

# **Town of Kinder, Louisiana**

ANNUAL FINANCIAL REPORT  
AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED JUNE 30, 2019

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Oberlin, LA

## Town of Kinder, Louisiana

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**Town of Kinder, Louisiana  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

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, 2019. 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 \$10,384,639 (net position) for the fiscal year reported.
- Total revenues of \$4,264,588 exceeded total expenses of \$4,075,962 which resulted in a current year surplus of \$188,626. In comparison, for the previous year ended June 30, 2018, the Town's total revenues of \$3,653,431 were exceeded by total expenses of \$4,186,403, yielding a deficit of \$532,972.
- Total net position is comprised of the following:
  - (1) Capital assets, net of related debt, of \$7,229,924 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, 2018, the Town's net capital assets were \$6,858,722.
  - (2) For the fiscal years ended June 30, 2019 and 2018, respectively, net position of \$3,590,163 and \$3,721,025 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 deficits of \$435,448 and \$383,734 for the fiscal years ended June 30, 2019 and 2018, respectively.
- The Town's governmental funds reported a total ending fund balance of \$3,513,234 this year. This compares to the prior year ending fund balance of \$3,541,229, reflecting a decrease of \$27,995 during the current year. For the prior year ended June 30, 2018, an increase of \$424,813 was reported in the total ending fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$138,182, or 7% of total General Fund expenditures and 7% of total General Fund revenues including other financing sources. In comparison, for the fiscal year ended June 30, 2018, unassigned fund balance for the General Fund was \$97,817, or 5% of total General Fund expenditures and 6% 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.

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**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  
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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 number of utility customers, the schedule of insurance in force, the schedule of compensation paid to the Mayor and Council members, and the schedule of compensation, benefits and other payments to the chief executive officer is presented on pages 60 through 63 of this report.

**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

The Town's net position at fiscal year-end was \$10,384,639. 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>
<b>Assets:</b>				
Current assets	\$ 4,021,961	\$ 728,196	\$ 4,750,157	29%
Capital assets	5,778,711	6,143,095	11,921,806	71%
Other assets	<u>24,849</u>	<u>-</u>	<u>24,849</u>	<u>-%</u>
<b>Total assets</b>	<u>9,825,521</u>	<u>6,871,291</u>	<u>16,696,812</u>	<u>100%</u>
Deferred outflows of resources	<u>193,295</u>	<u>-</u>	<u>193,295</u>	<u>100%</u>
<b>Liabilities:</b>				
Current liabilities	864,592	117,078	981,670	15%
Long-term liabilities	<u>1,564,295</u>	<u>3,834,758</u>	<u>5,399,053</u>	<u>85</u>
<b>Total liabilities</b>	<u>2,428,887</u>	<u>3,951,836</u>	<u>6,380,723</u>	<u>100%</u>
Deferred inflows of resources	<u>124,745</u>	<u>-</u>	<u>124,745</u>	<u>100%</u>
<b>Net Position:</b>				
Investment in capital assets, net of debt	4,774,150	2,455,774	7,229,924	70%
Restricted	3,375,052	215,111	3,590,163	34
Unrestricted	<u>(684,018)</u>	<u>248,570</u>	<u>(435,448)</u>	<u>(4)</u>
<b>Total net position</b>	<u>\$ 7,465,184</u>	<u>\$ 2,919,455</u>	<u>\$ 10,384,639</u>	<u>100%</u>

**Town of Kinder, Louisiana  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

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 4.65 to 1 for governmental activities and 6.22 to 1 for business-type activities. This compares with the prior year's ratios of 5.22 to 1 and 7.89 to 1, respectively. For the Town overall, the current ratio is 4.84 to 1 while that same financial indicator was 5.55 to 1 for the fiscal year ended June 30, 2018. These ratios are deteriorating but still remain strong.

The Town reported positive balances in net position for both governmental and business-type activities. For the fiscal years ended June 30, 2019 and 2018, respectively, net position increased (decreased) by \$675,487 and \$(197,138) for governmental activities and by \$(486,861) and \$(335,834) for business-type activities. The Town's overall financial position improved during the fiscal year ended in 2019.

Note that approximately 64% and 60% of the governmental activities' net position are tied up in capital assets as of June 30, 2019 and June 30, 2018, respectively. The Town uses these capital assets to provide services to its citizens. However, with business-type activities, the Town has invested approximately 84% and 82% of its net position in capital assets during the respective fiscal years ended June 30, 2019 and 2018. 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, 2019 and 2018, 70% and 67% 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 <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>	Percentage <u>Total</u>
Revenues:				
Program:				
Charges for services/fines	\$ 671,224	\$ 1,453,212	\$ 2,124,436	50%
Operating grants	414,482	-	410,482	10
Capital grants	414,180	-	414,180	10
General:				
Taxes	1,016,924	-	1,016,924	24
Gaming	158,998	-	158,998	4
Intergovernmental	7,424	-	7,424	-
Interest	67,563	636	68,199	1
Miscellaneous	<u>63,945</u>	<u>-</u>	<u>63,945</u>	<u>1</u>
<b>Total Revenues</b>	<b>2,810,740</b>	<b>1,453,848</b>	<b>4,264,588</b>	<b><u>100%</u></b>
Program expenses:				
General government	780,650	-	780,650	19%
Public safety:				
Police	1,209,242	-	1,209,242	30
Streets	298,060	-	298,060	7
Section 8 housing	294,744	-	294,744	7
Interest	18,554	157,918	176,472	4
Utility expenses	<u>-</u>	<u>1,316,794</u>	<u>1,316,794</u>	<u>33</u>
<b>Total Expenses</b>	<b><u>2,601,250</u></b>	<b><u>1,474,712</u></b>	<b><u>4,075,962</u></b>	<b><u>100%</u></b>
Excess (deficiency)	209,490	(20,864)	188,626	
Transfers	<u>465,997</u>	<u>(465,997)</u>	<u>-</u>	
Change in net position	675,487	(486,861)	188,626	
Beginning net position	<u>6,789,697</u>	<u>3,406,316</u>	<u>10,196,013</u>	
Ending net position	<b><u>\$ 7,465,184</u></b>	<b><u>\$ 2,919,455</u></b>	<b><u>\$ 10,384,639</u></b>	

**Town of Kinder, Louisiana  
Management's Discussion and Analysis  
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**GOVERNMENTAL REVENUES**

The Town is heavily reliant on sales taxes to support governmental operations. Sales taxes equal 25% of the revenues for governmental activities, as compared with 31% in the prior year. Also note that program revenues cover only 58% (38% in the year ended June 30, 2018) of governmental operating expenses. This means that the government's taxpayers and the Town's other general revenues fund 42% (62% 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, 2019 and 2018, respectively, police services comprised 30% and 29% of the Town's total expenses and 46% and 46% 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			
	2019		2018	
	<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	\$ 780,650	\$ 631,831	\$ 876,676	\$ 717,409
Public safety:				
Police	1,209,242	577,960	1,224,426	677,216
Streets	298,060	(116,120)	278,716	237,266
Section 8 Housing	294,744	(6,861)	288,700	28,978
Interest on long-term debt	18,554	18,554	14,785	14,785
Total	<u>\$ 2,601,250</u>	<u>\$ 1,105,364</u>	<u>\$ 2,683,303</u>	<u>\$ 1,675,654</u>

**BUSINESS-TYPE ACTIVITIES**

**Revenues vs. Costs**

Utility fund operating revenues increased 3% from prior year figures, while operating expenses decreased 2%. In comparison, the fiscal year ended in 2018 reflected operating revenues for utility funds at 3% more than the previous year and operating expenses at 11% more than that the previous year. Within the total business-type activities of the Town, these activities reported a \$136,418 operating income compared to an operating income of \$61,281 for the prior year. However, after non-operating revenues, expenses, and operating transfers, the utility funds reported a loss of \$486,861, which compares with the overall fund loss of \$335,834 experienced in the year ended June 30, 2018.

**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 \$3,513,234 and \$3,541,229, for the fiscal years ended June 30, 2019 and 2018, respectively. Of these year-end totals, \$138,182 and \$97,817 were unassigned for the respective years, indicating availability for continuing Town service requirements. Legally restricted fund balances included \$142,453 and \$76,258 committed to police services in the years ended June 30, 2019 and 2018, respectively.

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Management's Discussion and Analysis  
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The total ending fund balances of governmental funds show a decrease of \$27,995. This compares with an increase of \$424,813 experienced in the prior fiscal year ended June 30, 2018.

**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 \$106,560 in the current fiscal year, while in the fiscal year ended June 30, 2018, the fund balance decreased by \$86,443. 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 show an increase of \$81,759 or 8% more than the prior year, while in the fiscal year ended June 30, 2018, such revenues decreased \$13,015 or 1% less than the preceding year. The expenditures side shows an increase of \$171,537 or 9% more than the prior year. In comparison, the prior year expenditures increased by \$17,505, which was 1% more than the preceding fiscal year.

The General Fund's ending fund balance was more than the prior year by \$106,560 representing the equivalent of 14% of its annual expenditures and 13% of its annual revenues including operating transfers.

The DMV Fund continues to maintain a moderate fund balance as revenues in the fiscal year ended June 30, 2019 were 10% less than those earned in fiscal year ended June 30, 2018.

The HUD Fund continues to maintain a strong fund balance with revenues and expenditures in the fiscal year ended June 30, 2019 being 16% more than and 2% more than those in fiscal year ended June 30, 2018, 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, 2019 that were 1% more than those in the fiscal year ended June 30, 2018.

