

Town of Kinder, Louisiana

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED JUNE 30, 2017

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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, 2017**

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, 2017. 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 \$10,728,985 (net position) for the fiscal year reported.
- Total revenues of \$3,631,919 were exceeded by total expenses of \$3,794,516 which resulted in a current year deficit of \$162,597. In comparison, for the previous year ended June 30, 2016, the Town's total revenues of \$3,521,119 were exceeded by its total expenses of \$3,915,506, yielding a deficit of \$394,387.
- Total net position are comprised of the following:
 - (1) Capital assets, net of related debt, of \$7,775,210 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, 2016, the Town's net capital assets were \$8,119,891.
 - (2) For the fiscal years ended June 30, 2017 and 2016, respectively, net position of \$3,097,821 and \$3,005,215 were restricted by constraints imposed from outside the Town such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position, representing the portion of net position available to maintain the Town's continuing obligations to citizens and creditors, amounted to deficits of \$144,046 and \$233,524 for the fiscal years ended June 30, 2017 and 2016, respectively.
- The Town's governmental funds reported a total ending fund balance of \$3,116,416 this year. This compares to the prior year ending fund balance of \$2,887,189, reflecting an increase of \$229,227 during the current year. For the prior year ended June 30, 2016, a decrease of \$371,193 was reported in the total ending fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$185,134, or 10% of total General Fund expenditures and 10% of total General Fund revenues including other financing sources. In comparison, for the fiscal year ended June 30, 2016, unassigned fund balance for the General Fund was \$87,886, or 5% of total General Fund expenditures and 9% of total General Fund revenues including other financing sources.
- Overall, the Town's financial position deteriorated slightly in the current year but the Town continues to maintain a strong financial position and is continuing to work to improve on this financial position.

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

OVERVIEW OF FINANCIAL STATEMENTS

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

**Town of Kinder, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2017**

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 17 and 18 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 21 through 24 of this report.

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

**Town of Kinder, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2017**

The basic enterprise fund financial statements are presented on pages 25 through 27 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 28 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 46 through 55 of this report.

Other supplementary information including the schedule of number of utility customers, the schedule of insurance in force, the schedule of compensation paid to the Mayor and Council members, and the schedule of compensation, benefits and other payments to the chief executive officer is presented on pages 57 through 60 of this report.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's net position at fiscal year-end was \$10,728,985. The following table provides a summary of the Town's net position:

Summary of Net Position

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Percentage Total</u>
Assets:				
Current assets	\$ 3,187,888	\$ 844,567	\$ 4,032,455	26%
Capital assets	<u>4,650,339</u>	<u>6,918,686</u>	<u>11,569,025</u>	<u>74</u>
Total assets	<u>7,838,227</u>	<u>7,763,253</u>	<u>15,601,480</u>	<u>100%</u>
Deferred outflows of resources	<u>372,266</u>	-	<u>372,266</u>	<u>100%</u>
Liabilities:				
Current liabilities	72,392	96,759	169,151	3%
Long-term liabilities	<u>1,134,586</u>	<u>3,924,344</u>	<u>5,058,930</u>	<u>97</u>
Total liabilities	<u>1,206,978</u>	<u>4,021,103</u>	<u>5,228,081</u>	<u>100%</u>
Deferred inflows of resources	<u>16,680</u>	-	<u>16,680</u>	<u>100%</u>
Net Position:				
Investment in capital assets, net of debt	4,649,418	3,125,792	7,775,210	72%
Restricted	2,931,282	166,539	3,097,821	29
Unrestricted	<u>(593,865)</u>	<u>449,819</u>	<u>(144,046)</u>	<u>(1)</u>
Total net position	<u>\$ 6,986,835</u>	<u>\$ 3,742,150</u>	<u>\$ 10,728,985</u>	<u>100%</u>

**Town of Kinder, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2017**

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 44.04 to 1 for governmental activities and 8.73 to 1 for business-type activities. This compares with the prior year's ratios of 14.84 to 1 and 9.81 to 1, respectively. For the Town overall, the current ratio is 23.84 to 1 while that same financial indicator was 13.33 to 1 for the fiscal year ended June 30, 2016. These ratios are strong.

