:</i>				
Land	15,300	--	--	15,300
Capital assets, net	5,007,361	481,772	119,880	5,609,013
Total Noncurrent Assets	5,022,661	481,772	119,880	5,624,313
Total Assets	5,324,409	825,282	356,740	6,506,431
DEFERRED OUTFLOWS OF RESOURCES				
Aggregated deferred outflows	--	--	--	--
Total Deferred Outflows of Resources	--	--	--	--
LIABILITIES				
<i>Current Liabilities:</i>				
Accounts and other accrued payables	20,640	25,726	39,762	86,128
Interest payable	2,537	--	--	2,537
Due within one year	90,000	--	--	90,000
Due to/from other funds	(6,492)	(1,858)	(9,308)	(17,658)
Total Current Liabilities	106,685	23,868	30,454	161,007
<i>Noncurrent Liabilities:</i>				
Customer meter deposits	147	77,183	116,591	193,921
Due after one year	3,570,000	--	--	3,570,000
Accrued compensated absences	--	1,875	16,244	18,119
Total Noncurrent Liabilities	3,570,147	79,058	132,835	3,782,040
Total Liabilities	3,676,832	102,926	163,289	3,943,047
DEFERRED INFLOWS OF RESOURCES				
Aggregated deferred inflows	--	--	--	--
Total Deferred Inflows of Resources	--	--	--	--
NET POSITION				
<i>Invested in capital assets, net of related debt</i>	1,360,124	481,772	119,880	1,961,776
<i>Restricted</i>	153,193	76,420	--	229,613
<i>Unrestricted</i>	134,260	164,164	73,571	371,995
Total Net Position	\$ 1,647,577	\$ 722,356	\$ 193,451	\$ 2,563,384

See accompanying notes.

Town of Kinder, Louisiana
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Total Enterprise Funds</u>
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Gas Fund</u>	
Operating Revenues				
Charges for services	\$ 316,653	\$ 432,179	\$ 713,885	\$ 1,462,717
Total Operating Revenues	316,653	432,179	713,885	1,462,717
Operating Expenses				
Advertising - notices	--	1,920	342	2,262
Audit fees	--	6,000	6,000	12,000
Contract labor	--	--	4,092	4,092
Depreciation	318,905	26,586	18,151	363,642
Dues	--	300	1,018	1,318
Engineering fees	--	413	--	413
Gas and oil	--	--	5,232	5,232
Insurance	--	10,731	21,272	32,003
Materials and supplies	12,394	20,244	9,838	42,476
Miscellaneous	187	1,210	2,137	3,534
Office supplies	--	969	160	1,129
Payroll taxes	--	2,637	7,417	10,054
Per diem	--	296	--	296
Postage	--	3,590	4,504	8,094
Professional services	40,081	--	7,591	47,672
Retirement	--	--	2,582	2,582
Repairs and maintenance	5,754	16,484	4,372	26,610
Salaries	--	31,760	101,614	133,374
Telephone	--	--	1,586	1,586
Travel	20	933	590	1,543
Uniforms	2,337	2,592	2,592	7,521
Utilities	23,344	8,837	947	33,128
Water and gas purchases	--	187,487	315,849	503,336
Total Operating Expenses	403,022	322,989	517,886	1,243,897
Operating Income (Loss)	(86,369)	109,190	195,999	218,820
Non-Operating Revenues (Expenses)				
Interest Income	221	304	83	608
Interest on long-term debt	(146,997)	--	--	(146,997)
Debt issuance costs	(172,058)	--	--	(172,058)
Net Non-Operating Revenues (Expenses)	(318,834)	304	83	(318,447)
Income Before Transfers	(405,203)	109,494	196,082	(99,627)
Operating transfers	90,144	(3,905)	(177,653)	(91,414)
Change In Net Position	(315,059)	105,589	18,429	(191,041)
Net Position at Beginning of Period	1,962,636	616,767	175,022	2,754,425
Net Position at End of Period	<u>\$ 1,647,577</u>	<u>\$ 722,356</u>	<u>\$ 193,451</u>	<u>\$ 2,563,384</u>

See accompanying notes.

TOWN OF KINDER, LOUISIANA
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2021

	Business-Type Activities – Enterprise Funds			
	Water Fund	Sewer Fund	Gas Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 433,708	\$ 317,806	\$ 688,948	\$ 1,440,462
Payments to suppliers	(264,290)	(68,765)	(365,382)	(698,437)
Payments to employees	(32,879)	-	(109,402)	(142,281)
Net cash from operating activities	136,539	249,041	214,164	599,744
CASH FLOWS FROM INVESTING ACTIVITIES:				
Net proceeds (purchase) of investments	15,064	-	31,135	46,199
Interest earnings	356	221	190	767
Net cash from investing activities	15,420	221	31,325	46,966
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Interest paid on sewer revenue bonds	-	(145,305)	-	(145,305)
Debt issuance costs	-	(172,058)	-	(172,058)
Principal paid on sewer revenue bonds	-	(3,630,234)	-	(3,630,234)
Proceeds from utility refunding bonds	-	3,660,000	-	3,660,000
Purchase of fixed assets	(88,390)	(69,450)	(10,466)	(168,306)
Net cash from capital activities	(88,390)	(357,047)	(10,466)	(455,903)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Operating transfers	(3,905)	90,144	(177,653)	(91,414)
Loans (to)/from other funds	(368)	(656)	(9,939)	(10,963)
Net cash from non-capital financing activities	(4,273)	89,488	(187,592)	(102,377)
NET INCREASE (DECREASE) IN CASH	59,296	(18,297)	47,431	88,430
CASH – BEGINNING	248,372	293,027	115,482	656,881
CASH – ENDING	\$ 307,668	\$ 274,730	\$ 162,913	\$ 745,311
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	\$ 109,190	\$ (86,369)	\$ 195,999	\$ 218,820
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:				
Depreciation	26,586	318,905	18,151	363,642
(Increase) decrease in receivables	(1,750)	1,244	(26,584)	(27,090)
Increase (decrease) in accounts payable	(2,284)	15,352	22,740	35,808
Increase (decrease) in compensated absences	1,518	-	2,211	3,729
Increase (decrease) in customer meter deposits	3,279	(91)	1,647	4,835
Net cash from operating activities	\$ 136,539	\$ 249,041	\$ 214,164	\$ 599,744