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, 2019 being 3% more than and 35% more than those in the fiscal year ended June 30, 2018, respectively, which had experienced a 5% increase and 337% 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 is maintaining a significant fund balance to fund the repayment of the \$1,315,000 sales tax bond issue that was used for street improvements.

The Street Improvement Projects Fund, a major capital projects fund, is a new fund and is used to account for capital improvements being made to various streets. One project was completed during the year and another one was in progress at year-end.

**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 \$103,140 increase and a \$154,686 increase, respectively, in relation to the prior year's final budget. The primary change in the General Fund's budget relates to decreases in court fine revenues and increases in salaries and in related benefits. The actual revenues exceeded the final budget by \$27,574 or 2% and the actual expenditures exceeded the final budget by \$36,258 or 2%.

The DMV Fund - The revenue and expenditure sides of the current year final budget for the DMV Fund were revised by a \$400 increase and a \$270 increase, respectively, in relation to the prior year's final budget. The primary change in the DMV Fund's budget relates to an overall decrease in special assignments. The actual

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revenues were exceeded by budgeted revenues by \$106 or 2% and the actual expenditures were exceeded by budgeted expenditures by \$2 or 0%.

The Gaming Fund - The revenue side of the current year final budget for the Gaming Fund was revised by a \$13,796 decrease 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 exceeded the final budgeted revenues by \$8,790 or 5% while there were no actual expenditures or budgeted expenditures. Operating transfers of \$173,357 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 \$70,580 increase and a \$70,000 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 decrease in housing assistance revenue and the overall increase in housing assistance expenditures. The actual revenues exceeded final budgeted revenues by \$21,477 or 8% and the actual expenditures were under the final budgeted expenditures by \$66,256 or 18%.

The Sales Tax Fund - The revenue and expenditure sides of the current year final budget for the Sales Tax Fund were revised by a \$28,500 increase and a \$106,280 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 collections and an increase in engineering fees. The actual revenues exceeded the final budget revenues by \$23,884 or 3% and the actual expenditures were exceeded by the final budget by \$264,298 or 57%.

**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, 2019, were \$5,778,711 and \$6,143,095, respectively, while those figures as of June 30, 2018, were \$5,386,691 and \$6,540,779 respectively. The depreciated percentage of capital assets at year-end for the Town as a whole was the same as 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 finished and another one was under way at year-end for street improvements. The total contract amount for construction, engineering, and grant assistance on the completed project amounted to \$1,315,000 and the total expended through June 30, 2018 was \$1,129,273. The total contract amount for construction, engineering, and grant assistance on the incomplete project originally amounted to \$474,215 and the total expended through year end was \$447,608. Change orders have brought the project cost up by approximately \$47,000 and the project will be complete later in 2019. This project was completely funded by newly issued bonds. The following table provides a summary of capital asset activity.

	Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Non-depreciable assets:						
Land	\$ 265,511	\$ 265,511	\$ 15,300	\$ 15,300	\$ 280,811	\$ 280,811
Construction in progress	<u>447,608</u>	<u>1,084,082</u>	-	-	<u>447,608</u>	<u>1,084,082</u>
Total non-depreciable	713,119	1,349,593	15,300	15,300	728,419	1,364,893
Depreciable assets:						
Buildings & utility systems	2,626,252	2,610,982	14,227,548	14,246,817	16,853,800	16,857,799
Equipment & furniture	1,111,643	1,104,100	-	-	1,111,643	1,104,100
Infrastructure	<u>4,840,783</u>	<u>3,711,510</u>	-	-	<u>4,840,783</u>	<u>3,711,510</u>
Total depreciable assets	8,578,678	7,426,592	14,227,548	14,246,817	22,806,226	21,673,409
Less accumulated depreciation	<u>3,513,086</u>	<u>3,389,494</u>	<u>8,099,753</u>	<u>7,721,338</u>	<u>11,612,839</u>	<u>11,110,832</u>
Book value-depreciable assets	<u>\$ 5,065,592</u>	<u>\$ 4,037,098</u>	<u>\$ 6,127,795</u>	<u>\$ 6,525,479</u>	<u>\$ 11,193,387</u>	<u>\$ 10,562,577</u>
Percentage depreciated	41%	46%	57%	54%	51%	51%
Book value-all assets	<u>\$ 5,778,711</u>	<u>\$ 5,386,691</u>	<u>\$ 6,143,095</u>	<u>\$ 6,540,779</u>	<u>\$ 11,921,806</u>	<u>\$ 11,927,470</u>

**Town of Kinder, Louisiana  
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The depreciable capital assets for governmental activities were 41% and 46% depreciated for the fiscal years ended June 30, 2019 and June 30, 2018, respectively. This comparison indicates that the Town is replacing its governmental assets at the rate faster than they are depreciating without including construction in progress.

The major additions for governmental activities were:

- Street improvements
- Playground equipment
- Police car
- Dump truck
- Library ramp

With the Town's business-type activities, 57% of the asset values were depreciated at June 30, 2019 compared to 54% at June 30, 2018. This comparison indicates that the town is replacing its business type assets at a rate slower than they are depreciating.

There were no major additions for business-type activities.

#### Long-term debt

At the end of the fiscal year, the Town had total long-term debt outstanding of \$4,791,119. 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 \$15,637 and retired \$375,644 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 current compact with the Coushatta Tribe of Louisiana began in 2001 and automatically renewed in 2010. The gaming revenues to be submitted to the Town were scheduled in that compact to be at \$410,000 per year to assist with increased critical services like fire protection, police protection, and construction, maintenance, and repair of municipal infrastructure and housing. Recent gaming payments to the Town for the current fiscal year amount to about \$40,000 per quarter. This represents a decrease of 61% of the funding from the original compact.

#### 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.



# ROYCE T. SCIMEMI, CPA, APAC

## CERTIFIED PUBLIC ACCOUNTANT

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Member  
American Institute of  
Certified Public Accountants

Member  
Society of Louisiana  
Certified Public Accountants

### INDEPENDENT AUDITORS' REPORT

October 7, 2019

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, 2019, 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, 2019 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  
October 7, 2019  
Page 2

**Report on Summarized Comparative Information**

We have previously audited the Town of Kinder, Louisiana's financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated October 1, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Matters**

In our report dated October 1, 2018, we expressed an unmodified opinion that the June 30, 2018 financial statements fairly present the financial position, results of operations, and cash flows of the Town of Kinder, Louisiana in accordance with accounting principles generally accepted in the United States of America. The fund balance sheet and the proprietary statement of net position include comparative information that were audited previously and are consistent, in all material respects, with the audited financial statements from which they have been derived.

**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 number of utility customers, schedule of insurance in force, schedule of compensation paid to the Mayor and Council Members, and schedule of compensation, benefits and other payments to chief executive officer ("Other Supplementary Information") are presented on pages 60-63 for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information is the responsibility of management and was 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2019, 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

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**BASIC FINANCIAL STATEMENTS**

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

**Town of Kinder, Louisiana**  
**Statement of Net Position**  
**June 30, 2019**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash	\$ 1,435,239	\$ 153,138	\$ 1,588,377
Investments	1,811,777	--	1,811,777
Restricted cash	142,453	355,063	497,516
Restricted investments	--	47,754	47,754
Restricted receivables	--	5	5
Taxes receivable	121,777	--	121,777
Gaming receivable	40,255	--	40,255
Interest receivable	16,675	--	16,675
Accounts receivable	--	171,433	171,433
Other receivable	36,261	803	37,064
Due from other governments	417,524	--	417,524
Land	265,511	15,300	280,811
Capital assets, net	5,513,200	6,127,795	11,640,995
Building deposit	24,849	--	24,849
<b>Total Assets</b>	<b>9,825,521</b>	<b>6,871,291</b>	<b>16,696,812</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows-pension related	193,295	--	193,295
<b>Total Deferred Outflows of Resources</b>	<b>193,295</b>	<b>--</b>	<b>193,295</b>
<b>LIABILITIES</b>			
Accounts and other accrued payables	533,576	59,991	593,567
Interest payable	4,949	858	5,807
Due within one year	326,067	56,229	382,296
Due after one year	673,545	3,630,234	4,303,779
Accrued compensated absences	88,231	16,813	105,044
Customer meter deposits	--	187,711	187,711
Net pension liability	802,519	--	802,519
<b>Total Liabilities</b>	<b>2,428,887</b>	<b>3,951,836</b>	<b>6,380,723</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows-pension related	124,745	--	124,745
<b>Total Deferred Inflows of Resources</b>	<b>124,745</b>	<b>--</b>	<b>124,745</b>
<b>NET POSITION</b>			
<i>Invested in capital assets, net of related debt</i>	4,774,150	2,455,774	7,229,924
<i>Restricted</i>	3,375,052	215,111	3,590,163
<i>Unrestricted</i>	(684,018)	248,570	(435,448)
<b>Total Net Position</b>	<b>\$ 7,465,184</b>	<b>\$ 2,919,455</b>	<b>\$ 10,384,639</b>

See accompanying notes.