The Town reported positive balances in net position for both governmental and business-type activities. For the fiscal years ended June 30, 2017 and 2016, respectively, net position increased (decreased) by \$135,450 and (\$163,117) for governmental activities and by (\$298,047) and (\$231,270) for business-type activities. The Town's overall financial position deteriorated during the fiscal year ended in 2017.

Note that approximately 67% and 68% of the governmental activities' net position are tied up in capital assets as of June 30, 2017 and June 30, 2016, respectively. The Town uses these capital assets to provide services to its citizens. However, with business-type activities, the Town has invested approximately 84% and 85% of its net position in capital assets during the respective fiscal years ended June 30, 2017 and 2016. 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, 2017 and 2016, 72% and 74% 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	\$ 575,948	\$ 1,365,609	\$ 1,941,557	53%
Operating grants	400,051	-	400,051	11
Capital grants	24,212	-	24,212	1
General:				
Taxes	966,392	-	966,392	27
Gaming	184,405	-	184,405	5
Interest	3,562	935	4,497	-
Miscellaneous	<u>110,805</u>	<u>-</u>	<u>110,805</u>	<u>3</u>
Total Revenues	<u>2,265,375</u>	<u>1,366,544</u>	<u>3,631,919</u>	<u>100%</u>
Program expenses:				
General government	640,100	-	640,100	17%
Public safety:				
Police	1,261,703	-	1,261,703	33
Streets	257,223	-	257,223	7
Section 8 housing	260,845	-	260,845	7
Interest	4,116	162,303	166,419	4
Utility expenses	<u>-</u>	<u>1,208,226</u>	<u>1,208,226</u>	<u>32</u>
Total Expenses	<u>2,423,987</u>	<u>1,370,529</u>	<u>3,794,516</u>	<u>100%</u>
Excess (deficiency)	(158,612)	(3,985)	(162,597)	
Transfers	<u>294,062</u>	<u>(294,062)</u>	<u>-</u>	
Change in net position	135,450	(298,047)	(162,597)	
Beginning net position	<u>6,851,385</u>	<u>4,040,197</u>	<u>10,891,582</u>	
Ending net position	<u>\$ 6,986,835</u>	<u>\$ 3,742,150</u>	<u>\$ 10,728,985</u>	

**Town of Kinder, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2017**

GOVERNMENTAL REVENUES

The Town is heavily reliant on sales taxes to support governmental operations. Sales taxes equal 30% of the revenues for governmental activities, as compared with 30% in the prior year. Also note that program revenues cover only 41% (42% in the year ended June 30, 2016) of governmental operating expenses. This means that the government's taxpayers and the Town's other general revenues fund 59% (58% 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, 2017 and 2016, respectively, police services comprised 33% and 31% of the Town's total expenses and 52% and 48% 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			
	2017		2016	
	<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	\$ 640,100	\$ 451,744	\$ 700,148	\$ 513,757
Public safety:				
Police	1,261,703	734,122	1,204,381	694,273
Streets	257,223	257,223	245,176	245,176
Section 8 Housing	260,845	(23,429)	342,479	(8,008)
Interest on long-term debt	<u>4,116</u>	<u>4,116</u>	<u>8,893</u>	<u>8,893</u>
Total	<u>\$ 2,423,987</u>	<u>\$ 1,423,776</u>	<u>\$ 2,501,077</u>	<u>\$ 1,454,091</u>

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

Utility fund operating revenues increased 7% from prior year figures, while operating expenses decreased 3%. In comparison, the fiscal year ended in 2016 reflected operating revenues for utility funds at 9% less than the previous year and operating expenses at 5% less than that the previous year. Within the total business-type activities of the Town, these activities reported a \$157,383 operating income compared to an operating income of \$4,981 for the prior year. However, after non-operating revenues, expenses, and operating transfers, the utility funds reported a loss of \$298,047, which compares with the overall fund loss of \$231,270 experienced in the year ended June 30, 2016.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$3,116,416 and \$2,887,189, for the fiscal years ended June 30, 2017 and 2016, respectively. Of these year-end totals, \$185,134 and \$87,886 were unassigned for the respective years, indicating availability for continuing Town service requirements. Legally restricted fund balances included \$75,384 and \$68,531 committed to police services in the years ended June 30, 2017 and 2016, respectively.