See accompanying notes.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

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.

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 business-type activities. Governmental activities generally are financed through taxes, intergovernmental

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

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

The Street Improvement Projects Fund is used to account for the street improvements being made to the Town.

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 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

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

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's 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 considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlays) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

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 by an affirmative vote of a majority of the government's 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 budget comparisons.

5. Deposits

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. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana. LAMP maintains a local government investment pool.

As of June 30, 2021, the Town had deposits (book balances) totaling \$2,959,771. 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 at all times 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. At June 30, 2021, the Town has \$1,991,866 in deposits (collected bank balances). These deposits are secured from custodial credit risk by \$785,479 of federal deposit insurance and \$1,103,103 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, leaving \$103,284 in deposits uninsured and unsecured.

6. Investments

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

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

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 has the ability to 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.

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 at June 30, 2021 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>
Mutual funds	\$ 347,451	\$ 347,451	\$ -	\$ -	\$ 357,262
US treasury notes	<u>669,456</u>	<u>669,456</u>	-	-	<u>674,224</u>
Total investments	<u>\$1,016,907</u>	<u>\$1,016,907</u>	\$ -	\$ -	<u>\$1,031,486</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>	
Mutual funds	\$ 347,451	347,451	\$ -	\$ -	A+
US treasury notes	<u>669,456</u>	<u>624,722</u>	<u>44,734</u>	-	AA+
Total investments	<u>\$1,016,907</u>	<u>\$ 972,173</u>	<u>\$ 44,734</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	\$ 145	\$ -	\$ 145
Sales tax fund	21,897	(40,517)	(18,620)
Gaming fund	1,924	(1,199)	725
HUD fund	35	-	35
DMV fund	7	-	7
Street improvements fund	25	-	25
Sales tax bond sinking fund	29	-	29
Gas fund	218	(135)	83
Sewer fund	221	-	221
Water fund	<u>369</u>	<u>(65)</u>	<u>304</u>
Total	<u>\$ 24,870</u>	<u>\$ (41,916)</u>	<u>\$ (17,046)</u>

Interest Rate Risk: The Town's policy on 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.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

Credit Rate Risk: The Town's policy states that investment decisions should not incur unreasonable risks in order to obtain current investment income and requires the overall quality rating to be 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 34% mutual funds and 66% US treasury notes.

Custodial Credit Risk-Investments: For an investment, 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 or a national or state trust company in the name of the Town.

7. Interfund Receivables/Payables

During the course of 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.

8. Accounts Receivable

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

There appears to be a concentration of credit risk with regard to 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.

9. 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 reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by 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

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

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.

10. Statement of Cash Flows

For the purpose of 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 \$745,311 which represents unrestricted and restricted amounts of \$321,777 and \$423,534, 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	\$ 121,390	\$ 154,065	\$ 46,322	\$ 321,777
Cash and cash equivalents-Restricted	<u>153,340</u>	<u>153,603</u>	<u>116,591</u>	<u>423,534</u>
Total cash per the statement of cash flows	<u>\$ 274,730</u>	<u>\$ 307,668</u>	<u>\$ 162,913</u>	<u>\$ 745,311</u>

11. 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.

At June 30, 2021, employees of the Town have accumulated \$101,057 in leave privileges.

12. 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 bonds.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

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.

13. 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:

- 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 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 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 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, 2021

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

14. 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.

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

15. Sales Taxes

1% Sales Tax

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

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

The tax expires on June 30, 2023.

.3% Sales Tax

Proceeds of a .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.
2. 10% to be used for operating and maintaining the Town's library.

The tax expires on December 31, 2027.

16. 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.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

17. 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 and the related state revenue sharing 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. 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.

18. 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.

19. Subsequent Events

Management has evaluated subsequent events through March 18, 2022, the date the financial statements were issued.

20. 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.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

21. 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 then.

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.

NOTE B - PROPERTY TAXES

For the year ended June 30, 2021, taxes of 14.05 mills were levied on property with assessed valuations totaling \$13,276,790 and were dedicated as follows:

General corporate purposes	14.05 mills
Total property taxes levied were \$186,539.	