Town of Kinder, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
<b>Primary Government</b>							
<b>Governmental Activities:</b>							
General and Administrative	\$ 780,650	\$ 148,819	\$ --	\$ --	\$ (631,831)	\$ --	\$ (631,831)
Streets	298,060	--	--	414,180	116,120	--	116,120
Public Safety - Police	1,209,242	522,405	108,877	--	(577,960)	--	(577,960)
Section 8 Housing	294,744	--	301,605	--	6,861	--	6,861
Interest on Long-Term Debt	18,554	--	--	--	(18,554)	--	(18,554)
<b>Total Governmental Activities</b>	<b>2,601,250</b>	<b>671,224</b>	<b>410,482</b>	<b>414,180</b>	<b>(1,105,364)</b>	<b>--</b>	<b>(1,105,364)</b>
<b>Business-Type Activities:</b>							
Sewer Fund	403,262	291,543	--	--	--	(111,719)	(111,719)
Water Fund	331,318	396,566	--	--	--	65,248	65,248
Gas Fund	582,214	765,103	--	--	--	182,889	182,889
Interest on Long-Term Debt-Sewer Fund	157,918	--	--	--	--	(157,918)	(157,918)
<b>Total Business-Type Activities</b>	<b>1,474,712</b>	<b>1,453,212</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(21,500)</b>	<b>(21,500)</b>
<b>Total Primary Government</b>	<b>\$ 4,075,962</b>	<b>\$ 2,124,436</b>	<b>\$ 410,482</b>	<b>\$ 414,180</b>	<b>\$ (1,105,364)</b>	<b>\$ (21,500)</b>	<b>\$ (1,126,864)</b>

**General Revenues and Operating Transfers:**

**General Revenues:**

Taxes:

Property	174,939	--	174,939
Sales	708,122	--	708,122
Franchise	133,863	--	133,863
Miscellaneous	63,945	--	63,945
Gaming	158,998	--	158,998
Intergovernmental-state	7,424	--	7,424
Interest Income	67,563	636	68,199
<b>Operating Transfers</b>	<b>465,997</b>	<b>(465,997)</b>	<b>0</b>
<b>Total General Revenues and Operating Transfers</b>	<b>1,780,851</b>	<b>(465,361)</b>	<b>1,315,490</b>
<b>Change in Net Position</b>	<b>675,487</b>	<b>(486,861)</b>	<b>188,626</b>
<i>Net Position at Beginning of Period</i>	<i>6,789,697</i>	<i>3,406,316</i>	<i>10,196,013</i>
<b>Net Position at End of Period</b>	<b>\$ 7,465,184</b>	<b>\$ 2,919,455</b>	<b>\$ 10,384,639</b>

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 \$1,315,000 sales tax bonds 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, 2019 and 2018

	Special Revenue					Debt Service	Capital Projects	Total		June 30, 2018
	General	DMV Fund	HUD Fund	Gaming Fund	Sales Tax Fund	Sales Tax Bond Sinking Fund	Street Improvement Projects Fund	Governmental Funds		
<b>ASSETS</b>										
Cash	\$ 182,610	\$ 14,778	\$ 105,495	\$ 61,110	\$ 576,649	\$ 331,551	\$ 163,046	\$ 1,435,239	\$ 3,277,471	
Investments	--	--	--	500,374	1,311,403	--	--	1,811,777	396,163	
Restricted cash	142,453	--	--	--	--	--	--	142,453	76,258	
Taxes receivable	--	--	--	--	121,777	--	--	121,777	134,572	
Gaming receivable	--	--	--	40,255	--	--	--	40,255	39,244	
Interest receivable	--	--	--	3,558	13,117	--	--	16,675	3,478	
Other receivable	36,261	--	--	--	--	--	--	36,261	34,194	
Due from other governments	3,344	--	--	--	--	--	414,180	417,524	13,575	
Building deposit	--	--	--	--	24,849	--	--	24,849	--	
<b>Total Assets</b>	<u>364,668</u>	<u>14,778</u>	<u>105,495</u>	<u>605,297</u>	<u>2,047,795</u>	<u>331,551</u>	<u>577,226</u>	<u>4,046,810</u>	<u>3,974,955</u>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>										
Aggregated deferred outflows	--	--	--	--	--	--	--	--	--	
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 364,668</u>	<u>\$ 14,778</u>	<u>\$ 105,495</u>	<u>\$ 605,297</u>	<u>\$ 2,047,795</u>	<u>\$ 331,551</u>	<u>\$ 577,226</u>	<u>\$ 4,046,810</u>	<u>\$ 3,974,955</u>	
<b>LIABILITIES</b>										
Accounts and other accrued payables	\$ 84,033	\$ --	\$ --	\$ --	\$ 35,363	\$ --	\$ 414,180	\$ 533,576	\$ 433,726	
<b>Total Liabilities</b>	<u>84,033</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>35,363</u>	<u>--</u>	<u>414,180</u>	<u>533,576</u>	<u>433,726</u>	
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Aggregated deferred inflows	--	--	--	--	--	--	--	--	--	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>84,033</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>35,363</u>	<u>--</u>	<u>414,180</u>	<u>533,576</u>	<u>433,726</u>	
<b>FUND BALANCE</b>										
Nonspendable	--	--	--	--	24,849	--	--	24,849	--	
Restricted	142,453	14,778	105,495	605,297	1,987,583	331,551	163,046	3,350,203	3,443,412	
Unassigned	138,182	--	--	--	--	--	--	138,182	97,817	
<b>Total Fund Balance</b>	<u>280,635</u>	<u>14,778</u>	<u>105,495</u>	<u>605,297</u>	<u>2,012,432</u>	<u>331,551</u>	<u>163,046</u>	<u>3,513,234</u>	<u>3,541,229</u>	
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<u>\$ 364,668</u>	<u>\$ 14,778</u>	<u>\$ 105,495</u>	<u>\$ 605,297</u>	<u>\$ 2,047,795</u>	<u>\$ 331,551</u>	<u>\$ 577,226</u>	<u>\$ 4,046,810</u>	<u>\$ 3,974,955</u>	

See accompanying notes.

**Town of Kinder, Louisiana**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2019**

Total Fund Balance - Governmental Funds	\$	3,513,234
Accrued interest payable is accrued on Statement of Net Position and expensed on the Statement of Activities. Interest is expensed on a cash basis on the Statement of Revenues, Expenditures, and Changes in Fund Balances.		(4,949)
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.		(88,231)
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.		5,778,711
Long-term debt is reflected on Statement of Net Position but not in governmental funds balance sheet.		(999,612)
Net pension liability is reflected on the Statement of Net Position but not in governmental funds balance sheet.		(802,519)
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred outflows.		193,295
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred inflows.		(124,745)
<b>Total Net Position - Governmental Funds</b>	<b>\$</b>	<b><u>7,465,184</u></b>

See accompanying notes.

Town of Kinder, Louisiana  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2019

	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
<b>Revenues</b>								
Taxes	\$ 308,802	\$ --	\$ --	\$ --	\$ 708,122	\$ --	\$ --	\$ 1,016,924
Licenses and permits	143,923	--	--	--	--	--	--	143,923
Intergovernmental	97,569	--	301,605	--	--	414,180	--	813,354
Fines	522,405	--	--	--	--	--	--	522,405
Miscellaneous	63,945	--	--	--	--	--	--	63,945
Gaming	--	--	--	158,998	--	--	--	158,998
Special assessments	--	4,896	--	--	--	--	--	4,896
Interest Income	140	8	572	14,292	52,262	56	233	67,563
<b>Total Revenues</b>	<b>1,136,784</b>	<b>4,904</b>	<b>302,177</b>	<b>173,290</b>	<b>760,384</b>	<b>56</b>	<b>414,413</b>	<b>2,792,008</b>
<b>Expenditures</b>								
<b>Current:</b>								
General and administrative	560,890	4,368	--	--	145,540	--	--	710,798
Streets	173,201	--	--	--	2,535	--	--	175,736
Police	1,143,865	--	--	--	--	--	--	1,143,865
Section 8 housing	--	--	294,744	--	--	--	--	294,744
<b>Debt service:</b>								
Principal retirement	2,751	--	--	--	--	319,000	--	321,751
Interest on long-term debt	560	--	--	--	--	19,203	--	19,763
Capital outlays	100,135	--	--	--	54,637	--	464,571	619,343
<b>Total Expenditures</b>	<b>1,981,402</b>	<b>4,368</b>	<b>294,744</b>	<b>--</b>	<b>202,712</b>	<b>338,203</b>	<b>464,571</b>	<b>3,286,000</b>
<b>Excess (Deficit) of Revenues Over (Under) Expenditures</b>	<b>(844,618)</b>	<b>536</b>	<b>7,433</b>	<b>173,290</b>	<b>557,672</b>	<b>(338,147)</b>	<b>(50,158)</b>	<b>(493,992)</b>
<b>Other Financing Sources (Uses)</b>								
Operating transfers	951,178	--	--	(173,357)	(656,933)	339,909	5,200	465,997
<b>Net Other Financing Sources (Uses)</b>	<b>951,178</b>	<b>--</b>	<b>--</b>	<b>(173,357)</b>	<b>(656,933)</b>	<b>339,909</b>	<b>5,200</b>	<b>465,997</b>
<b>Net Change in Fund Balances</b>	<b>106,560</b>	<b>536</b>	<b>7,433</b>	<b>(67)</b>	<b>(99,261)</b>	<b>1,762</b>	<b>(44,958)</b>	<b>(27,995)</b>
<i>Fund Balances at Beginning of Period</i>	<i>174,075</i>	<i>14,242</i>	<i>98,062</i>	<i>605,364</i>	<i>2,111,693</i>	<i>329,789</i>	<i>208,004</i>	<i>3,541,229</i>
<b>Fund Balances at End of Period</b>	<b>\$ 280,635</b>	<b>\$ 14,778</b>	<b>\$ 105,495</b>	<b>\$ 605,297</b>	<b>\$ 2,012,432</b>	<b>\$ 331,551</b>	<b>\$ 163,046</b>	<b>\$ 3,513,234</b>

See accompanying notes.