**Town of Kinder, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2017**

The total ending fund balances of governmental funds show an increase of \$229,227. This compares with a decrease of \$371,193 experienced in the prior fiscal year ended June 30, 2016.

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 \$104,101 in the current fiscal year, while in the fiscal year ended June 30, 2016, the fund balance decreased by \$118,234. However, the reader needs to remember that the Town controls these differences by the amount of resources it transfers in from the Town's other funds.

The revenues show an increase of \$62,382 or 6% more than the prior year, while in the fiscal year ended June 30, 2016, such revenues increased \$98,243 or 11% more than the preceding year. The expenditures side shows an increase of \$32,692 or 2% more than the prior year. In comparison, the prior year expenditures decreased by \$89,330, which was 5% less than the preceding fiscal year.

The General Fund's ending fund balance was more than the prior year by \$104,101 representing the equivalent of 6% of its annual expenditures and 5% of its annual revenues including operating transfers.

The DMV Fund continues to maintain a moderate fund balance as revenues in the fiscal year ended June 30, 2017 were 10% less than those earned in fiscal year ended June 30, 2016.

The HUD Fund continues to maintain a strong fund balance with revenues in the fiscal year ended June 30, 2017 being 19% less than those earned in fiscal year ended June 30, 2016.

The Gaming Fund continues to maintain a strong fund balance with revenues in the fiscal year ended June 30, 2017 that were 9% more than those earned in the fiscal year ended June 30, 2016.

The Sales Tax Fund continues to maintain a strong fund balance with revenues in the fiscal year ended June 30, 2017 being 2% more than those earned in the fiscal year ended June 30, 2016, which had experienced a 3% increase from the preceding year.

PROPRIETARY FUNDS

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

**Town of Kinder, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2017**

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 \$2,838 increase and a \$12,288 decrease, respectively, in relation to the prior year's final budget. The primary change in the General Fund's budget relates to increases in miscellaneous revenues and decreases in salaries and in related benefits. The actual revenues exceeded the final budget by \$75,904 or 8% and the actual expenditures were more than the final budget by \$73,961 or 4%.

The DMV Fund - The revenue and expenditure sides of the current year final budget for the DMV Fund was revised by a \$800 decrease and a \$155 increase, respectively, in relation to the prior year's final budget. The primary change in the DMV Fund's budget relates to an overall decrease in special assignments. The actual revenues exceeded budgeted revenues by \$487 or 12% and there were no actual expenditures in comparison to budgeted expenditures of \$4,155.

The Gaming Fund - The revenue side of the current year final budget for the Gaming Fund was revised by a \$28,966 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 \$4,989 or 3% while there were no actual expenditures or budgeted expenditures, \$185,975 in operating transfers were made from the gaming fund.

The HUD Fund - The revenue and expenditure sides of the current year final budget for the HUD Fund was revised by a \$72,325 decrease and a \$80,800 decrease in relation to the prior year final budget. The primary change in the HUD Fund's budget relates to the overall decrease in housing assistance revenue and expenditures. The actual revenues exceeded final budgeted revenues by \$11,273 or 4% and the actual expenditures were under the final budgeted expenditures by \$4,155 or 2%.

The Sales Tax Fund - The revenue and expenditure sides of the current year final budget for the Sales Tax Fund were revised by a \$30,400 decrease and a \$273,619 decrease, respectively in relation to the prior year's final budget. The primary change in the Sales Tax Fund's budget relates to a decrease in capital outlays. The actual revenues exceeded the final budget revenues by \$53,394 or 8% and the actual expenditures were exceeded by the final budget by \$251,617 or 50%.