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, 2021:

<u>Class of Receivable:</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
Taxes:		
Sales and use	\$ 161,380	\$ -
Intergovernmental	2,088,341	-
Interest	1,682	-
Gaming	33,745	-
Charges for services	-	136,729
Other	<u>54,125</u>	<u>78</u>
Total	<u>\$ 2,339,273</u>	<u>\$ 136,807</u>

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

Note D – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2021 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	2,725,647	-	13,655	2,711,992
Equipment and furniture	1,148,319	42,348	-	1,190,667
Infrastructure	<u>5,319,992</u>	<u>-</u>	<u>4,500</u>	<u>5,315,492</u>
Totals at historical cost	9,459,469	42,348	18,155	9,483,662
Less accumulated depreciation for:				
Buildings	1,176,385	63,647	2,572	1,237,460
Equipment and furniture	891,757	51,219	-	942,976
Infrastructure	<u>1,664,963</u>	<u>132,367</u>	<u>4,200</u>	<u>1,793,130</u>
Total accumulated depreciation	<u>3,733,105</u>	<u>247,233</u>	<u>6,772</u>	<u>3,973,566</u>
Governmental Activities				
Capital Assets, net	<u>\$ 5,726,364</u>	<u>\$ (204,885)</u>	<u>\$ 11,383</u>	<u>\$ 5,510,096</u>
Business-Type Activities:				
Land	\$ 15,300	\$ -	\$ -	\$ 15,300
Construction in progress				
-sewer system	31,912	69,450	-	101,362
Water system	2,260,350	88,390	92,445	2,256,285
Sewer system	11,269,124	-	-	11,269,124
Gas system	<u>730,506</u>	<u>10,466</u>	<u>-</u>	<u>740,972</u>
Totals at historical cost	14,307,192	168,306	92,445	14,383,043
Less accumulated depreciation for:				
Water system	1,840,382	26,586	92,445	1,774,513
Sewer system	6,044,221	318,905	-	6,363,126
Gas system	<u>602,940</u>	<u>18,151</u>	<u>-</u>	<u>621,091</u>
Total accumulated depreciation	<u>8,487,543</u>	<u>363,642</u>	<u>92,445</u>	<u>8,758,730</u>
Business-Type Activities				
Capital Assets, net	<u>\$ 5,819,649</u>	<u>\$ (195,336)</u>	<u>\$ -</u>	<u>\$ 5,624,313</u>

Depreciation expense for the year ended June 30, 2021 was \$247,233 and \$363,642 for the governmental activities and the business-type activities, respectively.

Depreciation expense was charged to governmental activities as follows:

General and administrative	\$ 68,238
Streets	143,396
Police	<u>35,599</u>
	<u>\$ 247,233</u>

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

The construction in progress for the waste-water treatment plant in the sewer fund was just beginning with engineering fees incurred totaling \$101,362. The project is expected to cost about 4.7 million. This project will be primarily funded by a federal grant totaling about \$4.03 million.

NOTE E - ACCOUNTS PAYABLE

The following is a summary of payables at June 30, 2021:

<u>Class of Payable:</u>	Governmental Activities <u>Funds</u>	Business-Type Activities <u>Funds</u>
Trade accounts	\$ 1,496,587	\$ 86,128

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 has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are 3% 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:

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

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 has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub-plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub-plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non-Hazardous Duty sub-plans, the benefit rates are 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. A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

Deferred Retirement Option Plan: A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub-plan participation. Upon filing the application for the program, the employee's active membership in the MPERS is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at the date of application. The duration of participation in the DROP is 36 months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the MPERS shall resume and upon later termination, the member shall receive as additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the MPERS's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the MPERS's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

Initial Benefit Option Plan: In 1999, the State Legislature authorized the 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.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

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, 2021, the required rate is 33.75% of annual covered payroll. The Town's contributions to the MPERS for the years ending June 30, 2021, 2020, and 2019 were \$97,648, \$95,626 and \$91,937, respectively. These amounts are equal to the required contributions for each year. The amount payable for legally required contributions by the Town at June 30, 2021 was \$10,187.

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

At June 30, 2021, the Town reported a liability of \$880,434 for its proportionate share of net pension liability (NPL). The net pension liability was measured as of June 30, 2020 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 contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2020, the Town's proportion was 0.095261%, which was an increase of 0.003975% from its proportion measured as of June 30, 2019. The Town's proportionate share of revenue recognized for non-employer pension contributions to the plan was \$20,764 through the measurement date.

For the year ended June 30, 2021, the Town recognized pension expense of \$110,772. At June 30, 2021, 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	\$ -	\$ 34,680
Net difference between projected and actual earnings on pension plan investments	105,626	-
Changes of assumptions	20,921	21,728
Changes in proportion of beginning NPL	24,575	34,418
Differences between Town contributions and proportionate share of contributions	-	235
Town contributions subsequent to the measurement date	<u>97,648</u>	<u>-</u>
Totals	<u>\$ 248,770</u>	<u>\$ 91,061</u>

The \$97,648 reported as deferred outflows of resources related to pensions resulting from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

Year ended June 30:	
2022	\$ (15,645)
2023	27,755
2024	27,894
2025	20,057
2026	-
Thereafter	-
Total	<u>\$ 60,061</u>

Actuarial assumptions. The total pension liability in the June 30, 2020 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	6.950%, 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% for males and 125% for females, each with full generational projection using the MP2019 scale.

For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 125% for females, each with full generational projection using the MP2019 scale.

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.

