

Town of Kinder, Louisiana

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED JUNE 30, 2022

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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, 2022**

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, 2022. 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 \$10,828,818 (net position) for the fiscal year reported.
- Total revenues of \$5,148,857 exceeded total expenses of \$4,644,251 which resulted in a current year surplus of \$504,606. In comparison, for the previous year ended June 30, 2021, the Town's total revenues of \$6,512,302 exceeded total expenses of \$6,430,290, yielding a surplus of \$82,012.
- Total net position is comprised of the following:
 - (1) Capital assets, net of related debt, of \$7,008,240 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, 2021, the Town's capital assets, net of related debt, was \$7,471,872.
 - (2) For the fiscal years ended June 30, 2022 and 2021, respectively, net position of \$3,232,106 and \$2,586,363 were restricted by constraints imposed from outside the Town such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position, representing the portion of net position available to maintain the Town's continuing obligations to citizens and creditors, amounted to a surplus (deficit) of \$588,472 and \$265,977 for the fiscal years ended June 30, 2022 and 2021, respectively.
- The Town's governmental funds reported a total ending fund balance of \$4,077,760 this year. This compares to the prior year ending fund balance of \$3,056,395, reflecting an increase of \$1,021,365 during the current year. For the prior year ended June 30, 2021, a decrease of \$198,602 was reported in the total ending fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$909,979, or 38% of total General Fund expenditures and 31% of total General Fund revenues including other financing sources. In comparison, for the fiscal year ended June 30, 2021, unassigned fund balance for the General Fund was \$699,645, or 17% of total General Fund expenditures and 15% of total General Fund revenues including other financing sources.
- Overall, the Town's financial position improved in the current year, and the Town continues to maintain a strong financial position. It is continuing to work to improve on this financial position.

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

OVERVIEW OF FINANCIAL STATEMENTS

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

**Town of Kinder, Louisiana
Management's Discussion and Analysis
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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
Management's Discussion and Analysis
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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 compensation paid to the Mayor and council members, the schedule of compensation, benefits and other payments to the chief executive officer, and the justice system funding schedule – collecting/dispersing entity as required by Act 87 of the 2020 Louisiana regular legislative session is presented on pages 60 through 62 of this report.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's net position at fiscal year-end was \$10,828,818. The following table provides a summary of the Town's net position:

	<u>Summary of Net Position</u>			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Percentage Total</u>
Assets:				
Current assets	\$ 4,412,234	\$ 725,787	\$ 5,138,021	32%
Capital assets	<u>5,385,312</u>	<u>5,406,764</u>	<u>10,792,076</u>	<u>68%</u>
Total assets	<u>9,797,546</u>	<u>6,132,551</u>	<u>15,930,097</u>	<u>100%</u>
Deferred outflows of resources	<u>169,436</u>	<u>-</u>	<u>169,436</u>	<u>100%</u>
Liabilities:				
Current liabilities	343,252	200,045	543,297	11%
Long-term liabilities	<u>769,296</u>	<u>3,682,955</u>	<u>4,452,251</u>	<u>89%</u>
Total liabilities	<u>1,112,548</u>	<u>3,883,000</u>	<u>4,995,548</u>	<u>100%</u>
Deferred inflows of resources	<u>275,167</u>	<u>-</u>	<u>275,167</u>	<u>100%</u>
Net Position:				
Investment in capital assets, net of debt	5,185,086	1,823,154	7,008,240	65%
Restricted	3,167,781	64,325	3,232,106	30%
Unrestricted	<u>226,400</u>	<u>362,072</u>	<u>588,472</u>	<u>5%</u>
Total net position	<u>\$ 8,579,267</u>	<u>\$ 2,249,551</u>	<u>\$ 10,828,818</u>	<u>100%</u>

**Town of Kinder, Louisiana
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For the Year Ended June 30, 2022**

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 12.85 to 1 for governmental activities and 3.63 to 1 for business-type activities. This compares with the prior year's ratios of 3.02 to 1 and 5.48 to 1, respectively. For the Town overall, the current ratio is 9.46 to 1 while that same financial indicator was 3.25 to 1 for the fiscal year ended June 30, 2021. These ratios remain fairly strong.

The Town reported positive balances in net position for both governmental and business-type activities. For the fiscal years ended June 30, 2022 and 2021, respectively, net position increased (decreased) by \$818,439 and \$273,053 for governmental activities and by (\$313,833) and (\$191,041) for business-type activities. The Town's overall financial position improved during the fiscal year ended in 2022.

Note that approximately 60% and 71% of the governmental activities' net position are tied up in capital assets as of June 30, 2022 and June 30, 2021, respectively. The Town uses these capital assets to provide services to its citizens. However, with business-type activities, the Town has invested approximately 81% and 77% of its net position in capital assets during the respective fiscal years ended June 30, 2022 and 2021. 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, 2022 and 2021, 65% and 72% of the Town's total net position, net of debt, are included in capital assets.

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

	Governmental Activities	Business-Type Activities	Total	Percentage Total
Revenues:				
Program:				
Charges for services/fines	\$ 596,055	\$ 1,599,036	\$ 2,195,091	43%
Operating grants	489,086	-	489,086	10
General:				
Taxes	1,257,941	-	1,257,941	24
Gaming	272,490	-	272,490	5
Intergovernmental	883,458	-	883,458	17
Interest/investment earnings (losses)	(64,857)	168	(64,689)	(1)
Miscellaneous	115,480	-	115,480	2
Total Revenues	3,549,653	1,599,204	5,148,857	<u>100%</u>
Program expenses:				
General government	917,046	-	917,046	20%
Public safety:				
Police	1,208,555	-	1,208,555	26
Streets	560,718	-	560,718	12
Section 8 housing	322,840	-	322,840	7
Interest	1,515	69,791	71,306	1
Utility expenses	-	1,563,786	1,563,786	34
Total Expenses	<u>3,010,674</u>	<u>1,633,577</u>	<u>4,644,251</u>	<u>100%</u>
Excess (deficiency)	538,979	(34,373)	504,606	
Transfers	<u>279,460</u>	<u>(279,460)</u>	<u>-</u>	
Change in net position	818,439	(313,833)	504,606	
Beginning net position	<u>7,760,828</u>	<u>2,563,384</u>	<u>10,324,212</u>	
Ending net position	<u>\$ 8,579,267</u>	<u>\$ 2,249,551</u>	<u>\$ 10,828,818</u>	

**Town of Kinder, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2022**

GOVERNMENTAL REVENUES

The Town is heavily reliant on sales taxes to support governmental operations. Sales taxes account for 26% of the revenues for governmental activities, as compared with 19% in the prior year. Also note that program revenues cover only 36% (23% in the year ended June 30, 2021) of governmental operating expenses. This means that the government's taxpayers and the Town's other general revenues fund 64% (77% 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, 2022 and 2021, respectively, police services comprised 26% and 19% of the Town's total expenses and 40% and 26% of the total governmental expenses.

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

	Governmental Activities			
	2021		2022	
	<u>Total Cost of Services</u>	<u>Net Cost (Benefit) of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost (Benefit) of Services</u>
General government	\$ 821,322	\$ 679,663	\$ 917,046	\$ 764,426
Public safety:				
Police	1,240,328	724,080	1,208,555	668,310
Streets	2,466,590	2,360,153	560,718	517,593
Section 8 Housing	333,682	(2,110)	322,840	(26,311)
Interest on long-term debt	5,416	5,416	1,515	1,515
Total	<u>\$ 4,867,338</u>	<u>\$ 3,767,202</u>	<u>\$ 3,010,674</u>	<u>\$ 1,925,533</u>

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

Utility fund operating revenues increased 9% from prior year figures, while operating expenses increased 10%. In comparison, the fiscal year ended in 2021 reflected operating revenues for utility funds at 9% more than the previous year and operating expenses at 2% less than that the previous year. Within the total business-type activities of the Town, these activities reported a \$35,250 operating income compared to an operating income of \$218,820 for the prior year. However, after non-operating revenues and expenses, and operating transfers, the utility funds reported a loss of \$313,833, which compares with the overall fund loss of \$191,041 experienced in the year ended June 30, 2021.

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 \$4,077,760 and \$3,056,395, for the fiscal years ended June 30, 2022 and 2021, respectively. Of these year-end totals, \$909,979 and \$699,645 were unassigned for the respective years, indicating availability for continuing Town service requirements. Legally restricted fund balances were \$3,167,781 and \$2,356,750 in the years ended June 30, 2022 and 2021, respectively.

**Town of Kinder, Louisiana
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For the Year Ended June 30, 2022**

The total ending fund balances of governmental funds show an increase of \$1,021,365. This compares with an decrease of \$198,602 experienced in the prior fiscal year ended June 30, 2021.

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 \$514,570 in the current fiscal year, while in the fiscal year ended June 30, 2021, the fund balance increased by \$661,667. 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 decreased by \$1,489,372 or 43% less than the prior year, while in the fiscal year ended June 30, 2021, such revenues increased \$2,362,873 or 210% more than the preceding year. The expenditures side shows a decrease of \$1,633,782 or 40% less than the prior year. In comparison, the prior year expenditures increased by \$2,157,396, which was 114% more than the preceding fiscal year.

The General Fund's ending fund balance was \$1,289,012 representing the equivalent of 53% of its annual expenditures and 44% of its annual revenues including operating transfers.

The DMV Fund continues to maintain a moderate fund balance as current year revenues increased by 93% over prior year revenues while current year expenditures equaled prior year expenditures.