**Town of Kinder, Louisiana**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and**  
**Change in Fund Balances with Statement of Activities**  
**For the Year Ended June 30, 2019**

Total Net Change in Fund Balances - Governmental Funds	\$	(27,995)
Fixed assets expensed as capital outlays in governmental fund statements, but capitalized in the Statement of Net Position.		619,343
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.		(13,870)
Principal payments on long-term debt are expensed in governmental fund statements, but treated as reductions of outstanding debt in entity-wide statements.		321,751
Depreciation expense is reflected in entity-wide statements, but not deducted in the governmental fund statements.		(227,323)
Accrued interest expense is included in Statement of Activities, but only expensed as paid in governmental fund statements.		1,209
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.		(16,360)
Non-employers contributions to retirement systems for the benefit of Town employees.		18,732
<b>Change in Net Position-Governmental Funds</b>	<b>\$</b>	<b><u>675,487</u></b>

See accompanying notes.

Town of Kinder, Louisiana  
Statement of Net Position  
Proprietary Funds  
June 30, 2019 and 2018

	Business-Type Activities - Enterprise Funds				June 30, 2018
	Sewer Fund	Water Fund	Gas Fund	Total Enterprise Funds	
<b>ASSETS</b>					
<i>Current Assets</i>					
Cash	\$ 71,558	\$ 34,516	\$ 47,064	\$ 153,138	\$ 320,088
Restricted cash	167,352	187,711	--	355,063	379,700
Restricted investments	--	15,759	31,995	47,754	--
Restricted receivables	--	3	2	5	3
Accounts receivable	27,470	37,216	106,747	171,433	157,756
Other receivable	--	803	--	803	--
Due to/from other funds	5,421	(8,273)	2,852	--	--
<b>Total Current Assets</b>	<b>271,801</b>	<b>267,735</b>	<b>188,660</b>	<b>728,196</b>	<b>857,547</b>
<i>Noncurrent Assets</i>					
Land	15,300	--	--	15,300	15,300
Capital assets, net	5,547,877	455,956	123,962	6,127,795	6,525,479
<b>Total Assets</b>	<b>5,834,978</b>	<b>723,691</b>	<b>312,622</b>	<b>6,871,291</b>	<b>7,398,326</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Aggregated deferred outflows	--	--	--	--	--
<b>Total Deferred Outflows of Resources</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>LIABILITIES</b>					
<i>Current Liabilities</i>					
Accounts and other accrued payables	4,898	27,332	27,761	59,991	53,962
Interest payable	858	--	--	858	871
Due within one year	56,229	--	--	56,229	53,893
<b>Total Current Liabilities</b>	<b>61,985</b>	<b>27,332</b>	<b>27,761</b>	<b>117,078</b>	<b>108,726</b>
<i>Noncurrent Liabilities</i>					
Customer meter deposits	238	73,474	113,999	187,711	181,774
Due after one year	3,630,234	--	--	3,630,234	3,686,463
Accrued compensated absences	--	2,079	14,734	16,813	15,047
<b>Total Liabilities</b>	<b>3,692,457</b>	<b>102,885</b>	<b>156,494</b>	<b>3,951,836</b>	<b>3,992,010</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Aggregated deferred inflows	--	--	--	--	--
<b>Total Deferred Inflows of Resources</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>NET POSITION</b>					
<i>Invested in capital assets, net of related debt</i>	1,875,856	455,956	123,962	2,455,774	2,799,552
<i>Restricted</i>	167,352	15,762	31,997	215,111	277,613
<i>Unrestricted</i>	99,313	149,088	169	248,570	329,151
<b>Total Net Position</b>	<b>\$ 2,142,521</b>	<b>\$ 620,806</b>	<b>\$ 156,128</b>	<b>\$ 2,919,455</b>	<b>\$ 3,406,316</b>

See accompanying notes.

Town of Kinder, Louisiana  
Statement of Revenues, Expenses, and Change in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2019

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Total Enterprise Funds</b>
	<b>Sewer Fund</b>	<b>Water Fund</b>	<b>Gas Fund</b>	
<b>Operating Revenues</b>				
Charges for services	\$ 291,543	\$ 396,566	\$ 765,103	\$ 1,453,212
<b>Total Operating Revenues</b>	<u>291,543</u>	<u>396,566</u>	<u>765,103</u>	<u>1,453,212</u>
<b>Operating Expenses</b>				
Advertising - notices	--	--	125	125
Audit fees	--	6,000	12,000	18,000
Contract labor	--	--	7,200	7,200
Depreciation	324,810	44,341	28,443	397,594
Dues	--	300	1,268	1,568
Gas and oil	--	--	2,656	2,656
Insurance	--	8,433	17,547	25,980
Materials and supplies	10,365	19,272	19,894	49,531
Miscellaneous	200	1,553	4,184	5,937
Office supplies	--	573	386	959
Salaries	--	29,223	93,952	123,175
Payroll taxes	--	2,239	7,124	9,363
Per diem	--	80	120	200
Postage	--	3,606	4,889	8,495
Professional services	40,081	--	1,500	41,581
Retirement	--	--	2,388	2,388
Repairs and maintenance	5,984	14,238	5,893	26,115
Telephone	--	--	1,525	1,525
Travel	325	405	2,000	2,730
Uniforms	1,991	1,991	1,991	5,973
Utilities	19,506	11,011	1,322	31,839
Water and gas purchases	--	188,053	365,807	553,860
<b>Total Operating Expenses</b>	<u>403,262</u>	<u>331,318</u>	<u>582,214</u>	<u>1,316,794</u>
<b>Operating Income (Loss)</b>	<u>(111,719)</u>	<u>65,248</u>	<u>182,889</u>	<u>136,418</u>
<b>Non-Operating Revenues (Expenses)</b>				
Interest Income	192	265	179	636
Interest expense	(157,918)	--	--	(157,918)
<b>Net Non-Operating Revenues (Expenses)</b>	<u>(157,726)</u>	<u>265</u>	<u>179</u>	<u>(157,282)</u>
<b>Income Before Operating Transfers</b>	<u>(269,445)</u>	<u>65,513</u>	<u>183,068</u>	<u>(20,864)</u>
Operating transfers	(35,003)	(132,840)	(298,154)	(465,997)
<b>Change In Net Position</b>	<u>(304,448)</u>	<u>(67,327)</u>	<u>(115,086)</u>	<u>(486,861)</u>
<i>Net Position at Beginning of Period</i>	2,446,969	688,133	271,214	3,406,316
<b>Net Position at End of Period</b>	<u>\$ 2,142,521</u>	<u>\$ 620,806</u>	<u>\$ 156,128</u>	<u>\$ 2,919,455</u>

See accompanying notes.

TOWN OF KINDER, LOUISIANA  
Statement of Cash Flows  
Proprietary Funds  
For The Year Ended June 30, 2019

	Business-Type Activities – Enterprise Funds			
	Water Fund	Sewer Fund	Gas Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 392,256	\$ 291,076	\$ 761,337	\$ 1,444,669
Payments to suppliers	(250,352)	(78,452)	(449,351)	(778,155)
Payments to employees	(30,246)	-	(102,914)	(133,160)
Net cash from operating activities	<u>111,658</u>	<u>212,624</u>	<u>209,072</u>	<u>533,354</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Net proceeds (purchase) of investments	(46)	-	(96)	(142)
Interest earnings	264	191	178	633
Net cash from investing activities	<u>218</u>	<u>191</u>	<u>82</u>	<u>491</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Interest paid on sewer revenue bonds	-	(157,931)	-	(157,931)
Principal paid on sewer revenue bonds	-	(53,893)	-	(53,893)
Purchase of fixed assets	-	-	-	-
Net cash from capital activities	<u>-</u>	<u>(211,824)</u>	<u>-</u>	<u>(211,824)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Operating transfers	(132,840)	(35,003)	(298,154)	(465,997)
Loans (to)/from other funds	2,336	(1,723)	(613)	-
Net cash from non-capital financing activities	<u>(130,504)</u>	<u>(36,726)</u>	<u>(298,767)</u>	<u>(465,997)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(18,628)</b>	<b>(35,735)</b>	<b>(89,613)</b>	<b>(143,976)</b>
<b>CASH – BEGINNING</b>	<b><u>240,855</u></b>	<b><u>274,645</u></b>	<b><u>136,677</u></b>	<b><u>652,177</u></b>
<b>CASH – ENDING</b>	<b><u>\$ 222,227</u></b>	<b><u>\$ 238,910</u></b>	<b><u>\$ 47,064</u></b>	<b><u>\$ 508,201</u></b>
<b>Reconciliation of operating income (loss) to net cash from operating activities:</b>				
Operating income (loss)	\$ 65,248	\$ (111,719)	\$ 182,889	\$ 136,418
<b>Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:</b>				
Depreciation	44,341	324,810	28,443	397,594
Basis in assets disposed	-	-	90	90
(Increase) decrease in receivables	(7,595)	(705)	(6,180)	(14,480)
Increase (decrease) in accounts payable	5,163	-	866	6,029
Increase (decrease) in compensated absences	1,216	-	550	1,766
Increase (decrease) in customer meter deposits	3,285	238	2,414	5,937
Net cash from operating activities	<u>\$ 111,658</u>	<u>\$ 212,624</u>	<u>\$ 209,072</u>	<u>\$ 533,354</u>

See accompanying notes.

**Town of Kinder, Louisiana**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

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 2,500. 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.

**Town of Kinder, Louisiana**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

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 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 is used to account for the accumulation of resources for, and the payment of \$1,315,000 sales tax bonds principal, interest, and related costs. It is funded by sales tax revenues.