**Town of Kinder, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2017**

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, 2017, were \$4,650,339 and \$6,918,686, respectively, while those figures as of June 30, 2016, were \$4,834,420 and \$7,261,377 respectively. The overall decrease was 4% for the Town as a whole. See Note D for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Non-depreciable assets:						
Land	\$ 450,526	\$ 450,526	\$ 15,300	\$ 15,300	\$ 465,826	\$ 465,826
Total non-depreciable	450,526	450,526	15,300	15,300	465,826	465,826
Depreciable assets:						
Buildings & utility systems	2,614,637	2,614,637	14,216,735	14,118,398	16,831,372	16,733,035
Equipment & furniture	1,108,558	1,113,325	-	-	1,108,558	1,113,325
Infrastructure	3,690,592	3,690,592	-	-	3,690,592	3,690,592
Total depreciable assets	7,413,787	7,418,554	14,216,735	14,118,398	21,630,522	21,536,952
Less accumulated depreciation	3,213,974	3,034,660	7,313,349	6,872,321	10,527,323	9,906,981
Book value-depreciable assets	<u>\$ 4,199,813</u>	<u>\$ 4,383,894</u>	<u>\$ 6,903,386</u>	<u>\$ 7,246,077</u>	<u>\$ 11,103,199</u>	<u>\$ 11,629,971</u>
Percentage depreciated	43%	41%	51%	49%	49%	46%
Book value-all assets	<u>\$ 4,650,339</u>	<u>\$ 4,834,420</u>	<u>\$ 6,918,686</u>	<u>\$ 7,261,377</u>	<u>\$ 11,569,025</u>	<u>\$ 12,095,797</u>

The depreciable capital assets for governmental activities were 43% and 41% depreciated for the fiscal years ended June 30, 2017 and June 30, 2016, respectively. This comparison indicates that the Town is replacing its assets at the rate slower than they are depreciating.

The major additions for governmental activities were:

- Unmarked police vehicle
- Zero turn mower
- Computer equipment
- Bush hog

With the Town's business-type activities, 51% of the asset values were depreciated at June 30, 2017 compared to 49% at June 30, 2016.

The major additions for business-type activities were:

- Sewer lift station
- Gas lines
- Water lines

**Town of Kinder, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2017**

Long-term debt

At the end of the fiscal year, the Town had total long-term debt outstanding of \$3,885,329. 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 \$-0- and retired \$182,059 in long-term debt. See Note G for additional information regarding long-term debt.

ECONOMIC CONDITIONS AFFECTING THE TOWN

The Town's primary nonproprietary revenue stream is from sales taxes, which are subject to changes in the economy. Since sales are considered an "elastic" revenue stream, tax collections are higher in a flourishing economy and are lower in a depressed economy.

The current compact with the Coushatta Tribe of Louisiana began in 2001 and automatically renewed in 2010. The gaming revenues to be submitted to the Town were scheduled in that compact to be at \$410,000 per year to assist with increased critical services like fire protection, police protection, and construction, maintenance, and repair of municipal infrastructure and housing. Recent gaming payments to the Town for the current fiscal year amount to more than \$46,000 per quarter. This represents a decrease of 55% of the funding from the original compact.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

ROYCE T. SCIMEMI, CPA, APAC



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Member
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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

September 12, 2017

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Kinder, Louisiana as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Kinder, Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Independent Auditors' Report

Honorable Wayland LaFargue, Mayor and the Town Council

Town of Kinder, LA

September 12, 2017

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Kinder, Louisiana, as of June 30, 2017, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension liability information on pages 4 through 12 and 46 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

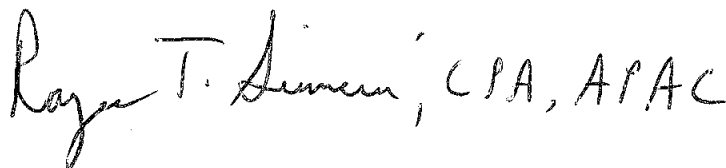
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Kinder, Louisiana's basic financial statements. The schedule of number of utility customers, schedule of insurance in force, schedule of compensation paid to the Mayor and Council Members, and schedule of compensation, benefits and other payments to chief executive officer ("Other Supplementary Information") are presented on pages 57-60 for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2017, on our consideration of the Town of Kinder, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Kinder, Louisiana's internal control over financial reporting and compliance.