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 and review of similar law enforcement mortality. A change was made 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, 2020 (the measurement date) are summarized in the following table:

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	48.50%	3.08%
Fixed Income	33.50%	0.54%
Alternative	18.00%	1.02%
Other	<u>0.00%</u>	<u>0.00%</u>
Totals	100.00%	4.64%
Inflation		<u>2.55%</u>
Expected Nominal Return		7.19%

Discount rate. The discount rate used to measure the total pension liability was 6.950%. 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 MPERS's actuary. Based on those assumptions, the MPERS'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 6.950% 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 (5.950%) and one percentage point higher (7.950%) than the current rate as of June 30, 2020:

	<u>1% Decrease (5.950%)</u>	<u>Discount Rate (6.950%)</u>	<u>1% Increase (7.950%)</u>
Town's proportionate share of the net pension liability	\$1,236,915	\$880,434	\$582,430

Change in Net Pension Liability: The changes in the net pension liability for the year ended June 30, 2020, 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 with regard to 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 difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$34,680 for the year ended June 30, 2021.

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 difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$105,626 for the year ended June 30, 2021.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

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 a deferred outflow of resources in the amount of \$20,921 and a deferred inflow of resources in the amount of \$21,728 for the year ended June 30, 2021.

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 a 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 \$24,575 and a deferred inflow of resources of \$34,418 for the year ended June 30, 2021.

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 \$235 for the year ended June 30, 2021.

NOTE G - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2021 follows:

	<u>Beginning of Year</u>	<u>Issued</u>	<u>Retired</u>	<u>End of Year</u>
Bonds payable	\$ 4,303,234	\$ 3,660,000	\$ 4,303,234	\$ 3,660,000
Capital lease payable	545	-	545	-
Other liabilities:				
Accrued leave benefits	<u>100,339</u>	<u>718</u>	<u>-</u>	<u>101,057</u>
Long-Term Liabilities	<u>\$ 4,404,118</u>	<u>\$ 3,660,718</u>	<u>\$ 4,303,779</u>	<u>\$ 3,761,057</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	82,938
Accrued Leave Payable-Proprietary	18,119

Utilities Revenue Refunding Bonds Payable-Proprietary:

\$3,660,000 Sewer revenue refunding bonds dated 06/08/2021 due in an initial payment due on 03/01/2022 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)	<u>3,660,000</u>
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Total	<u>\$ 3,761,057</u>
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Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

The annual requirements to amortize all revenue bonds outstanding at June 30, 2021 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Totals</u>
2022	\$ 90,000	\$ 58,718	\$ 148,718
2023	95,000	79,340	174,340
2024	95,000	78,248	173,248
2025	95,000	77,155	172,155
2026	100,000	76,062	176,062
2027-2031	515,000	356,800	871,800
2032-2036	565,000	307,200	872,200
2037-2041	630,000	245,213	875,213
2042-2046	710,000	160,575	870,575
2047-2051	<u>765,000</u>	<u>55,750</u>	<u>820,750</u>
Totals	<u>\$3,660,000</u>	<u>\$1,495,061</u>	<u>\$5,155,061</u>

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) in excess of 35% of the assessed value of taxable property in the Town. At June 30, 2021 the statutory limit is \$4,646,877.

NOTE H - COMPONENTS OF RESTRICTED ASSETS

	<u>On Deposit</u>	<u>Required</u>	<u>Over (Under)</u>
<i>Restricted assets consisted of the following at June 30, 2021:</i>			
Cash accounts in general fund for public safety	\$ 74,797	\$ 74,797	\$ -
Cash account in sales tax bond sinking fund	7	-	7
Utilities refunding bond sinking account	229,613	35,469	194,144
Customer deposits – gas and water and sewer	<u>193,921</u>	<u>193,921</u>	<u>-</u>
Total restricted assets	<u>\$498,338</u>	<u>\$304,187</u>	<u>\$194,151</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 \$708,318 in operating transfers out of the gaming fund to the other funds were used entirely for reimbursement of police salaries of \$708,318.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

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 \$17,371. The balance due to the plan for both employer and employee contributions at the end of the reporting period was \$108.

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>\$ 60,000</u>
Expenditures:	
Salaries	<u>\$ 60,000</u>

NOTE O – OPERATING TRANSFERS

**Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2021**

Operating transfers consisted of the following at June 30, 2021:

	Transfers <u>In</u>	Transfers <u>Out</u>
Major funds:		
General Fund	\$ 1,487,678	\$ 256,219
DMV Fund	743	-
Sales Tax Fund	-	679,655
Gaming Fund	520,157	1,228,475
Sales Tax Bond Sinking Fund	343,973	-
Street Improvement Capital Project Fund	-	96,788
Water Fund	88,877	92,782
Sewer Fund	485,115	394,971
Gas Fund	<u>7,347</u>	<u>185,000</u>
	<u>\$2,933,890</u>	<u>\$2,933,890</u>

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 \$708,318 are used to cover a portion of police salaries. The largest recurring operating transfers total \$343,973 that 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 \$280,144 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.