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

**Town of Kinder, Louisiana**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

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 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 on 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 current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current

**Town of Kinder, Louisiana**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

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 fund.

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, 2019 the Town had deposits (book balances) totaling \$2,085,893. 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 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, 2019, the Town has \$2,177,584 in deposits (collected bank balances). These deposits are secured from custodial credit risk by \$527,032 of federal deposit insurance and \$1,650,552 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.

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

**Town of Kinder, Louisiana**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

framework for measuring fair value, and expands disclosure requirements for fair value measurements. FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Town 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, 2019 are as follows:

		Quoted Price in Active Markets Identical Assets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Cost
	<u>Fair Value</u>				
Certificates of deposit	\$ 146,480	\$ 146,480	-	-	\$ 146,480
Mutual funds	12,631	12,631	\$ -	-	12,743
US treasury notes	<u>1,700,420</u>	<u>1,700,420</u>	-	-	<u>1,683,774</u>
Total investments	<u>\$1,859,531</u>	<u>\$1,859,531</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,842,997</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>	
Certificates of Deposit	\$ 146,480	\$ 47,754	\$ 98,726	-	N/A
Mutual funds	12,631	12,631	-	-	A+
US treasury notes	<u>1,700,420</u>	<u>128,693</u>	<u>1,571,727</u>	-	AA+
Total investments	<u>\$1,859,531</u>	<u>\$ 189,078</u>	<u>\$1,670,453</u>	<u>\$ -</u>	

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

	Accrual Interest Income	(Decrease) Increase in FMV	Reported Interest Income
General fund	\$ 140	\$ -	\$ 140
Sales tax fund	47,709	4,553	52,262
Gaming fund	6,474	7,818	14,292
HUD fund	296	276	572
DMV fund	8	-	8
Street improvements fund	233	-	233
Sales tax bond sinking fund	56	-	56
Gas fund	179	-	179
Sewer fund	192	-	192
Water fund	<u>265</u>	<u>-</u>	<u>265</u>
Total	<u>\$ 55,552</u>	<u>\$ 12,647</u>	<u>\$ 68,199</u>

**Town of Kinder, Louisiana**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

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.

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 8% certificates of deposit, 1% mutual funds and 91% 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 as due from other funds or due to other funds on the balance sheet.

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

**Town of Kinder, Louisiana**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

Infrastructure

25-50 years

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

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 \$508,201 which represents unrestricted and restricted amounts of \$153,138 and \$355,063, 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	\$ 71,558	\$ 34,516	\$ 47,064	\$ 153,138
Cash and cash equivalents-Restricted	<u>167,352</u>	<u>187,711</u>	<u>-</u>	<u>355,063</u>
Total cash per the statement of cash flows	<u>\$ 238,910</u>	<u>\$ 222,227</u>	<u>\$ 47,064</u>	<u>\$ 508,201</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 long-term liabilities on the statement of net position and not 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, 2019, employees of the Town have accumulated \$105,044 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.

**Town of Kinder, Louisiana**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

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.

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.

**Town of Kinder, Louisiana**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

- 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.

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.

**17. Revenues, Expenditures, and Expenses**

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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

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 October 7, 2019, 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.

21. Deferred outflows/inflows of resources

**Town of Kinder, Louisiana**  
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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, 2019, taxes of 14.19 mills were levied on property with assessed valuations totaling \$11,939,530 and were dedicated as follows:

General corporate purposes	14.19 mills
Total property taxes levied were \$169,422.	

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, 2019:

<u>Class of Receivable:</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
Taxes:		
Sales and use	\$ 121,777	\$ -
Intergovernmental	417,524	-
Interest	16,675	5
Gaming	40,255	-
Charges for services	-	171,433
Other	<u>36,261</u>	<u>803</u>
Total	<u>\$ 632,492</u>	<u>\$ 172,241</u>

**Note D – CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2019 follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
<b>Governmental Activities:</b>				
Land	\$ 265,511	\$ -	\$ -	\$ 265,511
Construction in progress	1,084,082	492,799	1,129,273	447,608
Buildings	2,610,982	15,270	-	2,626,252
Equipment and furniture	1,104,100	111,274	103,731	1,111,643
Infrastructure	<u>3,711,510</u>	<u>1,129,273</u>	<u>-</u>	<u>4,840,783</u>
Totals at historical cost	8,776,185	1,748,616	1,233,004	9,291,797

**Town of Kinder, Louisiana**  
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Less accumulated depreciation for:				
Buildings	1,051,331	61,976	-	1,113,307
Equipment and furniture	911,757	56,412	103,731	864,438
Infrastructure	<u>1,426,406</u>	<u>108,935</u>	<u>-</u>	<u>1,535,341</u>
Total accumulated depreciation	<u>3,389,494</u>	<u>227,323</u>	<u>103,731</u>	<u>3,513,086</u>
<b>Governmental Activities</b>				
Capital Assets, net	<u>\$ 5,386,691</u>	<u>\$ 1,521,293</u>	<u>\$ 1,129,273</u>	<u>\$ 5,778,711</u>
<b>Business-Type Activities:</b>				
Land	\$ 15,300	\$ -	\$ -	\$ 15,300
Water system	2,265,890	-	7,400	2,258,490
Sewer system	11,269,124	-	-	11,269,124
Gas system	<u>711,803</u>	<u>-</u>	<u>11,869</u>	<u>699,934</u>
Totals at historical cost	14,262,117	-	19,269	14,242,848
Less accumulated depreciation for:				
Water system	1,765,593	44,341	7,400	1,802,534
Sewer system	5,396,437	324,810	-	5,721,247
Gas system	<u>559,308</u>	<u>28,443</u>	<u>11,779</u>	<u>575,972</u>
Total accumulated depreciation	<u>7,721,338</u>	<u>397,594</u>	<u>19,179</u>	<u>8,099,753</u>
<b>Business-Type Activities</b>				
Capital Assets, net	<u>\$ 6,540,779</u>	<u>\$ (397,594)</u>	<u>\$ 90</u>	<u>\$ 6,143,095</u>

Depreciation expense for the year ended June 30, 2019 was \$227,323 and \$397,594 for the governmental activities and the business-type activities, respectively.

Depreciation expense was charged to governmental activities as follows:

General and administrative	\$ 68,446
Streets	122,968
Police	<u>35,909</u>
	<u>\$ 227,323</u>

The total contract amount for construction, engineering, and grant assistance on the construction in progress (street project) originally amounted to \$474,215 and the total expended through year end was \$447,608. Change orders have brought the project cost up by approximately \$47,000 and the project will be complete later in 2019. This project was funded, all except engineering costs which are funded by the Town, by a federal grant.

**NOTE E - ACCOUNTS PAYABLES**

The following is a summary of payables at June 30, 2019:

<u>Class of Payable:</u>	<u>Governmental Activities Funds</u>	<u>Business-Type Activities Funds</u>
Trade accounts	\$ 533,577	\$ 59,991

**Town of Kinder, Louisiana**  
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NOTE F - PENSION PLANS

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 providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. 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 3½% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 40% to 60% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013:

Member eligibility for regular retirement, early retirement, disability and survivor benefits is based on Hazardous Duty and Non-Hazardous Duty sub-plans. Under the Hazardous Duty sub-plan, a member is eligible for regular retirement after he 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 deceased

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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 (COLA) adjustments 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.

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

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

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. The required rate is 32.25% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. 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. The Town's contributions to the MPERS for the years ending June 30, 2019, 2018, and 2017 were \$91,937, \$86,144 and \$99,803, 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, 2019 was \$10,072.

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

At June 30, 2019, the Town reported a liability of \$802,519 for its proportionate share of net pension liability (NPL). The net pension liability was measured as of June 30, 2018 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, 2018 the Town's proportion was 0.094927%, which was a decrease of 0.010368% from its proportion measured as of June 30, 2017. The Town's proportionate share of revenue recognized for non-employer pension contributions to the plan was \$18,732 through the measurement date.

For the year ended June 30, 2019, the Town recognized pension expense of \$16,361. At June 30, 2019, 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	\$ 3,618	\$ 41,010
Net difference between projected and actual earnings on pension plan investments	38,471	-
Changes of assumptions	52,444	-
Changes in proportion of beginning NPL	6,825	83,615
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	120
Town contributions subsequent to the measurement date	<u>91,937</u>	<u>-</u>
Totals	<u>\$ 193,295</u>	<u>\$ 124,745</u>

The \$91,937 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, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 21,768
2021	(4,634)
2022	(41,920)
2023	1,399
2024	-
Thereafter	<u>-</u>
Total	<u>\$(23,387)</u>

*Actuarial assumptions.* The total pension liability in the June 30, 2018 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	7.2%, net of investment expense
Expected Remaining Service Lives	4 years

**Town of Kinder, Louisiana**  
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Inflation rate	2.7%	
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	9.75%
	3-23	4.75%
	24 & Over	4.25%

**Mortality** RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.

RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.

RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.

**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, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the MPERS's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The rest of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

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, 2018 (the measurement date) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	52.00%	3.58%
Fixed Income	22.00%	0.46%
Alternative	20.00%	1.07%
Other	<u>6.00%</u>	<u>0.17%</u>
<b>Totals</b>	<b>100.00%</b>	<b>5.28%</b>
Inflation		<u>2.75%</u>
Expected Nominal Return		8.03%

*Discount rate.* The discount rate used to measure the total pension liability was 7.2%. 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-

**Town of Kinder, Louisiana**  
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**For the Year Ended June 30, 2019**

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 7.2% 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 (6.2%) and one percentage point higher (8.2%) than the current rate as of June 30, 2018:

	1% Decrease (6.2%)	Discount Rate (7.2%)	1% Increase (8.2%)
Town's proportionate share of the net pension liability	\$1,127,761	\$802,519	\$529,653

Change in Net Pension Liability: The changes in the net pension liability for the year ended June 30, 2018, 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 outflow of resources of \$3,618 and a deferred inflow of resources in the amount of \$41,010 for the year ended June 30, 2019.