Royce T. Scimemi, CPA, APAC



BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

Town of Kinder, Louisiana
Statement of Net Position
June 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and certificates of deposit	\$ 2,901,479	\$ 335,349	\$ 3,236,828
Restricted cash and certificates of deposit	75,384	348,100	423,484
Restricted receivables	--	8	8
Taxes receivable	118,860	--	118,860
Gaming receivable	44,884	--	44,884
Interest receivable	1,060	--	1,060
Accounts receivable	--	160,898	160,898
Other receivable	37,150	--	37,150
Due (to)/from other funds	(212)	212	--
Due from other governments	2,843	--	2,843
Equipment deposit	6,440	--	6,440
Land	450,526	15,300	465,826
Capital assets, net	4,199,813	6,903,386	11,103,199
Total Assets	7,838,227	7,763,253	15,601,480
DEFERRED OUTFLOWS OF RESOURCES			
Aggregated deferred outflows	372,266	--	372,266
Total Deferred Outflows of Resources	372,266	--	372,266
LIABILITIES			
Accounts and other accrued payables	71,471	44,221	115,692
Interest payable	36	883	919
Due within one year	885	51,655	52,540
Due after one year	--	3,740,356	3,740,356
Accrued compensated absences	90,014	2,419	92,433
Customer deposits	--	181,569	181,569
Net pension liability	1,044,572	--	1,044,572
Total Liabilities	1,206,978	4,021,103	5,228,081
DEFERRED INFLOWS OF RESOURCES			
Aggregated deferred inflows	16,680	--	16,680
Total Deferred Inflows of Resources	16,680	--	16,680
NET POSITION			
<i>Invested in capital assets, net of related debt</i>	4,649,418	3,125,792	7,775,210
<i>Restricted</i>	2,931,282	166,539	3,097,821
<i>Unrestricted</i>	(593,865)	449,819	(144,046)
Total Net Position	\$ 6,986,835	\$ 3,742,150	\$ 10,728,985

Town of Kinder, Louisiana
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities:							
General and administrative	\$ 640,100	\$ 160,401	\$ 3,743	\$ 24,212	\$ (451,744)	\$ --	\$ (451,744)
Streets	257,223	--	--	--	(257,223)	--	(257,223)
Police	1,261,703	415,547	112,034	--	(734,122)	--	(734,122)
Section 8 housing	260,845	--	284,274	--	23,429	--	23,429
Interest on long-term debt	4,116	--	--	--	(4,116)	--	(4,116)
Total Governmental Activities	2,423,987	575,948	400,051	24,212	(1,423,776)	--	(1,423,776)
Business-type Activities:							
Sewer Fund	375,631	295,659	--	--	--	(79,972)	(79,972)
Water Fund	369,142	368,090	--	--	--	(1,052)	(1,052)
Gas Fund	463,453	701,860	--	--	--	238,407	238,407
Interest on long-term debt - Sewer	162,303	--	--	--	--	(162,303)	(162,303)
Total Business-type Activities	1,370,529	1,365,609	--	--	--	(4,920)	(4,920)
Total Primary Government	\$ 3,794,516	\$ 1,941,557	\$ 400,051	\$ 24,212	\$ (1,423,776)	\$ (4,920)	\$ (1,428,696)

General Purpose Revenues and Transfers:

Revenues

Taxes:

Property	151,417	--	151,417
Sales	675,752	--	675,752
Franchise	139,223	--	139,223
Interest Income	3,562	935	4,497
Miscellaneous	110,805	--	110,805
Gaming	184,405	--	184,405
Operating Transfers	294,062	(294,062)	--

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Period

Net Position at End of Period

Total General Revenues and Transfers	1,559,226	(293,127)	1,266,099
Change in Net Position	135,450	(298,047)	(162,597)
Net Position at Beginning of Period	6,851,385	4,040,197	10,891,582
Net Position at End of Period	\$ 6,986,835	\$ 3,742,150	\$ 10,728,985

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.