The HUD Fund, a major special revenue fund, continues to maintain a strong fund balance with revenues and expenditures in the fiscal year ended June 30, 2022 being 4% more than and 3% less than those in fiscal year ended June 30, 2021, 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, 2022 that were 72% more than those in the fiscal year ended June 30, 2021.

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, 2022 being 14% less than and 2% less than those in the fiscal year ended June 30, 2021, respectively, which had experienced a 22% revenue increase and expenditures were approximately the same as 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. It will be used to fund the repayment of the \$3,660,000 utility revenue refunding bonds.

PROPRIETARY FUNDS

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

BUDGETARY HIGHLIGHTS

The General Fund - Both the revenue and expenditure sides of the current year final budget for the General Fund were revised by a \$1,458,695 decrease and a \$1,368,566 decrease, respectively, in relation to the prior year's final budget. The primary change in the General Fund's budget relates to increases in grant income and increases in repairs and maintenance. The actual revenues exceeded the final budget by \$513,139 or 35% and the actual expenditures were exceeded by the final budget by \$104,514 or 4%.

The DMV Fund - The revenue and expenditure sides of the current year final budget for the DMV Fund were revised by a \$3,145 increase and unchanged, respectively, in relation to the prior year's final budget. The primary change in the DMV Fund's budget relates to an overall increase in special assessment revenues. The actual revenues exceeded budgeted revenues by \$1,378 or 25% and the actual expenditures were exceeded by budgeted expenditures by \$100 or 2%.

**Town of Kinder, Louisiana
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The Gaming Fund - The revenue side of the current year final budget for the Gaming Fund was revised by a \$81,492 increase and the expenditure side reflected no change in relation to the prior year final budget. The primary change in the Gaming Fund's budget relates to the overall increase in gaming revenues. The actual revenues were exceeded by the final budgeted revenues by \$4 while the actual expenditures equaled budgeted expenditures of \$0. Operating transfers of \$157,168 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 increases of \$17,530 and \$20,000, respectively in relation to the prior year final budget. The primary change in the HUD Fund's final amended budget compared to the original budget relates to an expected increase in housing assistance revenue and the overall increase in housing assistance expenditures. The actual revenues exceeded final budgeted revenues by \$11,603 or 3% and the actual expenditures were exceeded by final budgeted expenditures by \$37,160 or 10%.

The Sales Tax Fund - The revenue and expenditure sides of the current year final budget for the Sales Tax Fund were revised by increases of \$30,625 and \$86,130, respectively, in relation to the prior year's final budget. The primary change in the Sales Tax Fund's budget relates to an increase in sales tax revenues and an increase in principal retirement. The actual revenues were exceeded by the final budget revenues by \$58,716 or 6% and the actual expenditures were exceeded by the final budget by \$529,777 or 70%.

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, 2022, were \$5,385,312 and \$5,406,765, respectively, while those figures as of June 30, 2021, were \$5,510,096 and \$5,624,313 respectively. The depreciated percentage of capital assets at year-end for the Town as a whole was 4% more than that at the end of the prior year. See Note D for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. A major construction project was begun on the wastewater treatment plant expecting to cost about \$4.7 million. Construction in progress of \$200,775 was incurred for engineering plans. This project will be primarily funded by a federal grants totaling \$4.03 million. The following table provides a summary of capital asset activity.

	Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	2021	2022	2021	2022	2021	2022
Non-depreciable assets:						
Land	\$ 265,511	\$ 265,511	\$ 15,300	\$ 15,300	\$ 280,811	\$ 280,811
Construction in progress	-	-	101,362	200,775	101,362	200,775
Total non-depreciable	265,511	265,511	116,662	216,075	382,173	481,586
Depreciable assets:						
Buildings & utility systems	2,711,992	2,710,432	14,266,381	14,241,493	16,978,373	16,951,925
Equipment & furniture	1,190,667	1,306,210	-	-	1,190,667	1,306,210
Infrastructure	5,315,492	4,835,378	-	-	5,315,492	4,835,378
Total depreciable assets	9,218,151	8,852,020	14,266,381	14,241,493	23,484,532	23,093,513
Less accumulated depreciation	3,973,566	3,732,219	8,758,730	9,050,804	12,732,296	12,783,023
Book value-depreciable assets	<u>\$ 5,244,585</u>	<u>\$ 5,119,801</u>	<u>\$ 5,507,651</u>	<u>\$ 5,190,689</u>	<u>\$ 10,752,236</u>	<u>\$ 10,310,490</u>
Percentage depreciated	43%	42%	61%	64%	54%	55%
Book value-all assets	<u>\$ 5,510,096</u>	<u>\$ 5,385,312</u>	<u>\$ 5,624,313</u>	<u>\$ 5,406,764</u>	<u>\$ 11,134,409</u>	<u>\$ 10,792,076</u>

The depreciable capital assets for governmental activities were 42% and 43% depreciated for the fiscal years ended June 30, 2022 and June 30, 2021, respectively. This comparison indicates that the Town is replacing its governmental assets at rate faster than they are depreciating.

**Town of Kinder, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2022**

The major additions for governmental activities were:

- 1 police car
- 2 park canopies
- 2 welcome signs
- 1 tractor

With the Town's business-type activities, 64% of the asset values were depreciated at June 30, 2022 compared to 61% at June 30, 2021. This comparison indicates that the town is replacing its business-type assets at a rate slower than they are depreciating.

The major additions for business-type activities were:

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

LONG-TERM DEBT

At the end of the fiscal year, the Town had total long-term debt outstanding of \$3,847,590. 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 \$199,448 and retired \$112,915 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.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

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INDEPENDENT AUDITORS' REPORT

November 14, 2022

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business activities, and each major fund of the Town of Kinder, Louisiana (the "Town"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business activities, and each major fund of the Town as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

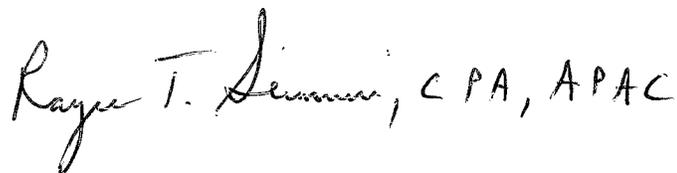
Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of compensation paid the Mayor and council members, schedule of compensation, benefits and other payments to chief executive officer, and the justice system funding schedule for a collecting/dispersing entity as required by Act 87 of the 2020 Louisiana regular legislative session are presented as other supplementary information ("OSI") on pages 60 through 62 for purposes of additional analysis and are not a required part of the basic financial statements. Such OSI is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The OSI has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion this OSI 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 November 14, 2022, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Royce T. Scimemi, CPA, APAC
November 14, 2022



BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

Town of Kinder, Louisiana
Statement of Net Position
June 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 1,407,042	\$ 239,481	\$ 1,646,523
Investments	1,254,031	46,502	1,300,533
Restricted cash	541,006	263,761	804,767
Taxes receivable	156,429	--	156,429
Gaming receivable	102,500	--	102,500
Interest receivable	1,334	--	1,334
Accounts receivable	--	175,912	175,912
Other receivable	63,524	131	63,655
Due from other governments	886,368	--	886,368
Land	265,511	15,300	280,811
Construction-in-progress	--	200,775	200,775
Capital assets, net	5,119,801	5,190,689	10,310,490
Total Assets	9,797,546	6,132,551	15,930,097
DEFERRED OUTFLOWS OF RESOURCES			
Aggregated deferred outflows	169,436	--	169,436
Total Deferred Outflows of Resources	169,436	--	169,436
LIABILITIES			
Accounts and other accrued payables	327,536	98,373	425,909
Due to (from) other funds	6,938	(6,938)	--
Interest payable	778	13,610	14,388
Due within one year	8,000	95,000	103,000
Due after one year	191,448	3,475,000	3,666,448
Customer meter deposits	--	199,436	199,436
Net pension liability	508,225	--	508,225
Accrued compensated absences	69,623	8,519	78,142
Total Liabilities	1,112,548	3,883,000	4,995,548
DEFERRED INFLOWS OF RESOURCES			
Aggregated deferred inflows	275,167	--	275,167
Total Deferred Inflows of Resources	275,167	--	275,167
NET POSITION			
Invested in capital assets, net of related debt	5,185,086	1,823,154	7,008,240
Restricted	3,167,781	64,325	3,232,106
Unrestricted	226,400	362,072	588,472
Total Net Position	\$ 8,579,267	\$ 2,249,551	\$ 10,828,818

See accompanying notes.

Town of Kinder, Louisiana
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities:							
General and Administrative	\$ 917,046	\$ 152,620	\$ --	\$ --	\$ (764,426)	\$ --	\$ (764,426)
Streets	560,718	--	43,125	--	(517,593)	--	(517,593)
Public Safety - Police	1,208,555	443,435	96,810	--	(668,310)	--	(668,310)
Section 8 Housing	322,840	--	349,151	--	26,311	--	26,311
Interest on Long-Term Debt	1,515	--	--	--	(1,515)	--	(1,515)
Total Governmental Activities	3,010,674	596,055	489,086	--	(1,925,533)	--	(1,925,533)
Business-Type Activities:							
Sewer Fund	404,912	307,818	--	--	--	(97,094)	(97,094)
Water Fund	410,063	395,032	--	--	--	(15,031)	(15,031)
Gas Fund	748,811	896,186	--	--	--	147,375	147,375
Interest on Long-Term Debt - Sewer Fund	69,791	--	--	--	--	(69,791)	(69,791)
Total Business-Type Activities	1,633,577	1,599,036	--	--	--	(34,541)	(34,541)
Total Primary Government	\$ 4,644,251	\$ 2,195,091	\$ 489,086	\$ --	\$ (1,925,533)	\$ (34,541)	\$ (1,960,074)

General Purpose Revenues and Operating Transfers:

Revenues			
Taxes:			
Property	194,470	--	194,470
Franchise	139,818	--	139,818
Sales	923,653	--	923,653
Intergovernmental - Federal	875,851	--	875,851
Intergovernmental - State	7,607	--	7,607
Miscellaneous	115,480	--	115,480
Gaming	272,490	--	272,490
Interest Income/Investment Earnings (Losses)	(64,857)	168	(64,689)
Operating Transfers	279,460	(279,460)	--
Total General Revenues and Operating Transfers	2,743,972	(279,292)	2,464,680
Change in Net Position	818,439	(313,833)	504,606
<i>Net Position at Beginning of Period</i>	<i>7,760,828</i>	<i>2,563,384</i>	<i>10,324,212</i>
Net Position at End of Period	\$ 8,579,267	\$ 2,249,551	\$ 10,828,818

See accompanying notes.

FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUND DESCRIPTIONS

General Fund

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

Special Revenue Funds

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

Sales Tax Fund

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

Gaming Fund

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

HUD Fund

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

DMV Fund

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

Debt Service Fund

Sales Tax Bond Sinking Fund

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

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, 2022

	Special Revenue					Debt Service	Total Governmental Funds
	General	DMV Fund	HUD Fund	Gaming Fund	Sales Tax Fund	Sales Tax Bond Sinking Fund	
ASSETS							
Cash	\$ 284,659	\$ 17,402	\$ 114,422	\$ 60,866	\$ 929,693	\$ --	\$ 1,407,042
Investments	--	--	--	--	1,254,031	--	1,254,031
Restricted cash	379,033	--	--	--	--	161,973	541,006
Taxes receivable	--	--	--	--	156,429	--	156,429
Gaming receivable	--	--	--	102,500	--	--	102,500
Interest receivable	--	--	--	--	1,334	--	1,334
Other receivable	63,524	--	--	--	--	--	63,524
Due from other governments	886,368	--	--	--	--	--	886,368
Total Assets	1,613,584	17,402	114,422	163,366	2,341,487	161,973	4,412,234
DEFERRED OUTFLOWS OF RESOURCES							
Aggregated deferred outflows	--	--	--	--	--	--	--
Total Assets and Deferred Outflows of Resources	\$ 1,613,584	\$ 17,402	\$ 114,422	\$ 163,366	\$ 2,341,487	\$ 161,973	\$ 4,412,234
LIABILITIES							
Accounts and other accrued payables	\$ 317,634	\$ --	\$ --	\$ --	\$ 9,902	\$ --	\$ 327,536
Due to (from) other funds	6,938	--	--	--	--	--	6,938
Total Liabilities	324,572	--	--	--	9,902	--	334,474
DEFERRED INFLOWS OF RESOURCES							
Aggregated deferred inflows	--	--	--	--	--	--	--
Total Liabilities and Deferred Inflows of Resources	324,572	--	--	--	9,902	--	334,474
FUND BALANCE							
Restricted	379,033	17,402	114,422	163,366	2,331,585	161,973	3,167,781
Unassigned	909,979	--	--	--	--	--	909,979
Total Fund Balance	1,289,012	17,402	114,422	163,366	2,331,585	161,973	4,077,760
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,613,584	\$ 17,402	\$ 114,422	\$ 163,366	\$ 2,341,487	\$ 161,973	\$ 4,412,234

See accompanying notes.

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

Total Fund Balances - Governmental Funds	\$	4,077,760
Accrued interest payable is accrued in Statement of Net Position and expensed in the Statement of Activities. Interest is expensed in a cash basis on the Statement of Revenues, Expenditures, and Changes in Fund Balances.		(778)
Fixed assets expensed as capital outlays in governmental fund statements, but capitalized in the Statement of Net Position. These are expensed when acquired in the Statement of Revenues, Expenditures, and Changes in Fund Balances.		72,605
Compensated absences are expensed as paid in governmental fund statements, expensed as incurred in entity-wide statements, and reflected as liability in Statement of Net Position.		(69,623)
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.		5,312,707
Long-term debt is reflected in Statement of Net Position but not in governmental funds balance sheet.		(199,448)
Net pension liability is reflected in the Statement of Net Position but not in governmental funds balance sheet.		(508,225)
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred outflows.		169,436
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred inflows.		(275,167)
Total Net Position - Governmental Activities	\$	<u>8,579,267</u>

See accompanying notes.

Town of Kinder, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue					Debt Service		Total Governmental Funds
	General	DMV Fund	HUD Fund	Gaming Fund	Sales Tax Fund	Sales Tax Bond Sinking Fund		
Revenues								
Taxes	\$ 334,288	\$ --	\$ --	\$ --	\$ 923,653	\$ --	\$ --	\$ 1,257,941
Licenses and permits	145,745	--	--	--	--	--	--	145,745
Intergovernmental	958,963	--	349,151	--	43,125	--	--	1,351,239
Fines	443,435	--	--	--	--	--	--	443,435
Miscellaneous	115,480	--	--	--	--	--	--	115,480
Gaming	--	--	--	272,490	--	--	--	272,490
Special assessments	--	6,875	--	--	--	--	--	6,875
Interest Income/investment earnings (losses)	473	8	17	6	(65,369)	8	8	(64,857)
Total Revenues	1,998,384	6,883	349,168	272,496	901,409	8	8	3,528,348
Expenditures								
General and administrative	689,259	4,000	3,000	--	158,944	--	--	855,203
Streets	415,301	--	--	--	--	--	--	415,301
Public Safety - Police	1,262,838	--	--	--	--	--	--	1,262,838
Section 8 housing	--	--	322,840	--	--	--	--	322,840
Interest on long-term debt	--	--	--	--	--	737	737	737
Capital outlay	56,368	--	--	--	72,604	--	--	128,972
Total Expenditures	2,423,766	4,000	325,840	--	231,548	737	737	2,985,891
Excess (Deficiency) of Revenues Over (Under) Expenditures	(425,382)	2,883	23,328	272,496	669,861	(729)	(729)	542,457
Other Financing Sources (Uses)								
Bond proceeds - sales tax bonds	--	--	--	--	199,448	--	--	199,448
Operating transfers	939,952	--	--	(157,168)	(666,019)	162,695	162,695	279,460
Net Other Financing Sources (Uses)	939,952	--	--	(157,168)	(466,571)	162,695	162,695	478,908
Net Changes in Fund Balances	514,570	2,883	23,328	115,328	203,290	161,966	161,966	1,021,365
Fund Balances at Beginning of Period	774,442	14,519	91,094	48,038	2,128,295	7	7	3,056,395
Fund Balances at End of Period	\$ 1,289,012	\$ 17,402	\$ 114,422	\$ 163,366	\$ 2,331,585	\$ 161,973	\$ 161,973	\$ 4,077,760

See accompanying notes.

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

Total Net Change in Fund Balances - Governmental Funds	\$ 1,021,365
Fixed assets expensed as capital outlays in governmental fund statements, but capitalized in the Statement of Net Position.	128,972
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.	13,315
Depreciation expense is reflected in entity-wide statements, but not deducted in the governmental fund statements.	(253,756)
Accrued interest expense is included in Statement of Activities, but only expensed as paid in governmental fund statements.	(778)
Proceeds of long-term debt treated as revenue in the fund level statements, treated as increases to long-term debt in entity-wide statements.	(199,448)
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.	87,464
Non-employers contributions to retirement systems for the benefit of Town employees.	21,305
Changes in Net Position - Governmental Activities	\$ <u>818,439</u>

See accompanying notes.

Town of Kinder, Louisiana
Statement of Net Position
Proprietary Funds
June 30, 2022

	Business-Type Activities - Enterprise Funds			
	Sewer Fund	Water Fund	Gas Fund	Total Enterprise Funds
ASSETS				
<i>Current Assets</i>				
Cash	\$ 113,659	\$ 125,822	\$ --	\$ 239,481
Investments	--	14,834	31,668	46,502
Restricted cash	64,325	137,997	61,439	263,761
Accounts receivable	30,428	35,227	110,257	175,912
Other receivable	--	131	--	131
Total Current Assets	208,412	314,011	203,364	725,787
<i>Noncurrent Assets</i>				
Land	15,300	--	--	15,300
Construction-in-progress	200,775	--	--	200,775
Capital assets, net	4,599,060	475,205	116,424	5,190,689
Total Noncurrent Assets	4,815,135	475,205	116,424	5,406,764
Total Assets	5,023,547	789,216	319,788	6,132,551
DEFERRED OUTFLOWS OF RESOURCES				
Aggregated deferred outflows	--	--	--	--
Total Deferred Outflows of Resources	--	--	--	--
LIABILITIES				
<i>Current Liabilities</i>				
Accounts and other accrued payables	6,453	28,777	63,143	98,373
Interest payable	13,610	--	--	13,610
Due within one year	95,000	--	--	95,000
Due to (from) other funds	(6,914)	2,180	(2,204)	(6,938)
Total Current Liabilities	108,149	30,957	60,939	200,045
<i>Noncurrent Liabilities</i>				
Customer meter deposits	147	77,783	121,506	199,436
Due after one year	3,475,000	--	--	3,475,000
Accrued compensated absences	--	1,575	6,944	8,519
Total Noncurrent Liabilities	3,475,147	79,358	128,450	3,682,955
Total Liabilities	3,583,296	110,315	189,389	3,883,000
DEFERRED INFLOWS OF RESOURCES				
Aggregated deferred inflows	--	--	--	--
Total Deferred Inflows of Resources	--	--	--	--
NET POSITION				
<i>Invested in capital assets, net of related debt</i>	1,231,525	475,205	116,424	1,823,154
<i>Restricted</i>	64,178	147	--	64,325
<i>Unrestricted</i>	144,548	203,549	13,975	362,072
Total Net Position	\$ 1,440,251	\$ 678,901	\$ 130,399	\$ 2,249,551

See accompanying notes.