*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 \$38,471 for the year ended June 30, 2019.

*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 \$52,444 for the year ended June 30, 2019.

*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 (benefit) 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 \$6,825 and a deferred inflow of resources of \$83,615 for the year ended June 30, 2019. Changes in proportion and differences between Town contributions and proportionate share of contributions resulted in a deferred inflow of resources of \$120 for the year ended June 30, 2019.

NOTE G - LONG-TERM LIABILITIES

**Town of Kinder, Louisiana**  
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A summary of changes in long-term liabilities for the year ended June 30, 2019 follows:

	<u>Beginning of Year</u>	<u>Issued</u>	<u>Retired</u>	<u>End of Year</u>
Bonds payable	\$ 5,055,356	\$ -	\$ 372,893	\$ 4,682,463
Capital lease payable	6,363	-	2,751	3,612
Other liabilities:				
Accrued leave benefits	<u>89,407</u>	<u>15,637</u>	<u>-</u>	<u>105,044</u>
Long-Term Liabilities	<u>\$ 5,151,126</u>	<u>\$ 15,637</u>	<u>\$ 375,644</u>	<u>\$ 4,791,119</u>

Under the Town's agreement with the USDA, the Town will set aside an annual reserve payment at least equal to one-tenth of an average annual loan installment, with payments made monthly and evenly divided between a reserve fund and a depreciation and contingency fund, until an amount equal to the highest annual debt service payment in a future year is accumulated in the reserve fund. Thereafter, all payments are to be made into the depreciation and contingency fund.

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

Capital Lease Payable-Governmental:

\$8,438 Capital lease payable dated 08/20/2017 due in monthly installments of \$276 from 09/20/2017 through 08/20/2020; interest at 10.923% \$ 3,612

Sales Tax Revenue Bonds Payable-Governmental:

\$1,315,000 Sales tax revenue bonds dated 09/18/2017 due in annual installments ranging from \$337,690 in 2018 to \$347,300 in 2021 with interest averaging 1.86% and 0.93% (secured by certain sales tax revenues) 996,000

Accrued Leave Payable-Governmental 88,231

Accrued Leave Payable-Proprietary 16,813

Sewer Revenue Bonds Payable-Proprietary:

\$4,030,000 Sewer revenue bonds dated 03/29/2011 due in an initial payment of \$170,799 on 03/28/2012 and then monthly installments of \$17,651 from 04/28/2012 through 03/28/2051; interest at 4.25% (secured by sewer revenues) 3,686,463

Total \$ 4,791,119

The annual requirements to amortize all revenue bonds and capital leases outstanding at June 30, 2019 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Totals</u>
2020	\$ 382,296	\$ 170,274	\$ 552,570
2021	391,211	162,296	553,507
2022	402,209	153,758	555,967
2023	63,860	147,956	211,816

**Town of Kinder, Louisiana**  
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2024	66,629	145,188	211,817
2025-2029	379,041	680,043	1,059,084
2030-2034	468,609	590,475	1,059,084
2035-2039	579,343	479,741	1,059,084
2040-2044	716,242	342,842	1,059,084
2045-2049	885,492	173,592	1,059,084
2050-2051	<u>351,143</u>	<u>13,634</u>	<u>364,777</u>
Totals	<u>\$4,686,075</u>	<u>\$3,059,799</u>	<u>\$7,745,874</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, 2019 the statutory limit is \$4,178,836.

**NOTE H - COMPONENTS OF RESTRICTED ASSETS**

	On <u>Deposit</u>	<u>Required</u>	Over <u>(Under)</u>
Restricted assets consisted of the following at June 30, 2019:			
Cash accounts in general fund	\$142,453	\$ -	\$142,453
Sewer revenue bond sinking account	3,136	-	3,136
Sewer revenue bond reserve account	82,108	82,108	-
Sewer revenue bond depreciation and contingency account	82,108	82,108	-
Customer deposits – gas and water and sewer	187,711	187,711	-
Interest receivable on restricted assets	<u>5</u>	<u>5</u>	<u>-</u>
Total restricted assets	<u>\$497,521</u>	<u>\$351,932</u>	<u>\$ 145,589</u>

The first three accounts detail the restricted net position on the sewer fund bonds. The water fund restricted net position was related to excess customer meter deposits. The general fund restricted assets were related to law enforcement expenses. There were various special revenue fund restrictions.

**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 \$173,357 in operating transfers out of the gaming fund to the other funds were used entirely for reimbursement of police salaries of \$173,357.

**Town of Kinder, Louisiana**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

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.

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>\$ 71,300</u>
Expenditures:	
Salaries	<u>\$ 71,300</u>

**Town of Kinder, Louisiana**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2019**

NOTE O – OPERATING TRANSFERS

Operating transfers consisted of the following at June 30, 2019:

	Transfers In	Transfers Out
Major funds:		
General fund	\$ 979,740	\$ 28,562
Sales tax fund	-	656,933
Gaming fund	-	173,357
Sales tax bond sinking fund	339,909	-
Street improvement capital project fund	5,200	-
Water fund	2,007	134,847
Sewer fund	215,057	250,060
Gas fund	8,158	306,312
	<u>\$1,550,071</u>	<u>\$1,550,071</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 are from proprietary funds into the general fund. The Gaming Fund transfers to the General Fund in the amount of \$173,357 are used to cover a portion of police salaries. The largest recurring operating transfers total \$339,909 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 \$211,824 to the Sewer Fund. The only interfund balances are in the Proprietary Funds and they result from the credit/debit card collections by the Water Fund that belongs to the Gas and Sewer Funds that have not been transferred by the end of each month.

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, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Ad valorem	\$ 155,000	\$ 171,970	\$ 174,939	\$ 2,969
Public utility franchise	150,000	140,000	133,863	(6,137)
Licenses	135,000	135,000	136,563	1,563
Permits	5,600	6,605	7,360	755
Beer tax	6,500	6,500	7,424	924
Grant	81,000	86,317	90,145	3,828
Court fines	511,200	491,000	505,047	14,047
Police special	35,000	25,000	17,090	(7,910)
DWI	500	250	268	18
Interest	300	65	140	75
Miscellaneous	39,500	46,503	63,945	17,442
<b>Total Revenues</b>	<u>1,119,600</u>	<u>1,109,210</u>	<u>1,136,784</u>	<u>27,574</u>
<b>Expenditures</b>				
<i>Current:</i>				
Advertising - notices	5,000	5,000	7,855	(2,855)
Audit fees	6,000	6,000	6,000	--
Auto allowance - dog catcher	1,340	1,340	1,236	104
Care of prisoners	5,700	6,555	5,422	1,133
Contract labor	7,030	10,000	9,059	941
Dues	3,600	2,405	1,465	940
Engineering fees	5,000	5,000	1,965	3,035
Gas and oil	36,750	44,400	49,797	(5,397)
Insurance	335,062	334,247	314,958	19,289
Materials and supplies	40,500	98,000	53,341	44,659
Miscellaneous	35,385	24,424	36,125	(11,701)
Office supplies	8,500	8,500	9,614	(1,114)
Payroll taxes	70,780	76,770	77,218	(448)
Per diem	2,100	1,500	1,164	336
Postage	3,700	3,700	3,369	331
Professional services	11,000	28,400	18,933	9,467
Repairs and maintenance	28,855	48,895	33,723	15,172
Retirement	99,200	105,520	104,690	830
Salaries	948,950	989,728	1,032,255	(42,527)
Salaries - dog catcher	13,390	13,390	13,688	(298)
Street lights	41,000	41,870	37,375	4,495
Telephone	20,800	20,910	20,875	35
Travel	3,500	4,000	6,269	(2,269)
Uniforms	8,000	2,000	2,458	(458)
Utilities	32,140	32,590	29,102	3,488
<i>Debt Service:</i>				
Principal retirement	--	--	2,751	(2,751)
Interest	--	--	560	(560)
Capital outlays	--	30,000	100,135	(70,135)
<b>Total Expenditures</b>	<u>1,773,282</u>	<u>1,945,144</u>	<u>1,981,402</u>	<u>(36,258)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(653,682)	(835,934)	(844,618)	(8,684)
<b>Other Financing Sources (Uses)</b>				
Operating transfers	500,000	710,000	951,178	241,178
<b>Total Other Financing Sources (Uses)</b>	<u>500,000</u>	<u>710,000</u>	<u>951,178</u>	<u>241,178</u>
<b>Net Change in Fund Balance</b>	(153,682)	(125,934)	106,560	232,494
<i>Fund Balance at Beginning of Period</i>	174,075	174,075	174,075	--
<b>Fund Balance at End of Period</b>	<u>\$ 20,393</u>	<u>\$ 48,141</u>	<u>\$ 280,635</u>	<u>\$ 232,494</u>