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, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable
				(Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
Ad valorem	\$ 185,000	\$ 192,000	\$ 194,817	\$ 2,817
Public utility franchise	135,000	110,400	103,732	(6,668)
Licenses	140,000	121,000	128,532	7,532
Permits	6,600	8,240	9,560	1,320
Beer tax	7,000	8,000	8,348	348
Grant	87,000	1,954,350	2,462,293	507,943
Court fines	558,000	390,000	393,352	3,352
Police special	20,000	25,000	32,506	7,506
DWI	200	100	25	(75)
Interest	100	50	145	95
Miscellaneous	47,400	134,800	154,447	19,647
Total Revenues	1,186,300	2,943,940	3,487,758	543,816
Expenditures				
<i>Current:</i>				
Advertising - notices	5,000	4,000	7,384	(3,384)
Audit fees	6,000	6,000	6,000	--
Auto allowance - dog catcher	1,560	1,560	1,560	--
Care of prisoners	7,100	4,600	6,621	(2,021)
Contract labor	12,000	5,000	4,908	92
Dues	2,400	3,680	3,515	165
Engineering fees	8,000	4,000	3,498	502
Gas and oil	35,800	29,950	31,597	(1,647)
Insurance	338,615	333,575	349,095	(15,520)
Materials and supplies	61,000	38,500	34,907	3,593
Miscellaneous	36,600	31,385	40,748	(9,363)
Office supplies	5,500	3,000	3,837	(837)
Payroll taxes	80,005	79,295	78,003	1,292
Per diem	3,000	400	318	84
Postage	4,100	4,500	3,314	1,186
Professional services	12,000	29,000	9,828	19,172
Repairs and maintenance	35,450	2,038,287	2,188,760	(150,493)
Retirement	112,825	125,285	112,063	13,222
Salaries	1,035,874	1,047,839	1,060,653	(13,014)
Salaries - dog catcher	14,690	14,690	14,690	--
Street lights	38,500	34,300	34,218	82
Telephone	20,900	21,200	20,216	984
Travel	6,000	1,520	2,821	(1,301)
Uniforms	5,000	3,500	2,949	551
Utilities	32,000	32,000	31,531	469
<i>Debt Service:</i>				
Principal retirement	--	--	545	(545)
Interest	--	--	6	(6)
Capital outlays	--	--	3,965	(3,965)
Total Expenditures	1,919,919	3,896,846	4,057,548	(160,702)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(733,619)	(952,906)	(569,792)	383,114
Other Financing Sources (Uses)				
Operating transfers	700,000	500,000	1,231,459	731,459
Total Other Financing Sources (Uses)	700,000	500,000	1,231,459	731,459
Net Change in Fund Balance	(33,619)	(452,906)	661,667	1,114,573
<i>Fund Balance at Beginning of Period</i>	<i>112,775</i>	<i>112,775</i>	<i>112,775</i>	<i>--</i>
Fund Balance at End of Period	\$ 79,156	\$ (340,131)	\$ 774,442	\$ 1,114,573

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, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Interest	\$ 10	\$ 10	\$ 7	\$ (3)
Special assessments	5,000	2,350	3,567	1,217
Total Revenues	<u>5,010</u>	<u>2,360</u>	<u>3,574</u>	<u>1,214</u>
Expenditures				
<i>Current:</i>				
Miscellaneous	4,000	4,000	4,000	--
Repairs and maintenance	100	100	--	100
Total Expenditures	<u>4,100</u>	<u>4,100</u>	<u>4,000</u>	<u>100</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>910</u>	<u>(1,740)</u>	<u>(426)</u>	<u>1,314</u>
Other Financing Sources (Uses)				
Operating transfers	--	--	743	743
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>743</u>	<u>743</u>
Net Change in Fund Balance	<u>910</u>	<u>(1,740)</u>	<u>317</u>	<u>2,057</u>
Fund Balance at Beginning of Period	<u>14,202</u>	<u>14,202</u>	<u>14,202</u>	<u>--</u>
Fund Balance at End of Period	<u>\$ 15,112</u>	<u>\$ 12,462</u>	<u>\$ 14,519</u>	<u>\$ 2,057</u>

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable) Final to Actual
Revenues				
Interest	\$ 8,000	\$ 10,000	\$ 725	\$ (9,275)
Gaming	<u>180,000</u>	<u>181,008</u>	<u>157,994</u>	<u>(23,014)</u>
Total Revenues	188,000	191,008	158,719	(32,289)
Expenditures				
<i>Current:</i>				
Office supplies	--	--	87	(87)
Total Expenditures	--	--	87	(87)
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>188,000</u>	<u>191,008</u>	<u>158,632</u>	<u>(32,376)</u>
Other Financing Sources (Uses)				
Operating transfers	<u>(170,000)</u>	<u>(170,000)</u>	<u>(708,318)</u>	<u>(538,318)</u>
Total Other Financing Sources (Uses)	(170,000)	(170,000)	(708,318)	(538,318)
Net Change in Fund Balance	<u>18,000</u>	<u>21,008</u>	<u>(549,686)</u>	<u>(570,694)</u>
<i>Fund Balance at Beginning of Period</i>	<u>597,724</u>	<u>597,724</u>	<u>597,724</u>	<u>--</u>
Fund Balance at End of Period	<u>\$ 615,724</u>	<u>\$ 618,732</u>	<u>\$ 48,038</u>	<u>\$ (570,694)</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, 2021

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Grant	\$ 265,000	\$ 320,000	\$ 335,792	\$ 15,792
Interest	25	35	35	--
Total Revenues	265,025	320,035	335,827	15,792
Expenditures				
<i>Current:</i>				
Miscellaneous	3,000	3,000	4,101	(1,101)
Section 8 housing	275,500	340,000	333,682	6,318
Total Expenditures	278,500	343,000	337,783	5,217
Net Change in Fund Balance	(13,475)	(22,965)	(1,956)	21,009
<i>Fund Balance at Beginning of Period</i>	93,050	93,050	93,050	--
Fund Balance at End of Period	\$ 79,575	\$ 70,085	\$ 91,094	\$ 21,009