Town of Kinder, Louisiana
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Total Enterprise Funds</u>
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Gas Fund</u>	
Operating Revenues				
Charges for services	\$ 307,818	\$ 395,032	\$ 896,186	\$ 1,599,036
Total Operating Revenues	<u>307,818</u>	<u>395,032</u>	<u>896,186</u>	<u>1,599,036</u>
Operating Expenses				
Advertising - notices	--	350	--	350
Audit fees	--	6,000	6,000	12,000
Contract labor	--	--	10,764	10,764
Depreciation	316,188	35,878	17,959	370,025
Dues	--	375	100	475
Engineering fees	--	--	808	808
Gas and oil	--	--	10,586	10,586
Insurance	--	12,882	22,139	35,021
Materials and supplies	9,563	13,845	10,439	33,847
Miscellaneous	2,560	1,340	1,049	4,949
Office supplies	--	621	332	953
Payroll taxes	--	4,147	7,479	11,626
Per diem	--	300	180	480
Postage	--	4,558	4,531	9,089
Professional services	39,957	--	6,288	46,245
Retirement	--	--	1,506	1,506
Repairs and maintenance	6,959	27,706	2,312	36,977
Salaries	--	33,060	83,758	116,818
Telephone	--	--	1,451	1,451
Travel	--	2,585	2,534	5,119
Uniforms	2,908	3,505	2,908	9,321
Utilities	26,777	12,502	986	40,265
Water and gas purchases	--	250,409	554,702	805,111
Total Operating Expenses	<u>404,912</u>	<u>410,063</u>	<u>748,811</u>	<u>1,563,786</u>
Operating Income (Loss)	<u>(97,094)</u>	<u>(15,031)</u>	<u>147,375</u>	<u>35,250</u>
Non-Operating Revenues (Expenses)				
Interest Income	253	104	(189)	168
Interest expense	(69,791)	--	--	(69,791)
Net Non-Operating Revenues (Expenses)	<u>(69,538)</u>	<u>104</u>	<u>(189)</u>	<u>(69,623)</u>
Income Before Operating Transfers	(166,632)	(14,927)	147,186	(34,373)
Operating transfers	(40,694)	(28,528)	(210,238)	(279,460)
Change In Net Position	<u>(207,326)</u>	<u>(43,455)</u>	<u>(63,052)</u>	<u>(313,833)</u>
Net Position at Beginning of Period	<u>1,647,577</u>	<u>722,356</u>	<u>193,451</u>	<u>2,563,384</u>
Net Position at End of Period	<u>\$ 1,440,251</u>	<u>\$ 678,901</u>	<u>\$ 130,399</u>	<u>\$ 2,249,551</u>

See accompanying notes.

TOWN OF KINDER, LOUISIANA
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2022

	Business-Type Activities – Enterprise Funds			
	Water Fund	Sewer Fund	Gas Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 396,116	\$ 304,408	\$ 864,791	\$ 1,565,315
Payments to suppliers	(333,927)	(102,911)	(614,728)	(1,051,566)
Payments to employees	(37,507)	-	(102,043)	(139,550)
Net cash from operating activities	24,682	201,497	148,020	374,199
CASH FLOWS FROM INVESTING ACTIVITIES:				
Net proceeds (purchase) of investments	(14,981)	-	(31,953)	(46,934)
Interest earnings	251	253	95	599
Net cash from investing activities	(14,730)	253	(31,858)	(46,335)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Interest paid on sewer revenue bonds	-	(58,717)	-	(58,717)
Principal paid on sewer revenue bonds	-	(90,000)	-	(90,000)
Purchase of fixed assets	(29,311)	(108,663)	(14,502)	(152,476)
Net cash from capital activities	(29,311)	(257,380)	(14,502)	(301,193)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Operating transfers	(28,528)	(40,694)	(210,238)	(279,460)
Loans (to)/from other funds	4,038	(422)	7,104	10,720
Net cash from non-capital financing activities	(24,490)	(41,116)	(203,134)	(268,740)
NET INCREASE (DECREASE) IN CASH	(43,849)	(96,746)	(101,474)	(242,069)
CASH – BEGINNING	307,668	274,730	162,913	745,311
CASH – ENDING	\$ 263,819	\$ 177,984	\$ 61,439	\$ 503,242
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	\$ (15,031)	\$ (97,094)	\$ 147,375	\$ 35,250
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:				
Depreciation	35,878	316,188	17,959	370,025
(Increase) decrease in receivables	484	(3,410)	(36,310)	(39,236)
Increase (decrease) in accounts payable	3,051	(14,187)	23,381	12,245
Increase (decrease) in compensated absences	(300)	-	(9,300)	(9,600)
Increase (decrease) in customer meter deposits	600	-	4,915	5,515
Net cash from operating activities	\$ 24,682	\$ 201,497	\$ 148,020	\$ 374,199

See accompanying notes.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

As the municipal governing authority, for reporting purposes, the Town is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

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

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

2. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Town as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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

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

Fund Financial Statements

The Town uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Town functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Town are classified into two categories: governmental and proprietary/enterprise. The emphasis of fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town; if the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all governmental and enterprise funds of that category or type; or if the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Town reports the following major funds:

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

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

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

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

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

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

The 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

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

connection with an enterprise fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All other revenues and expenses are reported as non-operating revenues and expenses. The Town's enterprise funds account for water, sewer, and gas services.

3. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

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

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

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

4. Budgets and Budgetary Accounting

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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, 2022, the Town had deposits (book balances) totaling \$2,451,290. These deposits are stated at cost, which approximates market. Custodial credit risk is the risk that, in the event of bank failure, the Town's deposits may not be returned. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2022, the Town has \$2,441,214 in deposits (collected bank balances). These deposits are secured from custodial credit risk by \$579,979 of federal deposit insurance and \$1,861,235 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 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.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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, 2022 are as follows:

	Fair Value	Quoted Price in Active Markets Identical Assets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Cost
Mutual funds	\$ 322,276	\$ 322,276	\$ -	\$ -	\$ 360,514
US treasury notes	978,257	978,257	-	-	979,652
Total investments	<u>\$1,300,533</u>	<u>\$1,300,533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,340,166</u>

Type of Debt Investment	Fair Value	Maturity			Credit Rating (Standard and Poor's)
		Less than 1 Year	1 to 5 Years	6 to 10 Years	
Mutual funds	\$ 322,276	322,276	\$ -	\$ -	A+
US treasury notes	978,257	330,324	647,933	-	AA+
Total investments	<u>\$1,300,533</u>	<u>\$ 652,600</u>	<u>\$ 647,933</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	\$ 473	\$ -	\$ 473
Sales tax fund	2,775	(68,144)	(65,369)
Gaming fund	6	-	6
HUD fund	17	-	17
DMV fund	8	-	8
Sales tax bond sinking fund	8	-	8
Gas fund	95	(284)	(189)
Sewer fund	253	-	253
Water fund	251	(147)	104
Total	<u>\$ 3,886</u>	<u>\$ (68,575)</u>	<u>\$ (64,689)</u>

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

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 25% mutual funds and 75% US treasury notes.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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

7. Interfund Receivables/Payables

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

8. Accounts Receivable

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

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

9. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$1,500 or more for capitalization of asset purchases.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by asset type is as follows:

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

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.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

The statement reflects ending cash and cash equivalents of \$503,242 which represents unrestricted and restricted amounts of \$239,481 and \$263,761, 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	\$ 113,659	\$ 125,822	\$ -	\$ 239,481
Cash and cash equivalents-Restricted	<u>64,325</u>	<u>137,997</u>	<u>61,439</u>	<u>263,761</u>
Total cash per the statement of cash flows	<u>\$ 177,984</u>	<u>\$ 263,819</u>	<u>\$ 61,439</u>	<u>\$ 503,242</u>

11. Compensated Absences

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

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

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

At June 30, 2022, employees of the Town have accumulated \$78,142 in leave privileges.

12. Long-Term Debt

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

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

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:

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - Consists of all other net position that does not meet the definition of a or b above.

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

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

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

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

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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

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

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

collector and are recognized as revenue at that time. Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures/expenses

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

Other Financing Sources (Uses)

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

18. Environmental Remediation Costs

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

19. Subsequent Events

Management has evaluated subsequent events through November 14, 2022, the date the financial statements were issued.

20. Pensions

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

21. Deferred outflows/inflows of resources

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

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

NOTE B - PROPERTY TAXES

For the year ended June 30, 2022, taxes of 14.68 mills were levied on property with assessed valuations totaling \$13,590,870 and were dedicated as follows:

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

General corporate purposes 14.68 mills
 Total property taxes levied were \$199,514.