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, 2019**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Special assessments	\$ 4,600	\$ 5,000	\$ 4,896	\$ (104)
Interest	10	10	8	(2)
<b>Total Revenues</b>	<u>4,610</u>	<u>5,010</u>	<u>4,904</u>	<u>(106)</u>
<b>Expenditures</b>				
Miscellaneous	4,000	4,370	4,368	2
Repairs and maintenance	100	--	--	--
<b>Total Expenditures</b>	<u>4,100</u>	<u>4,370</u>	<u>4,368</u>	<u>2</u>
<b>Net Change in Fund Balance</b>	<u>510</u>	<u>640</u>	<u>536</u>	<u>(104)</u>
<i>Fund Balance at Beginning of Period</i>	<u>14,242</u>	<u>14,242</u>	<u>14,242</u>	<u>--</u>
<b>Fund Balance at End of Period</b>	<u>\$ 14,752</u>	<u>\$ 14,882</u>	<u>\$ 14,778</u>	<u>\$ (104)</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, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Gaming	\$ 156,976	\$ 159,000	\$ 158,998	\$ (2)
Interest	4,500	5,500	14,292	8,792
<b>Total Revenues</b>	<u>161,476</u>	<u>164,500</u>	<u>173,290</u>	<u>8,790</u>
<b>Expenditures</b>				
<b>Total Expenditures</b>	--	--	--	--
<b>Other Financing Sources (Uses)</b>				
Operating transfers	(100,000)	(170,646)	(173,357)	(2,711)
<b>Total Other Financing Sources (Uses)</b>	<u>(100,000)</u>	<u>(170,646)</u>	<u>(173,357)</u>	<u>(2,711)</u>
<b>Net Change in Fund Balance</b>	<u>61,476</u>	<u>(6,146)</u>	<u>(67)</u>	<u>6,079</u>
<i>Fund Balance at Beginning of Period</i>	<u>605,364</u>	<u>605,364</u>	<u>605,364</u>	<u>--</u>
<b>Fund Balance at End of Period</b>	<u>\$ 666,840</u>	<u>\$ 599,218</u>	<u>\$ 605,297</u>	<u>\$ 6,079</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, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Grant	\$ 300,000	\$ 280,000	\$ 301,605	\$ 21,605
Interest	300	700	572	(128)
<b>Total Revenues</b>	<u>300,300</u>	<u>280,700</u>	<u>302,177</u>	<u>21,477</u>
<b>Expenditures</b>				
Miscellaneous	1,000	1,000	--	1,000
Section 8 housing	290,000	360,000	294,744	65,256
<b>Total Expenditures</b>	<u>291,000</u>	<u>361,000</u>	<u>294,744</u>	<u>66,256</u>
<b>Net Change in Fund Balance</b>	<b>9,300</b>	<b>(80,300)</b>	<b>7,433</b>	<b>87,733</b>
<i>Fund Balance at Beginning of Period</i>	<u>98,062</u>	<u>98,062</u>	<u>98,062</u>	<u>--</u>
<b>Fund Balance at End of Period</b>	<b>\$ 107,362</b>	<b>\$ 17,762</b>	<b>\$ 105,495</b>	<b>\$ 87,733</b>

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, 2019**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Sales taxes	\$ 675,500	\$ 706,500	\$ 723,207	\$ 16,707
Less: collection fees	--	--	(15,085)	(15,085)
Grant	20,000	--	--	--
Interest	2,500	30,000	52,262	22,262
<b>Total Revenues</b>	<b>698,000</b>	<b>736,500</b>	<b>760,384</b>	<b>23,884</b>
<b>Expenditures</b>				
<i>Current:</i>				
Advertising - notices	--	--	115	(115)
Audit fees	12,000	6,000	6,000	--
Engineering fees	3,000	58,000	42,058	15,942
Materials and supplies	5,000	4,100	1,208	2,892
Miscellaneous	1,000	1,000	616	384
Professional services	5,000	58,915	31,077	27,838
Repairs and maintenance	83,250	88,170	67,001	21,169
<i>Debt Service:</i>				
Principal retirement	53,895	53,895	--	53,895
Interest	157,925	157,930	--	157,930
Capital outlays	10,000	39,000	54,637	(15,637)
<b>Total Expenditures</b>	<b>331,070</b>	<b>467,010</b>	<b>202,712</b>	<b>264,298</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>366,930</b>	<b>269,490</b>	<b>557,672</b>	<b>288,182</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers	(350,000)	(625,000)	(656,933)	(31,933)
<b>Total Other Financing Sources (Uses)</b>	<b>(350,000)</b>	<b>(625,000)</b>	<b>(656,933)</b>	<b>(31,933)</b>
<b>Net Change in Fund Balance</b>	<b>16,930</b>	<b>(355,510)</b>	<b>(99,261)</b>	<b>256,249</b>
<i>Fund Balance at Beginning of Period</i>	<i>2,111,693</i>	<i>2,111,693</i>	<i>2,111,693</i>	<i>--</i>
<b>Fund Balance at End of Period</b>	<b>\$ 2,128,623</b>	<b>\$ 1,756,183</b>	<b>\$ 2,012,432</b>	<b>\$ 256,249</b>

See accompanying notes.

TOWN OF KINDER, LOUISIANA  
General Fund  
Departmental Expenditures –  
Budgetary Comparison Schedule  
For The Year Ended June 30, 2019

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>GENERAL AND ADMINISTRATIVE</b>				
Advertising - notices	\$ 5,000	5,000	\$ 7,855	\$ (2,855)
Audit fees	6,000	6,000	6,000	-
Contract labor	1,205	-	-	-
Dues	2,600	2,300	1,360	940
Engineering fees	5,000	5,000	1,965	3,035
Gas and oil	1,950	1,900	2,159	(259)
Insurance	181,962	189,932	132,001	57,931
Material and supplies	5,500	70,000	14,154	55,846
Miscellaneous	24,700	13,179	20,944	(7,765)
Office supplies	7,000	7,000	7,392	(392)
Payroll taxes	18,215	18,655	18,778	(123)
Per diem	1,100	1,000	775	225
Postage	3,100	3,100	3,327	(227)
Professional services	5,000	15,000	14,043	957
Repairs and maintenance	15,755	21,940	19,137	2,803
Retirement	6,800	6,835	6,855	(20)
Salaries	254,088	267,247	271,510	(4,263)
Telephone	8,500	8,500	8,436	64
Travel	2,500	3,000	4,349	(1,349)
Utilities	20,540	21,310	19,850	1,460
<b>TOTAL GENERAL AND ADMINISTRATIVE</b>	<b><u>\$ 576,515</u></b>	<b><u>\$ 666,898</u></b>	<b><u>\$ 560,890</u></b>	<b><u>\$ 106,008</u></b>
<b>STREET DEPARTMENT</b>				
Care of prisoners	\$ 1,000	\$ 3,500	\$ 3,551	\$ (51)
Contract labor	5,000	10,000	8,640	1,360
Gas and oil	9,800	17,500	20,390	(2,890)
Insurance	10,600	10,570	10,579	(9)
Materials and supplies	25,000	20,000	24,612	(4,612)
Miscellaneous	2,000	4,050	3,668	382
Payroll taxes	2,465	4,340	4,415	(75)
Repairs and maintenance	300	1,500	1,062	438
Retirement	1,250	1,175	1,173	2
Salaries	30,000	53,400	55,513	(2,113)
Street lights	41,000	41,870	37,375	4,495
Travel	-	-	143	(143)
Utilities	2,000	2,100	2,080	20
<b>TOTAL STREET DEPARTMENT</b>	<b><u>\$ 130,415</u></b>	<b><u>\$ 170,005</u></b>	<b><u>\$ 173,201</u></b>	<b><u>\$ (3,196)</u></b>

See accompanying notes.

TOWN OF KINDER, LOUISIANA  
General Fund  
Departmental Expenditures –  
Budgetary Comparison Schedule  
For The Year Ended June 30, 2019

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>POLICE DEPARTMENT</b>				
Auto allowance – dog catcher	\$ 1,340	\$ 1,340	\$ 1,236	\$ 104
Care of prisoners	4,700	3,055	1,871	1,184
Contract labor	825	-	419	(419)
Dues	1,000	105	105	-
Gas and oil	25,000	25,000	27,248	(2,248)
Insurance	109,200	100,495	139,041	(38,546)
Insurance-dispatchers	33,300	33,250	33,337	(87)
Materials and supplies	10,000	8,000	14,575	(6,575)
Miscellaneous	8,685	7,195	11,513	(4,318)
Office supplies	1,500	1,500	2,222	(722)
Payroll taxes	50,100	53,775	54,025	(250)
Per diem	1,000	500	389	111
Postage	600	600	42	558
Professional services	6,000	13,400	4,890	8,510
Repairs and maintenance	12,800	25,455	13,524	11,931
Retirement	91,150	97,510	96,662	848
Salaries	664,862	669,081	705,232	(36,151)
Salaries-dog catcher	13,390	13,390	13,688	(298)
Telephone	12,300	12,410	12,439	(29)
Travel	1,000	1,000	1,777	(777)
Uniforms	8,000	2,000	2,458	(458)
Utilities	9,600	9,180	7,172	2,008
<b>TOTAL POLICE DEPARTMENT</b>	<u>\$ 1,066,352</u>	<u>\$ 1,078,241</u>	<u>\$ 1,143,865</u>	<u>\$ (65,624)</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:	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Town's proportion of the net pension liability (asset)	.094927%	.105295%	.111447%	.107780%	.100676%	.094254%	Unavailable	Unavailable	Unavailable	Unavailable
Town's proportionate share of the net pension liability (asset)	\$802,519	\$919,270	\$1,044,572	\$844,344	\$629,838	\$752,942	Unavailable	Unavailable	Unavailable	Unavailable
Town's covered-employee payroll	\$285,076	\$280,144	\$314,339	\$312,185	\$288,305	\$260,940	\$263,494	\$215,453	\$215,452	\$214,818
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	281.51%	328.14%	332.31%	270.46%	218.46%	288.55%	Unavailable	Unavailable	Unavailable	Unavailable
Plan fiduciary net position as a percentage of the total pension liability	71.89%	70.08%	66.04%	70.73%	75.10%	66.71%	Unavailable	Unavailable	Unavailable	Unavailable