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u> <u>Final to Actual</u>
Revenues				
Sales taxes	742,000	867,000	973,945	106,945
Less: collection fees	--	--	(19,479)	(19,479)
Grant	\$ 20,000	\$ 43,000	\$ 106,437	\$ 63,437
Interest	30,000	19,500	(18,620)	(38,120)
Total Revenues	792,000	929,500	1,042,283	112,783
Expenditures				
<i>Current:</i>				
Audit fees	13,000	10,000	10,000	--
Engineering fees	3,000	130,000	2,108	127,892
Materials and supplies	3,000	7,500	997	6,503
Miscellaneous	500	--	--	--
Professional services	5,000	4,000	2,545	1,455
Repairs and maintenance	68,665	186,865	182,641	4,224
<i>Debt service:</i>				
Principal retirement	58,670	58,670	--	58,670
Interest	153,150	153,160	--	153,160
Capital outlays	--	125,000	38,383	86,617
Total Expenditures	304,985	675,195	236,674	438,521
Excess (Deficiency) of Revenues Over				
(Under) Expenditures	487,015	254,305	805,609	551,304
Other Financing Sources (Uses)				
Operating transfers	(550,000)	(130,500)	(679,655)	(549,155)
Total Other Financing Sources (Uses)	(550,000)	(130,500)	(679,655)	(549,155)
Net Change in Fund Balance	(62,985)	123,805	125,954	2,149
Fund Balance at Beginning of Period	2,002,341	2,002,341	2,002,341	--
Fund Balance at End of Period	\$ 1,939,356	\$ 2,126,146	\$ 2,128,295	\$ 2,149

See accompanying notes.

TOWN OF KINDER, LOUISIANA
General Fund
Departmental Expenditures –
Budgetary Comparison Schedules
For The Year Ended June 30, 2021

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
GENERAL AND ADMINISTRATIVE				
Advertising - notices	\$ 5,000	\$ 4,000	\$ 7,264	\$ (3,264)
Audit fees	6,000	6,000	6,000	-
Dues	2,300	3,500	3,335	165
Engineering fees	8,000	4,000	3,498	502
Gas and oil	800	950	974	(24)
Insurance	166,000	176,825	134,308	42,517
Material and supplies	26,000	8,000	6,747	1,253
Miscellaneous	23,500	10,885	16,185	(5,300)
Office supplies	4,000	2,000	2,934	(934)
Payroll taxes	19,555	20,260	19,979	281
Per diem	1,000	-	-	-
Postage	3,500	3,900	2,969	931
Professional services	6,000	20,000	5,220	14,780
Repairs and maintenance	18,465	15,807	11,218	4,589
Retirement	8,500	8,500	8,169	331
Salaries	288,174	288,000	283,485	4,515
Telephone	8,500	8,000	8,576	(576)
Travel	3,500	20	321	(301)
Utilities	21,300	21,300	20,968	332
TOTAL GENERAL AND ADMINISTRATIVE	<u>\$ 620,094</u>	<u>\$ 601,947</u>	<u>\$ 542,150</u>	<u>\$ 59,797</u>
STREET DEPARTMENT				
Care of prisoners	\$ 3,500	\$ 1,000	\$ 2,362	\$ (1,362)
Contract labor	12,000	5,000	4,908	92
Gas and oil	10,000	9,000	7,206	1,794
Insurance	21,770	21,500	23,282	(1,782)
Materials and supplies	20,000	17,000	16,494	506
Miscellaneous	4,500	3,200	8,704	(5,504)
Payroll taxes	4,620	4,670	4,802	(132)
Repairs and maintenance	4,400	2,006,000	2,148,614	(142,614)
Retirement	1,400	1,450	1,392	58
Salaries	55,600	58,800	63,792	(4,992)
Street lights	38,500	34,300	34,218	82
Travel	-	-	151	(151)
Utilities	1,700	1,700	1,673	27
TOTAL STREET DEPARTMENT	<u>\$ 177,990</u>	<u>\$ 2,163,620</u>	<u>\$ 2,317,598</u>	<u>\$ (153,978)</u>

See accompanying notes.

TOWN OF KINDER, LOUISIANA
General Fund
Departmental Expenditures –
Budgetary Comparison Schedules
For The Year Ended June 30, 2021