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, 2022:

<u>Class of Receivable:</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
Taxes:		
Sales and use	\$ 156,429	\$ -
Intergovernmental	886,368	-
Interest	1,334	-
Gaming	102,500	-
Charges for services	-	175,912
Other	<u>63,524</u>	<u>131</u>
Total	<u>\$ 1,210,155</u>	<u>\$ 176,043</u>

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

Note D – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2022 follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Governmental Activities:				
Land	\$ 265,511	\$ -	\$ -	\$ 265,511
Buildings	2,711,992	-	1,560	2,710,432
Equipment and furniture	1,190,667	128,972	13,429	1,306,210
Infrastructure	<u>5,315,492</u>	<u>-</u>	<u>480,114</u>	<u>4,835,378</u>
Totals at historical cost	9,483,662	128,972	495,103	9,117,531
Less accumulated depreciation for:				
Buildings	1,237,460	61,928	1,560	1,297,828
Equipment and furniture	942,976	59,511	13,429	989,058
Infrastructure	<u>1,793,130</u>	<u>132,317</u>	<u>480,114</u>	<u>1,445,333</u>
Total accumulated depreciation	<u>3,973,566</u>	<u>253,756</u>	<u>495,103</u>	<u>3,732,219</u>
Governmental Activities Capital Assets, net	<u>\$ 5,510,096</u>	<u>\$ (124,784)</u>	<u>\$ -</u>	<u>\$ 5,385,312</u>
Business-Type Activities:				
Land	\$ 15,300	\$ -	\$ -	\$ 15,300
Construction - in - progress				
-sewer system	101,362	99,413	-	200,775
Water system	2,256,285	29,311	77,951	2,207,645
Sewer system	11,269,124	9,250	-	11,278,374
Gas system	<u>740,972</u>	<u>14,502</u>	<u>-</u>	<u>755,474</u>
Totals at historical cost	14,383,043	152,476	77,951	14,457,568
Less accumulated depreciation for:				
Water system	1,774,513	35,878	77,951	1,732,440
Sewer system	6,363,126	316,188	-	6,679,314
Gas system	<u>621,091</u>	<u>17,959</u>	<u>-</u>	<u>639,050</u>
Total accumulated depreciation	<u>8,758,730</u>	<u>370,025</u>	<u>77,951</u>	<u>9,050,804</u>
Business-Type Activities Capital Assets, net	<u>\$ 5,624,313</u>	<u>\$ (217,549)</u>	<u>\$ -</u>	<u>\$ 5,406,764</u>

Depreciation expense for the year ended June 30, 2022 was \$253,756 and \$370,025 for the governmental activities and the business-type activities, respectively.

Depreciation expense was charged to governmental activities as follows:

General and administrative	\$ 67,237
Streets	145,852
Police	<u>40,667</u>
	<u>\$ 253,756</u>

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

The construction in progress for the waste-water treatment plant in the sewer fund was just beginning with engineering fees incurred totaling \$200,775. The project is expected to cost about \$4.7 million. This project will be primarily funded by a federal grant totaling about \$4.03 million.

NOTE E - ACCOUNTS PAYABLE

The following is a summary of payables at June 30, 2022:

<u>Class of Payable:</u>	<u>Governmental Activities Funds</u>	<u>Business-Type Activities Funds</u>
Trade accounts	\$ 327,536	\$ 98,373

NOTE F - PENSION PLAN

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

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

Municipal Police Employees Retirement System of Louisiana

Plan Description. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, provided he or she does not have to pay social security and provided he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013:

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

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

Member eligibility for regular retirement, early retirement, disability and survivor benefits is based on Hazardous Duty and Non-Hazardous Duty sub-plans. Under the Hazardous Duty sub-plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub-plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub-plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non-Hazardous Duty sub-plans, the benefit rates are 3% and 2½%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 25% to 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives 10% of average final compensation or \$200 per month whichever is greater. If a deceased member had less than 10 years of service, the beneficiary will receive a refund of employee contributions only.

Cost-of-Living Adjustments: The Board of Trustees is authorized to provide annual cost-of-living adjustments (COLA) computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility. No regular retiree, survivor or beneficiary shall be eligible to receive a COLA until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a COLA until they reach regular retirement age. A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

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

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

**Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022**

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

Funding Policy. Plan members are required by state statute to contribute 10% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. As provided by La. R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. For the fiscal year ended June 30, 2022, the required rate is 29.75% of annual covered payroll. The Town's contributions to the MPERS for the years ending June 30, 2022, 2021, and 2020 were \$96,253, \$97,648 and \$95,626, 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, 2022 was \$9,521.

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

At June 30, 2022, the Town reported a liability of \$508,225 for its proportionate share of net pension liability (NPL). The net pension liability was measured as of June 30, 2021 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, 2021, the Town's proportion was 0.095342%, which was an increase of 0.000081% from its proportion measured as of June 30, 2020. The Town's proportionate share of revenue recognized for non-employer pension contributions to the plan was \$21,305 through the measurement date.

For the year ended June 30, 2022, the Town recognized pension expense of \$74,948. At June 30, 2022, 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	\$ -	\$ 15,652
Net difference between projected and actual earnings on pension plan investments	-	237,301
Changes of assumptions	56,283	14,498
Changes in proportion of beginning NPL	16,900	7,182
Differences between Town contributions and proportionate share of contributions	-	534
Town contributions subsequent to the measurement date	<u>96,253</u>	<u>-</u>
Totals	<u>\$ 169,436</u>	<u>\$ 275,167</u>

The \$96,253 reported as deferred outflows of resources related to pensions resulting from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

Year ended June 30:	
2023	\$ (37,553)
2024	(37,420)
2025	(45,254)
2026	(81,757)
2027	-
Thereafter	-
Total	<u>\$ (201,984)</u>

Actuarial assumptions. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

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

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

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2021 (the measurement date) are summarized in the following table:

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

<u>Asset Class</u>	<u>Target Allocation</u>	Long-Term Expected Portfolio Real <u>Rate of Return</u>
Equity	55.50%	3.47%
Fixed Income	30.50%	0.59%
Alternative	<u>14.00%</u>	<u>1.02%</u>
Totals	100.00%	5.08%
Inflation		<u>2.22%</u>
Expected Arithmetic Return		7.30%

Discount rate. The discount rate used to measure the total pension liability was 6.750%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the MPERS's actuary. Based on those assumptions, the MPERS's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.750% as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.750%) and one percentage point higher (7.750%) than the current rate as of June 30, 2021:

	<u>1% Decrease 5.750%</u>	<u>Discount Rate 6.750%</u>	<u>1% Increase 7.750%</u>
Town's proportionate share of the net pension liability	\$885,756	\$508,225	\$193,114

Change in Net Pension Liability: The changes in the net pension liability for the year ended June 30, 2021, were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience:

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$15,652 for the year ended June 30, 2022.

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 inflow of resources in the amount of \$237,301 for the year ended June 30, 2022.

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

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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 \$56,283 and a deferred inflow of resources in the amount of \$14,498 for the year ended June 30, 2022.

Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense using a the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Changes in employer's portion of the beginning net pension liability resulted in a deferred outflow of resources of \$16,900 and a deferred inflow of resources of \$7,182 for the year ended June 30, 2022.

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

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Differences between Town contributions and proportionate share of contributions resulted in a deferred inflow of resources of \$534 for the year ended June 30, 2022.

NOTE G - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2022 follows:

	<u>Beginning of Year</u>	<u>Issued</u>	<u>Retired</u>	<u>End of Year</u>
Bonds payable	\$ 3,660,000	\$ 199,448	\$ 90,000	\$ 3,769,448
Other liabilities:				
Accrued leave benefits	<u>101,057</u>	<u>-</u>	<u>22,915</u>	<u>78,142</u>
Long-Term Liabilities	<u>\$ 3,761,057</u>	<u>\$ 199,448</u>	<u>\$ 112,915</u>	<u>\$ 3,847,590</u>

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

Accrued Leave Payable-Governmental	\$ 69,623
Accrued Leave Payable-Proprietary	8,519

Utilities Revenue Refunding Bonds Payable-Proprietary:

\$3,660,000 Sewer revenue refunding bonds dated 06/08/2021 due in an initial payment due on 03/01/2022 in annual installments of \$90,000 to \$165,000 from 03/01/2022 through 03/01/2051; interest at 1.15% to 3% (secured by utility revenues)	3,570,000
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Taxable Sales Tax Bond Payable-Governmental

\$3,350,000 Sales tax bonds dated 08/26/2021 due in annual installments of \$137,000 to \$164,000 from 08/01/2022 through 08/01/2041; interest at 0.95% (secured by sales tax revenues)	<u>199,448</u>
Total	<u>\$ 3,847,590</u>

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

The annual requirements to amortize all revenue and sales tax bonds outstanding at June 30, 2022 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Totals</u>
2023	\$ 103,000	\$ 81,102	\$ 184,102
2024	233,000	79,411	312,411
2025	148,448	77,408	225,856
2026	100,000	76,062	176,062
2027	100,000	74,913	174,913
2028-2032	525,000	347,788	872,788
2033-2037	575,000	295,900	870,900
2038-2042	645,000	231,037	876,037
2043-2047	730,000	139,275	869,275
2048-2051	<u>610,000</u>	<u>36,625</u>	<u>646,625</u>
Totals	<u>\$3,769,448</u>	<u>\$1,439,521</u>	<u>\$5,208,969</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, 2022 the statutory limit is \$4,756,805.