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:	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 91,937	\$ 86,144	\$ 99,803	\$ 92,094	\$ 90,816	\$ 80,891	\$ 69,826	\$ 57,095	\$ 53,863	\$ 23,630
Contributions in relation to the contractually required contribution	<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>	<u>(53,863)</u>	<u>(23,630)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Town's covered-employee payroll	\$285,076	\$280,144	\$314,339	\$312,185	\$288,305	\$260,940	\$263,494	\$215,453	\$215,452	\$214,818
Contribution as a percentage of cover-employee payroll	32.25%	30.75%	31.75%	29.5%	31.5%	31%	26.5%	26.5%	25%	11%

TOWN OF KINDER, LOUISIANA  
General Fund

Notes to Required Supplementary Information  
for the Year Ended June 30, 2019

(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 adopts 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  
Enterprise Funds  
Utility Funds  
(Unaudited)

Schedule of Number of Utility Customers

June 30, 2019

Records maintained by the Town indicate the following number of customers being served during the months of June 2019, and June, 2018, respectively:

<u>Department</u>	<u>2019</u>			<u>2018</u>		
	Residential	Commercial	Total	Residential	Commercial	Total
Gas (metered)	770	86	856	797	85	882
Water (metered)	885	155	1,040	885	152	1,037
Sewerage	862	141	1,003	862	141	1,003

TOWN OF KINDER, LOUISIANA

Schedule of Insurance in Force  
(Unaudited)  
June 30, 2019

Description of Coverage	Coverage Amounts
<b>Workmen's Compensation:</b>	
Employer's liability - Bodily Injury by Disease Per Accident	\$ 1,000,000
- Bodily Injury by Disease Policy Limit	1,000,000
- Bodily Injury by Accident Per Employee	1,000,000
<b>Surety Bonds:</b>	
Town clerk	5,000
Police clerk	5,000
Clerks each	5,000
<b>General liability:</b>	
Town-	
Personal Injury/Property Damage	500,000
Aggregate	1,000,000
Police-	
Personal Injury/Property Damage	500,000
Aggregate	1,000,000
Public officials' error and omissions	500,000
<b>Fire, extended coverage, blanket policy:</b>	
Buildings	4,202,240
Contents	223,500
<b>Commercial auto comprehensive liability and collision (per vehicle):</b>	
Collision	500,000

TOWN OF KINDER, LOUISIANA  
Schedule of Compensation Paid to Mayor and Council Members  
For The Year Ended June 30, 2019

DeWees, Maria	\$ 3,600
Fontenot, Christopher	3,600
Fontenot, Claude	3,600
LaFargue, Wayland – Mayor	27,098
Popillion, Sylvester	1,800
Tunwar, Latoya	1,800
Van Norman, Angela	<u>3,600</u>
Total Compensation Paid to Mayor and Council Members	<u>\$ 45,098</u>

TOWN OF KINDER, LOUISIANA  
Schedule of Compensation, Benefits and Other Payments to  
Chief Executive Officer  
For The Year Ended June 30, 2019

Chief Executive Officer: Wayland LaFargue, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$27,098
Benefits-insurance	55
Benefits-retirement	-0-
Benefits-cell phone	928
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

# ROYCE T. SCIMEMI, CPA, APAC



## CERTIFIED PUBLIC ACCOUNTANT

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Certified Public Accountants

Member  
Society of Louisiana  
Certified Public Accountants

### 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

October 7, 2019

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, 2019, 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 October 7, 2019.

#### 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. 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  
October 7, 2019  
Page 2

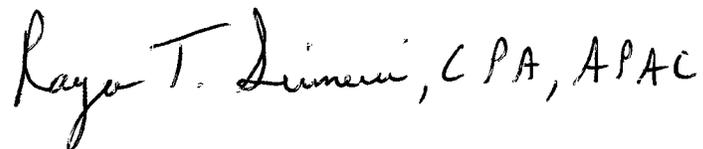
Compliance and Other Matters

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

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'.



TOWN OF KINDER, LOUISIANA  
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR  
CURRENT YEAR AUDIT FINDINGS AND  
RESPONSES (UNAUDITED)  
For The Year Ended June 30, 2019

There were no current year findings.

TOWN OF KINDER, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
For The Year Ended June 30, 2018

There were no prior year findings.

**ROYCE T. SCIMEMI, CPA, APAC**  
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**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

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

October 7, 2019

We have performed the procedure enumerated below, which were agreed to by the management of the Town of Kinder, Louisiana (Town) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUP) for the fiscal period July 1, 2018 through June 30, 2019. The Town's management is responsible for those C/C areas identified in the SAUP's.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report had been requested or for any other purpose.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.  
**All addressed without exception.**
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

**All addressed without exception.**

- c) *Disbursements*, including processing, reviewing, and approving.

**All addressed without exception.**

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

**All addressed without exception.**

- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

**All addressed without exception.**

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

**All addressed without exception.**

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

**All addressed without exception.**

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

**All addressed without exception.**

- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

**All addressed without exception.**

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

**All addressed without exception.**

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

**All addressed without exception.**

***Board or Finance Committee***

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

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

**The minutes reflected that the managing council met monthly in accordance with enabling legislation without exception.**

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

**Monthly income statements with budgetary comparisons and variances were provided to the Council and Mayor by handout. The minutes reflected this communication without exception.**

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

**The general fund as reported in the prior year audit report did not have a negative ending unassigned fund balance.**

***Bank Reconciliations***

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

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

**The listing was provided by management. Each bank account tested was reconciled within the two-month time frame without exception.**

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

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

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

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

**Management has documentation reflecting that it has researched all outstanding reconciling items older than 12 months and is in the process of submitting any qualifying payment items to the State of Louisiana Unclaimed Property Division.**

### ***Collections***

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

**Management provided the required list.**

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

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

**Four of the Town's employees that collect non-police payments share two cash drawers (Exception).**

**Management Response/Corrective Action: The Town has a small number of employees and there are two main drawers that collect payments. There are, at times, four employees working that assist customers with utility and other payments. The drawers are centrally located within open view of the other employees and two cameras record the transactions during normal working hours (Compensating Control). No corrective action plan was deemed necessary.**

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

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

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

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

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

**Management Response/Corrective Action: Since the management collection and accounting systems are integrated, management contends that no corrective action plan was deemed necessary.**

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

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

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

**Each person responsible for handling cash is bonded without exception.**

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

- a) Observe that receipts are sequentially pre-numbered.

**When applicable, receipts were sequentially pre-numbered without exception.**

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

**When applicable, sequentially pre-numbered receipts, system reports, and other related collection documentation were traced to deposit slips without exception.**

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

**The deposit slip totals on the tested 10 deposits were traced to the bank statement deposit without exception.**

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

**All applicable deposits were made within one business day of receipt without exception.**

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

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

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

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

**The listing was obtained by management. As no prior year exceptions were reported in this category, testing was not required.**

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

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

N/A

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

N/A

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

N/A

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

N/A

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that

the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

N/A

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

N/A

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

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

**As no prior year exception was reported in this category testing was not required.**

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

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

N/A

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

N/A

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

N/A

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

---

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

**Management provided the required list.**

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

**The Town utilizes a standard per diem rate of \$60 per day for meals and incidental expenses. This exceeds the standard GSA rate of \$55 per day by \$5 (Exception).**

**Management Response/Corrective Action: Management has chosen to follow the policy approved by the Mayor and Council, instead of GSA rates. No corrective action plan was deemed necessary.**

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

**Of the five disbursements tested, the Town did not reimburse any employees for actual costs.**

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

**Of the five disbursements tested, all five were supported by documentation of the business/public purpose as required by written policy.**

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

**Of the five disbursements tested, all five were reviewed and approved, in writing, by someone other than the person receiving the reimbursement without exception.**

***Contracts***

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

**As no prior year exceptions were reported in this category testing was not required.**

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

N/A

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

N/A

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

N/A

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

N/A

***Payroll and Personnel***

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

**Management provided the required listing. Paid salaries and wages for each of the five selected employees/officials agreed with the authorized salaries/pay rates without exception.**

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

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

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

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

**Documentation of supervisor's approval of the attendance and leave for all employees tested was provided without exception.**

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

**The Town maintained written leave records reflecting the hours earned, used, and the cumulative balance available at the fiscal year-end without exception.**

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials,

obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

**The listing was provided by management. Only two employees were terminated during the fiscal year. The termination payments were in strict accordance with the Town's termination policy without exception.**

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

**Management provided verification that all payments were made timely and required forms were filed on time without exception.**

#### Ethics

---

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

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

**The documentation demonstrated that all 5 employees tested had completed their one hour of ethics training during the fiscal period.**

- b.) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

**There was no documentation demonstrating that each employee selected, attested through signature verification, that they had read the Town's policy during the fiscal period (Exception).**

**Management Response/Corrective Action: Management will deliver and/or make accessible to each employee on an annual basis, a copy of the Town's ethics policy. Management will document, with signature verification, that they have read the policy.**

#### Debt Service

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

**As no prior year exceptions were reported in this category, testing was not required.**

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

N/A

***Other***

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

**Management informed us that the Town did not have any misappropriation of public funds or assets during the fiscal year.**

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

**The Town did have the required notice posted in a conspicuous place upon its premises and on its website.**

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Royce T. Scimemi, CPA, APAC