	<u>Budget</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
POLICE DEPARTMENT				
Advertising – notices	\$ -	\$ -	\$ 120	\$ (120)
Auto allowance – dog catcher	1,560	1,560	1,560	-
Care of prisoners	3,600	3,600	4,259	(659)
Dues	100	180	180	-
Gas and oil	25,000	20,000	23,417	(3,417)
Insurance	114,345	104,250	159,657	(55,407)
Insurance-dispatchers	36,500	31,000	31,848	(848)
Materials and supplies	15,000	13,500	11,666	1,834
Miscellaneous	8,600	17,300	15,859	1,441
Office supplies	1,500	1,000	903	97
Payroll taxes	55,830	54,365	53,222	1,143
Per diem	2,000	400	316	84
Postage	600	600	345	255
Professional services	6,000	9,000	4,608	4,392
Repairs and maintenance	12,585	16,460	28,928	(12,468)
Retirement	102,925	115,335	102,502	12,833
Salaries	692,100	700,839	713,376	(12,537)
Salaries-dog catcher	14,690	14,690	14,690	-
Telephone	12,400	13,200	11,640	1,560
Travel	2,500	1,500	2,349	(849)
Uniforms	5,000	3,500	2,949	551
Utilities	9,000	9,000	8,890	110
TOTAL POLICE DEPARTMENT	<u>\$ 1,121,835</u>	<u>\$ 1,131,279</u>	<u>\$ 1,193,284</u>	<u>\$ (62,005)</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:	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Town's proportion of the net pension liability (asset)	.095261%	.091286%	.094927%	.105295%	.111447%	.107780%	.100676%	.094254%	Unavailable	Unavailable
Town's proportionate share of the net pension liability (asset)	\$880,434	\$829,030	\$802,519	\$919,270	\$1,044,572	\$844,344	\$629,838	\$752,942	Unavailable	Unavailable
Town's covered-employee payroll	\$294,626	\$285,076	\$280,144	\$314,339	\$312,185	\$288,305	\$260,940	\$263,494	\$215,453	\$215,452
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	298.83%	290.81%	286.47%	292.45%	334.60%	292.86%	241.37%	285.75%	Unavailable	Unavailable
Plan fiduciary net position as a percentage of the total pension liability	70.95%	71.01%	71.89%	70.08%	66.04%	70.73%	75.10%	66.71%	Unavailable	Unavailable

*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:	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$97,648	\$95,626	\$ 91,937	\$ 86,144	\$ 99,803	\$ 92,094	\$ 90,816	\$ 80,891	\$ 69,826	\$ 57,095
Contributions in relation to the contractually required contribution	<u>(97,648)</u>	<u>(95,626)</u>	<u>(91,937)</u>	<u>(86,144)</u>	<u>(99,803)</u>	<u>(92,094)</u>	<u>(90,816)</u>	<u>(80,891)</u>	<u>(69,826)</u>	<u>(57,095)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$289,326	\$294,626	\$285,076	\$280,144	\$314,339	\$312,185	\$288,305	\$260,940	\$263,494	\$215,453
Contribution as a percentage of cover-employee payroll	33.75%	32.50%	32.25%	30.75%	31.75%	29.5%	31.5%	31%	26.5%	26.5%

*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, 2021**

(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 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 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 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 are intended to show information for 10 years. Additional years will be displayed as they become available.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF KINDER, LOUISIANA
Schedule of Compensation Paid to Mayor and Council Members
For The Year Ended June 30, 2021

DeWees, Maria	\$ 6,000
Fontenot, Christopher	6,000
Fontenot, Claude	6,000
LaFargue, Wayland – Mayor	29,266
Tunwar, Latoya	6,000
Van Norman, Angela	<u>6,000</u>
 Total Compensation Paid to Mayor and Council Members	 <u>\$ 59,266</u>

TOWN OF KINDER, LOUISIANA
Schedule of Compensation, Benefits and Other Payments to
Chief Executive Officer
For The Year Ended June 30, 2021

Chief Executive Officer: Wayland LaFargue, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$29,266
Benefits-insurance	-0-
Benefits-retirement	-0-
Benefits-cell phone	1,803
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	38
Travel	-0-
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

Town of Kinder, Louisiana
Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session
For the Year Ended June 30, 2021

LLA Entity ID # 2276

	First Six Month Period Ended Dec 31, 2020	Second Six Month Period Ended June 30, 2021
Beginning Balance of Amounts Collected (i.e. cash on hand)	39,124	26,202
Add: Collections		
Criminal Court Costs/Fees	9,377	17,872
Criminal Fines - Other	122,911	275,234
Subtotal Collections	132,288	293,106
Less: Disbursements To Governments & Nonprofits:		
Traumatic Head and Spinal Cord Injury Trust Fund - Court Cost	2,770	3,970
Court Management Information System - Court Cost	1,071	789
Crime Victim Reparation Fund - Court Cost	700	515
Southwest Louisiana Crime Lab - Court Cost	22,770	29,790
Allen Parish Indigent Defender Fund - Court Cost	7,560	9,900
Crime Stoppers - Court Cost	1,262	2,541
Louisiana Supreme Court Judicial College - Court Cost	364	489
Less: Amounts Retained by Collecting Agency		
Self-Disbursed:		
Town of Kinder - Criminal Fines - Other	108,713	223,301
Subtotal Disbursements/Retainage	145,210	271,295
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	26,202	48,013
Ending Balance of Total Amounts Assessed but not yet Collected	22,384	19,028

See accompanying notes.

ROYCE T. SCIMEMI, CPA, APAC



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INDEPENDENT AUDITORS' 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

March 18, 2022

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 major fund of the Town of Kinder, Louisiana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Kinder, Louisiana's basic financial statements and have issued our report thereon dated March 18, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Kinder, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Kinder, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Kinder, Louisiana's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or to detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Honorable Wayland LaFargue, Mayor
and the Town Council
Town of Kinder, Louisiana
March 18, 2022
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Kinder, Louisiana's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-1 C and 2021-2 C.