NOTE H - COMPONENTS OF RESTRICTED ASSETS

	<u>On Deposit</u>	<u>Required</u>	<u>Over (Under)</u>
Restricted assets consisted of the following at June 30, 2022:			
Cash accounts in general fund	\$ 379,033	\$ 379,033	\$ -
Cash account in sales tax bond sinking fund	161,973	147,098	14,875
Utilities refunding bond sinking account	64,325	50,162	14,163
Customer deposits – gas and water and sewer	<u>199,436</u>	<u>199,436</u>	<u>-</u>
Total restricted assets	<u>\$804,767</u>	<u>\$775,729</u>	<u>\$29,038</u>

NOTE I - RISK MANAGEMENT

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

NOTE J - CONTINGENCIES

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

NOTE K - TRIBAL STATE COMPACT COMPLIANCE

The \$157,168 in operating transfers out of the gaming fund to the other funds were used entirely for reimbursement of police salaries of \$157,168.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE L - LOCAL SERVICES AGREEMENT

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

NOTE M - DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees who have been employed by the Town for 12 consecutive months, permits them to defer a portion of their salaries until future years. The Town will match one-hundred percent (100%) of the employee's contribution to a maximum of five percent (5%) of the employee's salary. The deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency. Deferred compensation is available to employees' beneficiaries in case of death. The amount of deferred compensation reported as expense during the reporting period was \$15,296. The balance due to the plan for both employer and employee contributions at the end of the reporting period was \$0.

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

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

NOTE N - ON-BEHALF PAYMENTS FOR SALARIES

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

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

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE O – OPERATING TRANSFERS

Operating transfers consisted of the following at June 30, 2022:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
General Fund	\$ 2,754,874	\$ 1,814,922
Sales Tax Fund	-	666,019
Gaming Fund	-	157,168
Sales Tax Bond Sinking Fund	162,695	-
Water Fund	35,192	63,720
Sewer Fund	184,306	225,000
Gas Fund	<u>-</u>	<u>210,238</u>
	<u>\$3,137,067</u>	<u>\$3,137,067</u>

Operating transfers are used to move revenues from the fund that is required by statute or budget to collect them to the fund that is required by statute or budget to expend them. Typically, most of the operating transfers from proprietary funds are made into the General Fund. The Gaming Fund transfers to the General Fund in the amount of \$157,168 are used to cover a portion of police salaries. Operating transfers totaling \$162,695 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 \$183,300 to the Sewer Fund. The interfund balances result from the credit/debit card collections by the Water Fund that belong to the Gas and Sewer Funds that have not been transferred by the end of each month. Also, the interfund balances result from the payment of payroll in the General Fund that is subsequently reimbursed by the Gas and Water Funds.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Kinder, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
				Final to Actual
Revenues				
Ad valorem	\$ 187,000	\$ 187,660	\$ 194,470	\$ 6,810
Public utility franchise	125,000	128,000	139,818	11,818
Licenses	130,000	110,000	134,594	24,594
Permits	7,200	10,795	11,151	356
Beer tax	8,000	8,000	7,607	(393)
Grant	251,800	511,605	951,356	439,751
Court fines	558,000	401,850	410,690	8,840
Police special	25,000	32,000	32,670	670
DWI	200	--	75	75
Interest	100	300	473	173
Miscellaneous	49,500	95,035	115,480	20,445
Total Revenues	1,341,800	1,485,245	1,998,384	513,139
Expenditures				
<i>Current:</i>				
Advertising - notices	5,000	5,000	5,453	(453)
Audit fees	6,000	6,000	6,000	--
Auto allowance - dog catcher	1,560	1,560	935	625
Care of prisoners	6,600	5,175	4,997	178
Contract labor	10,000	1,200	1,199	1
Dues	2,700	4,330	4,422	(92)
Engineering fees	8,000	4,160	1,699	2,461
Gas and oil	36,000	38,580	44,754	(6,174)
Insurance	344,720	393,600	378,664	14,936
Materials and supplies	43,000	40,000	43,018	(3,018)
Miscellaneous	31,875	34,775	37,848	(3,073)
Office supplies	4,500	5,700	6,691	(991)
Payroll taxes	81,473	84,970	87,465	(2,495)
Per diem	3,000	--	--	--
Postage	4,500	4,500	1,872	2,628
Professional services	12,000	90,500	58,633	31,867
Repairs and maintenance	60,940	525,930	304,511	221,419
Retirement	111,755	105,395	108,543	(3,148)
Salaries	1,058,254	1,054,815	1,141,955	(87,140)
Salaries - dog catcher	14,690	14,690	16,315	(1,625)
Street lights	34,300	44,650	45,820	(1,170)
Telephone	21,200	21,500	22,894	(1,394)
Travel	3,000	1,450	1,088	362
Uniforms	5,000	6,000	3,924	2,076
Utilities	32,000	33,800	38,698	(4,898)
Capital outlays	--	--	56,368	(56,368)
Total Expenditures	1,942,067	2,528,280	2,423,766	104,514
Excess (Deficiency) of Revenues Over (Under) Expenditures	(600,267)	(1,043,035)	(425,382)	617,653
Other Financing Sources (Uses)				
Operating transfers	500,000	385,000	939,952	554,952
Total Other Financing Sources (Uses)	500,000	385,000	939,952	554,952
Net Change in Fund Balance	(100,267)	(658,035)	514,570	1,172,605
Fund Balance at Beginning of Period	774,442	774,442	774,442	--
Fund Balance at End of Period	\$ 674,175	\$ 116,407	\$ 1,289,012	\$ 1,172,605

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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
				<u>Final to Actual</u>
Revenues				
Interest	\$ 10	\$ 5	\$ 8	\$ 3
Special assessments	4,000	5,500	6,875	1,375
Total Revenues	<u>4,010</u>	<u>5,505</u>	<u>6,883</u>	<u>1,378</u>
Expenditures				
Miscellaneous	4,000	4,000	4,000	--
Repairs and maintenance	100	100	--	100
Total Expenditures	<u>4,100</u>	<u>4,100</u>	<u>4,000</u>	<u>100</u>
Net Change in Fund Balance	(90)	1,405	2,883	1,478
<i>Fund Balance at Beginning of Period</i>	14,519	14,519	14,519	--
Fund Balance at End of Period	<u>\$ 14,429</u>	<u>\$ 15,924</u>	<u>\$ 17,402</u>	<u>\$ 1,478</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable) Final to Actual
Revenues				
Interest	\$ 10,000	\$ 10	\$ 6	\$ (4)
Gaming	<u>180,000</u>	<u>272,490</u>	<u>272,490</u>	<u>--</u>
Total Revenues	<u>190,000</u>	<u>272,500</u>	<u>272,496</u>	<u>(4)</u>
Expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	190,000	272,500	272,496	(4)
Other Financing Sources (Uses)				
Operating transfers	<u>(170,000)</u>	<u>(150,000)</u>	<u>(157,168)</u>	<u>(7,168)</u>
Total Other Financing Sources (Uses)	<u>(170,000)</u>	<u>(150,000)</u>	<u>(157,168)</u>	<u>(7,168)</u>
Net Change in Fund Balance	20,000	122,500	115,328	(7,172)
<i>Fund Balance at Beginning of Period</i>	<u>48,038</u>	<u>48,038</u>	<u>48,038</u>	<u>--</u>
Fund Balance at End of Period	\$ <u>68,038</u>	\$ <u>170,538</u>	\$ <u>163,366</u>	\$ <u>(7,172)</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable) <u>Final to Actual</u>
Revenues				
Grant	\$ 355,000	\$ 337,550	\$ 349,151	\$ 11,601
Interest	<u>35</u>	<u>15</u>	<u>17</u>	<u>2</u>
Total Revenues	<u>355,035</u>	<u>337,565</u>	<u>349,168</u>	<u>11,603</u>
Expenditures				
Miscellaneous	3,000	3,000	3,000	--
Section 8 housing	<u>340,000</u>	<u>360,000</u>	<u>322,840</u>	<u>37,160</u>
Total Expenditures	<u>343,000</u>	<u>363,000</u>	<u>325,840</u>	<u>37,160</u>
Net Change in Fund Balance	12,035	(25,435)	23,328	48,763
<i>Fund Balance at Beginning of Period</i>	<u>91,094</u>	<u>91,094</u>	<u>91,094</u>	<u>--</u>
Fund Balance at End of Period	\$ 103,129	\$ 65,659	\$ 114,422	\$ 48,763

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, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Sales taxes	\$ 880,500	\$ 926,500	\$ 942,503	\$ 16,003
Less: collection fees	--	--	(18,850)	(18,850)
Grant	35,000	43,125	43,125	--
Interest income/investment earnings (losses)	20,000	(9,500)	(65,369)	(55,869)
Total Revenues	935,500	960,125	901,409	(58,716)
Expenditures				
<i>Current:</i>				
Audit fees	13,000	16,400	19,500	(3,100)
Debt issuance costs	--	--	47,212	(47,212)
Engineering fees	3,000	110,000	4,995	105,005
Materials and supplies	3,000	3,000	973	2,027
Miscellaneous	500	500	142	358
Professional services	5,000	56,200	8,318	47,882
Repairs and maintenance	68,665	29,135	77,804	(48,669)
<i>Debt service:</i>				
Principal retirement	61,210	236,700	--	236,700
Interest	150,610	103,000	--	103,000
Capital outlays	276,800	206,390	72,604	133,786
Total Expenditures	581,785	761,325	231,548	529,777
Excess (Deficiency) of Revenues Over (Under) Expenditures	353,715	198,800	669,861	471,061
Other Financing Sources (Uses)				
Bond proceeds - sales tax bond	--	199,500	199,448	(52)
Operating transfers	(200,000)	(255,000)	(666,019)	(411,019)
Total Other Financing Sources (Uses)	(200,000)	(55,500)	(466,571)	(411,071)
Net Change in Fund Balance	153,715	143,300	203,290	59,990
<i>Fund Balance at Beginning of Period</i>	<i>2,128,295</i>	<i>2,128,295</i>	<i>2,128,295</i>	<i>--</i>
Fund Balance at End of Period	\$ 2,282,010	\$ 2,271,595	\$ 2,331,585	\$ 59,990

See accompanying notes.

TOWN OF KINDER, LOUISIANA
General Fund
Departmental Expenditures –
Budgetary Comparison Schedules
For The Year Ended June 30, 2022

	<u>Budget</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
GENERAL AND ADMINISTRATIVE				
Advertising - notices	\$ 5,000	\$ 5,000	\$ 5,453	\$ (453)
Audit fees	6,000	6,000	6,000	-
Dues	2,500	4,000	4,092	(92)
Engineering fees	8,000	4,160	1,699	2,461
Gas and oil	1,000	2,580	4,515	(1,935)
Insurance	182,900	245,900	159,999	85,901
Material and supplies	8,000	8,000	12,067	(4,067)
Miscellaneous	20,915	10,600	13,667	(3,067)
Office supplies	3,000	4,200	6,023	(1,823)
Payroll taxes	20,670	22,420	22,775	(355)
Per diem	1,000	-	-	-
Postage	3,900	3,900	1,339	2,561
Professional services	6,000	65,500	45,674	19,826
Repairs and maintenance	27,695	42,590	47,207	(4,617)
Retirement	8,500	8,500	6,686	1,814
Salaries	296,640	305,675	317,798	(12,123)
Telephone	8,000	8,500	9,242	(742)
Travel	500	500	146	354
Utilities	21,300	21,300	24,877	(3,577)
TOTAL GENERAL AND ADMINISTRATIVE	<u>\$ 631,520</u>	<u>\$ 769,325</u>	<u>\$ 689,259</u>	<u>\$ 80,066</u>
 STREET DEPARTMENT				
Care of prisoners	\$ 3,000	\$ 675	\$ 120	\$ 555
Contract labor	10,000	1,200	1,199	1
Gas and oil	10,000	9,500	10,211	(711)
Insurance	23,100	26,000	20,472	5,528
Materials and supplies	20,000	20,000	19,442	558
Miscellaneous	3,360	6,175	3,984	2,191
Payroll taxes	4,805	5,715	6,286	(571)
Repairs and maintenance	4,500	442,505	226,834	215,671
Retirement	1,450	1,565	1,396	169
Salaries	60,560	72,800	76,190	(3,390)
Street lights	34,300	44,650	45,820	(1,170)
Utilities	1,700	3,400	3,347	53
TOTAL STREET DEPARTMENT	<u>\$ 176,775</u>	<u>\$ 634,185</u>	<u>\$ 415,301</u>	<u>\$ 218,884</u>

See accompanying notes.

TOWN OF KINDER, LOUISIANA
General Fund
Departmental Expenditures –
Budgetary Comparison Schedules
For The Year Ended June 30, 2022

	<u>Budget</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
POLICE DEPARTMENT				
Auto allowance – dog catcher	\$ 1,560	\$ 1,560	\$ 935	\$ 625
Care of prisoners	3,600	4,500	4,877	(377)
Dues	200	330	330	-
Gas and oil	25,000	26,500	30,028	(3,528)
Insurance	111,720	98,900	176,822	(77,922)
Insurance - dispatchers	27,000	22,800	21,371	1,429
Materials and supplies	15,000	12,000	11,509	491
Miscellaneous	7,600	18,000	20,197	(2,197)
Office supplies	1,500	1,500	668	832
Payroll taxes	55,998	56,835	58,404	(1,569)
Per diem	2,000	-	-	-
Postage	600	600	533	67
Professional services	6,000	25,000	12,959	12,041
Repairs and maintenance	28,745	40,835	30,470	10,365
Retirement	101,805	95,330	100,461	(5,131)
Salaries	701,054	676,340	747,967	(71,627)
Salaries - dog catcher	14,690	14,690	16,315	(1,625)
Telephone	13,200	13,000	13,652	(652)
Travel	2,500	950	942	8
Uniforms	5,000	6,000	3,924	2,076
Utilities	9,000	9,100	10,474	(1,374)
TOTAL POLICE DEPARTMENT	<u>\$ 1,133,772</u>	<u>\$ 1,124,770</u>	<u>\$ 1,262,838</u>	<u>\$ (138,068)</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:	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Town's proportion of the net pension liability (asset)	.095342%	.095261%	.091286%	.094927%	.105295%	.111447%	.107780%	.100676%	.094254%	Unavailable
Town's proportionate share of the net pension liability (asset)	\$508,225	\$880,434	\$829,030	\$802,519	\$919,270	\$1,044,572	\$844,344	\$629,838	\$752,942	Unavailable
Town's covered-employee payroll	\$289,326	\$294,626	\$285,076	\$280,144	\$314,339	\$312,185	\$288,305	\$260,940	\$263,494	\$215,453
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	175.66%	298.83%	290.81%	286.47%	292.45%	334.60%	292.86%	241.37%	285.75%	Unavailable
Plan fiduciary net position as a percentage of the total pension liability	84.09%	70.95%	71.01%	71.89%	70.08%	66.04%	70.73%	75.10%	66.71%	Unavailable

*Amounts presented were determined as of the measurement date.

**TOWN OF KINDER, LOUISIANA
General Fund
Schedule of Town's Contributions**

Municipal Police Employee Retirement System (MPERS)

Last 10 Fiscal Years

*Fiscal Year Ended June 30:	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$96,253	\$97,648	\$95,626	\$ 91,937	\$ 86,144	\$ 99,803	\$ 92,094	\$ 90,816	\$ 80,891	\$ 69,826
Contributions in relation to the contractually required contribution	<u>(96,253)</u>	<u>(97,648)</u>	<u>(95,626)</u>	<u>(91,937)</u>	<u>(86,144)</u>	<u>(99,803)</u>	<u>(92,094)</u>	<u>(90,816)</u>	<u>(80,891)</u>	<u>(69,826)</u>
Contribution deficiency (excess)	<u>\$ _____</u>									
Town's covered-employee payroll	\$323,538	\$289,326	\$294,626	\$285,076	\$280,144	\$314,339	\$312,185	\$288,305	\$260,940	\$263,494
Contribution as a percentage of cover-employee payroll	29.75%	33.75%	32.50%	32.25%	30.75%	31.75%	29.50%	31.50%	31.00%	26.50%

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

TOWN OF KINDER, LOUISIANA

**Notes to Required Supplementary Information
for the Year Ended June 30, 2022**

(1) Budget and Budgetary Accounting

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

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

(2) Excess of Expenditures Over Appropriations

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

(3) Pension Information

The schedule of the Town's proportionate share of the net pension liability and the schedule of the Town's pension contributions are intended to show information for 10 years. Additional years will be displayed as they become available.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF KINDER, LOUISIANA
Schedule of Compensation Paid to Mayor and Council Members
For The Year Ended June 30, 2022

DeWees, Maria	\$ 7,180
Fontenot, Christopher	7,180
Fontenot, Claude	6,150
LaFargue, Wayland – Mayor	32,644
Tunwar, Latoya	7,180
Van Norman, Angela	7,180
Doise, Barney	<u>1,030</u>
 Total Compensation Paid to Mayor and Council Members	 <u>\$ 68,544</u>

TOWN OF KINDER, LOUISIANA
Schedule of Compensation, Benefits and Other Payments to
Chief Executive Officer
For The Year Ended June 30, 2022

Chief Executive Officer: Wayland LaFargue, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$32,644
Benefits-insurance	-0-
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	413
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

Town of Kinder, Louisiana
Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session
For the Year Ended June 30, 2022

Identifying Information

Entity Name

Town of Kinder

LLA Entity ID # (This is the ID number assigned to the entity by the Legislative Auditor for identification purposes.)

2,276

Date that reporting period ended (mm/dd/yyyy)

6/30/2022

Cash Basis Presentation

First Six Month Period Ended 12/31/2021	Second Six Month Period Ended 06/30/2022
--	---

Beginning Balance of Amounts Collected (i.e. cash on hand)

48,014	63,193
--------	--------

Add: Collections

Criminal Court Costs/Fees

13,229

13,019

Criminal Fines - Other

202,286

205,462

Subtotal Collections

215,515

218,481

Less: Disbursements To Governments & Nonprofits: (Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary.)

Traumatic Head and Spinal Cord Injury Trust Fund - Court Cost

4,165

3,495

Court Management Information System - Court Cost

1,027

879

Crime Victim Reparation Fund - Court Cost

662

574

Southwest Louisiana Crime Lab - Court Cost

32,940

26,940

Allen Parish Indigent Defender Fund - Court Cost

10,980

9,020

Crime Stoppers - Court Cost

1,912

1,854

Louisiana Supreme Court Judicial College - Court Cost

544

441

Less: Amounts Retained by Collecting Agency

Town of Kinder - Criminal Fines - Other

148,106

160,702

Subtotal Disbursements/Retainage

200,336

203,905

Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)

63,193

77,769

Other Information:

Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)

35,699

20,904

See accompanying notes.

ROYCE T. SCIMEMI, CPA, APAC



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

November 14, 2022

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Kinder, Louisiana (the "Town"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 14, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Honorable Wayland LaFargue, Mayor
and the Town Council
Town of Kinder, Louisiana
November 14, 2022
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-1 C.

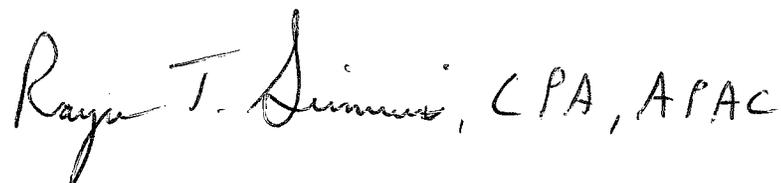
Town of Kinder, Louisiana's Response to Findings

The Town of Kinder, Louisiana's response to the findings identified in our audit is described in the accompanying management's corrective action plan for the current year audit findings and questioned costs. The Town of Kinder, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor of the State of Louisiana as a public document.