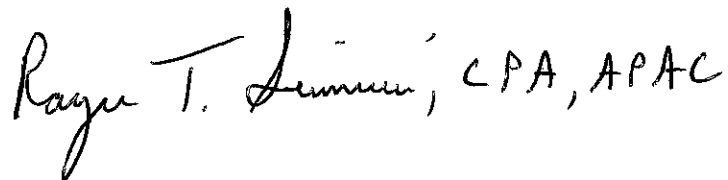
Town of Kinder, Louisiana's Response to Findings

The Town of Kinder, Louisiana'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 of Kinder, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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'.

ROYCE T. SCIMEMI, CPA, APAC



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

March 18, 2022

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Kinder, Louisiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Kinder, Louisiana's major federal programs for the year ended June 30, 2021. The Town of Kinder, Louisiana's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Kinder, Louisiana's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Kinder, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Kinder, Louisiana's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Kinder, Louisiana, complied, in all material respects, with the types of 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, 2021.

Honorable Wayland LaFargue, Mayor
and the Town Council
Town of Kinder, Louisiana
March 18, 2022
Page 2

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

Report on Internal Control over Compliance

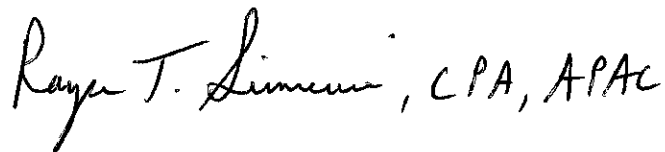
Management of the Town of Kinder, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Kinder, Louisiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Kinder, Louisiana's internal control over compliance.

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 consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



TOWN OF KINDER, LOUISIANA
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2021

Federal Grantor/Pass Through Grantor/Program Title	Pass-through Grantor's Identifying Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development: Section 8	-	14.871	\$ 334,782
U.S. Department of Homeland Security Passed through State of Louisiana Office of Homeland Security and Emergency Preparedness: Disaster Grants – Public Assistance*	011-99001-00	97.036	2,221,167
U.S. Department of Treasury Passed through State of Louisiana Department of Treasury: Coronavirus Relief Fund	CRF-097985	21.019	<u>379,604</u>
Total expenditures of federal awards			<u>\$2,935,553</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, 2021

(1) General

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of the Town. The Town is the reporting entity as defined in Note 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 accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Kinder, Louisiana under programs of the federal government for the year ended June 30, 2021. 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 operations of the Town of Kinder, Louisiana, it is not intended to and does not present the net position, changes in net position, or cash flows of the Town of Kinder, Louisiana.

(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 1 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 awards revenues are reported in the Town's financial statements as follows:

General Fund:	
Hurricane Debris Removal and Related Monitoring	\$1,964,889
Water Control Facilities	73,133
Emergency Protective Measures	16,413
Disaster Recovery Consultant	21,849
Parks and Fences	33,304
Roof Repairs	9,936
Police Protection	379,604
HUD Fund:	
Low Income Housing Assistance	<u>335,792</u>
Total federal awards revenues	<u>\$2,834,920</u>

(5) Indirect Cost Rate

The Town of Kinder, Louisiana 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, 2021**

Summary of Auditors' Results

Financial Statements

Type of auditors' 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)? X yes ___ none reported

Noncompliance material to financial statements noted?

___ yes X no

Schedule of Expenditures of Federal Awards

Type of auditors' report issued: unmodified

Internal control over major programs:

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

Noncompliance over major federal award programs in accordance with 2 CFR section 200.516(a)?

___ yes X no

The major program was U.S. Department of Homeland Security– State of Louisiana Office of Homeland Security and Emergency Preparedness Disaster Grants – Public Assistance, CFDA No. 97.036.

The threshold used for distinguishing between Type A and Type B programs was \$750,000.

The Town of Kinder, Louisiana was not determined to be a low-risk auditee.

Findings – Financial Statement Audit

Finding #2021-1 C:

Local Governmental Budget Act Compliance

Criteria: The budgeted revenues in the gaming fund were in excess of actual revenues by 5% or more and the actual expenditures in the gaming fund were in excess of budgeted amounts by 5% or more.

Cause: Budgets are being prepared with amounts that may not have been annualized.

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

Recommendation: Closely monitor budgets and annualize interim expenditures in calculating original and amended budgets.

Response: See Corrective Action Plan

Finding #2021-2 C:

Pledged Securities and Collateralized Deposits

Criteria: Louisiana law requires that bank balances and money market accounts must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal at least the amount on deposit with the fiscal agent. As reported in Note A (5), the Town maintained bank balances in excess of federal deposit insurance and pledged security was not provided by the fiscal agent. This left \$103,284 in cash and money market accounts without proper security in accordance with Louisiana law.

TOWN OF KINDER, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS/RESPONSES
For The Year Ended June 30, 2021

Cause: Inadvertent oversight by management.

Effect: Possible violation of Louisiana law.

Recommendation: Closely monitor federal deposit insurance and pledged securities to ensure cash is properly insured or secured.

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
RESPONSES (UNAUDITED)
For The Year Ended June 30, 2021**

Finding #2021-1 C:

Local Governmental Budget Act Compliance

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

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

Finding #2021-1 C:

Pledged Securities and Collateralized Deposits

Management was not aware of the requirement to have pledged securities as collateral for all bank accounts and money market funds that were not federally insured. Management will ensure that pledged securities will be provided by its fiscal agents for all amounts over \$250,000 per depository bank.

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, 2021**

Finding #2020-1 C:

Local Governmental Budget Act Compliance

The actual expenditures in the HUD fund were in excess of 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.