Royce T. Scimemi, CPA, APAC

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

**TOWN OF KINDER, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS AND
RESPONSES (UNAUDITED)
For The Year Ended June 30, 2022**

Finding #2022-1 C:

Local Governmental Budget Act Compliance

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

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

**TOWN OF KINDER, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For The Year Ended June 30, 2022**

Finding #2021-1 C:

Local Governmental Budget Act Compliance

The budgeted revenues in the gaming fund were in excess of actual revenues by 5% or more and the actual expenditures in the gaming fund were in excess of budgeted amounts by 5% or more. Management is monitoring revenues and expenditures monthly and amending the budget as necessary to comply with the Louisiana Local Governmental Budget Act.

Finding #2021-1 C:

Pledged Securities and Collateralized Deposits

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

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

November 14, 2022

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

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
No exceptions were found as a result of this procedure.
 - 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.
No exceptions were found as a result of this procedure.
 - c) ***Disbursements***, including processing, reviewing, and approving.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- 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.

No exceptions were found as a result of this procedure.

- 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).

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

Board or Finance Committee

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

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

The minutes reflected that the managing council met monthly except for the month of April 2022 as there was no quorum present. (Exception)

Management Response/Corrective Action: No corrective action plan was deemed necessary.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit 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 with variances were provided to the Council and Mayor by handout. The minutes reflect this activity for meetings that actually occurred without exception.

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

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

Bank Reconciliations

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

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

The listing was provided by management. All reconciliations were prepared within the two-month time frame as applicable 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 tested. The Town Clerk also occasionally makes deposits, handles cash at collection points, and does sign checks (Exception). Note that there are also two other members of management that sign the checks (Compensating Control).

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

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

Management had no documentation reflecting that it had researched all outstanding reconciling items in one bank account that was older than 12 months (Exception).

Management Response/Corrective Action: Management will research and reissue any outstanding item more than 12 months from the statement closing date and submit any qualifying payments to the State of Louisiana Unclaimed Property Division.

Collections (excluding electronic funds transfers)

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).

The listing was provided by management without exception.

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 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 believes that no corrective action plan is 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/official verifies the reconciliation.

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

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

Each employee that is 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.

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

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

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

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

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

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

The listing was provided by management without exception.

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.

None of the transactions tested reflected documentation that at least two employees were involved in initiating a purchase request, approving a purchase, and placing and order/making the purchase (Exception).

Management Response/Corrective Action: Management will correct this by having the initiating employee initial the purchase orders that are generated by another employee who also initials them before they are approved and placed in all non-recurring transactions.

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

In the tested transactions, two employees were involved in the processing and approving payment to vendors without exception.

- 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.

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

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

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

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:

Management provided the entire transaction population without exception.

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

The disbursements tested matched the related original itemized invoices. No other supporting documentation was provided to indicate the deliverables included were received by the entity (Exception).

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

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

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

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

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

The listing was provided by management without exception.

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 whether 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) were reviewed and approved, in writing (or electronically approved), by someone

other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

In one of the transactions tested, supporting documentation was not provided (Exception). None of the original receipts were reviewed or approved in writing by someone other than the authorized card holder (Exception).

Management Response/Corrective Action: Management will review and approve original receipts in writing by initialing before approval of payment occurs.

- b) Observe that finance charges and late fees were not assessed on the selected statements.
No finance charges and or late fees were assessed in the month tested.

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 it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

There were only 5 transactions during the month tested. Four of the five transactions tested were supported by an original itemized receipt that identified precisely what was purchased (Exception). Three of the five transactions tested did not have written documentation of the business/public purpose (Exception). There were no meals purchased in the month tested.

Management Response/Corrective Action: Management will verify that the original itemized receipt that identifies exactly what was purchased will be attached to the monthly statement before payment is made. Management will also list the business/public purpose of all purchases on the original itemized receipts.

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:

The listing was provided by management without exception.

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

The Town utilized a standard per diem rate of \$60 per day for meals and incidental expenses. This exceeded the standard GSA rate for 2021 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 the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No reimbursements based on actual costs were noted in the tested transactions.

- c) Observe 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).

Each reimbursement was supported by documentation of the business/public purpose. No meals were reimbursed outside of per diem reimbursements.

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

Three of the five disbursements tested were reviewed and approved, in writing, by someone other than the person receiving the reimbursement (Exception).

Management Response/Corrective Action: Management will ensure that all travel reimbursements will be reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

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

The listing was provided by management without exception.

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

There were no contracts in the current fiscal year that were required to be bid in accordance with the Louisiana Public Bid Law. No exception was found as a result of this procedure.

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

All of the contracts tested were approved by the Mayor in accordance with the Town policy. No exceptions were found as a result of this procedure.

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

No amendments or change orders were made to contracts tested. No exceptions were found as a result of this procedure.

- 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 the invoice and related payment agreed to the terms and conditions of the contract.

All tested payments matched supporting invoices and agreed with the terms and conditions of the contracts. No exceptions were found as a result of this procedure.

Payroll and Personnel

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

Management provided the required listing without exception. Paid salaries and wages for only one of the five selected employees/officials agreed with the authorized salaries/pay rates contained in the personnel files (Exception).

Management Response/Corrective Action: The paid salaries and wages were properly authorized. Management will update personnel files for the authorized updated pay rates.

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

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a 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 whether supervisors approved the attendance and leave of the selected employees or officials.

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

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

The leave accrued or taken during the pay period tested was reflected in the cumulative leave records without exception.

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

Paid salaries and wages for only one of the five selected employees/officials agreed with the authorized salaries/pay rates contained in the personnel files (Exception).

Management Response/Corrective Action: The paid salaries and wages were properly authorized. Management will update personnel files for the authorized updated pay rates.

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

The listing was provided by management without exception. The employees/officials tested were paid in accordance with the Town's termination policy without exception.

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

Management represented that all payments were made timely and any associated forms were filed timely 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 whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

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

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

Since there were no changes in the Town's ethics policy during the fiscal year, there was no need for any notifications.

Debt Service

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

Management provided the listing of bonds/notes issued during the fiscal year without exception. One new sales tax bond was issued during fiscal year and documentation of approval by State Bond Commission was provided without exception.

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

We verified that reserve balances and payments required by debt covenants were maintained and paid, as applicable, in accordance with the debt covenants without exception.

Fraud Notice

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

Management has represented that the Town did not have any misappropriation of public funds or assets during the fiscal year. No exceptions were found as a result of this procedure.

24. Observe 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 of Kinder office did have the required notice required by R.S. 24:523.1 posted in a conspicuous place upon its premises and on the Town's website. No exceptions were found as a result of this procedure.

Information Technology Disaster Recovery/Business Continuity

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

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

We performed the procedure and discussed the results with management. The Town's critical data is backed up on a daily basis to a cloud-based program. These backups are tested

regularly and accessible to the Town as needed. Management performed the procedure of retrieving the backups and verified that the data was restored. The data is not stored on a local medium but it is encrypted during the transfer. No exceptions were found as a result of this procedure.

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

We performed the procedure and discussed the results with management. The Town's data backups are tested regularly and accessible to the clerk and accounts payable clerk as needed. We observed evidence that the testing and verification was successfully performed within the past 3 months. No exceptions were found as a result of this procedure.

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

We performed the procedure and discussed the results with management. The listing was provided by management without exception. The Town pays an IT company on a monthly basis for services to maintain/update all computer software (including antivirus) and hardware. Each of the computers selected had current and active antivirus software, operating systems, and accounting software system that were currently supported by the vendor without exception.

Sexual Harassment

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

We were provided documentation that only one of the five employees/officials tested had completed at least one hour of sexual harassment training during the fiscal year (Exception).

Management Response/Corrective Action: Management will remind employees that this training is a requirement and to print verification of attendance after completion annually.

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

The Town's sexual harassment policy and complaint procedure was not posted on its web site (Exception). We did visually observe that the Town's sexual harassment policy and complaint procedure was posted in a conspicuous location on the premises without exception.

Management Response/Corrective Action: The Town will post the sexual harassment policy and complaint procedure on its web site.

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

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

The Town did not complete its annual sexual harassment report (Exception).

Management Response/Corrective Action: Management will complete its annual sexual harassment report and ensure that all elements of the applicable requirements of R.S. 42:344 are included.

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

Management represented that no sexual harassment complaints were received by the Town during the fiscal year.

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

Since there were no complaints received, there could be no associated findings that sexual harassment occurred.

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

Not applicable.

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

Not applicable.

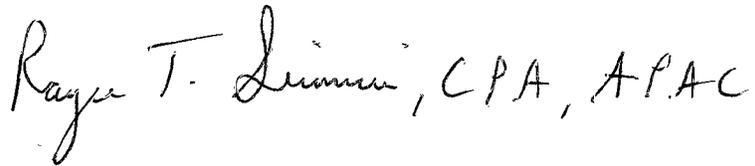
We were engaged by the Town to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to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

Independent Accountants' Report on Applying Agreed-Upon Procedures-Continued
Honorable Wayland LaFargue, Mayor and the Town Council
Town of Kinder, Louisiana
November 14, 2022

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

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

Royce T. Scimemi, CPA, APAC
Oberlin, Louisiana

A handwritten signature in black ink that reads "Royce T. Scimemi, CPA, APAC". The signature is written in a cursive style with some capital letters.