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, 2017

	Special Revenue					Total Governmental Funds	June 30, 2016
	General	DMV Fund	HUD Fund	Gaming Fund	Sales Tax Fund		
ASSETS							
Cash and certificates of deposit	\$ 212,503	\$ 8,770	\$ 129,731	\$ 506,209	\$ 2,044,266	\$ 2,901,479	\$ 2,671,705
Restricted cash and certificates of deposit	75,384	--	--	--	--	75,384	68,531
Taxes receivable	--	--	--	--	118,860	118,860	117,524
Gaming receivable	--	--	--	44,884	--	44,884	47,319
Interest receivable	--	--	18	434	607	1,059	245
Other receivable	37,150	--	--	--	--	37,150	44,663
Due (to)/from other funds	(212)	--	--	--	--	(212)	--
Due from other governments	2,843	--	--	--	--	2,843	3,596
Equipment deposit	--	--	--	--	6,440	6,440	--
Total Assets	327,668	8,770	129,749	551,527	2,170,173	3,187,887	2,953,583
DEFERRED OUTFLOWS OF RESOURCES							
Aggregated deferred outflows	--	--	--	--	--	--	--
Total Assets and Deferred Outflows of Resources	\$ 327,668	\$ 8,770	\$ 129,749	\$ 551,527	\$ 2,170,173	\$ 3,187,887	\$ 2,953,583
LIABILITIES							
Accounts and other accrued payables	\$ 67,150	\$ --	\$ 3,000	\$ --	\$ 1,321	\$ 71,471	\$ 66,394
Total Liabilities	67,150	--	3,000	--	1,321	71,471	66,394
DEFERRED INFLOWS OF RESOURCES							
Aggregated deferred inflows	--	--	--	--	--	--	--
Total Liabilities and Deferred Inflows of Resources	67,150	--	3,000	--	1,321	71,471	66,394
FUND BALANCE							
Restricted	75,384	8,770	126,749	551,527	2,168,852	2,931,282	2,799,303
Unassigned	185,134	--	--	--	--	185,134	87,886
Total Fund Balance	260,518	8,770	126,749	551,527	2,168,852	3,116,416	2,887,189
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 327,668	\$ 8,770	\$ 129,749	\$ 551,527	\$ 2,170,173	\$ 3,187,887	\$ 2,953,583

Town of Kinder, Louisiana
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2017

Total Fund Balance - Governmental Funds	\$	3,116,416
Accrued interest payable is accrued on Statement of Net Position and expensed on the Statement of Activities. Interest is expensed on a cash basis on the Statement of Revenues, Expenditures, and Changes in Fund Balances.		(35)
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.		(90,014)
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.		4,650,339
Long-term debt is reflected on Statement of Net Position but not in governmental funds balance sheet.		(885)
Net pension liability is reflected on the Statement of Net Position but not in governmental funds balance sheet.		(1,044,572)
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred outflows.		372,266
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred inflows.		(16,680)
Total Net Position-Governmental Funds	\$	<u>6,986,835</u>

Town of Kinder, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	<u>Special Revenue</u>					Total Governmental Funds
	General	DMV Fund	HUD Fund	Gaming Fund	Sales Tax Fund	
Revenues						
Taxes	\$ 290,640	\$ --	\$ --	\$ --	\$ 675,752	\$ 966,392
Licenses and permits	144,008	--	--	--	--	144,008
Intergovernmental	87,199	--	284,274	--	24,212	395,685
Fines	419,237	--	--	--	--	419,237
Special assessments	--	4,692	--	--	--	4,692
Interest Income	296	5	174	1,657	1,430	3,562
Miscellaneous	126,660	--	--	--	--	126,660
Gaming	--	--	--	184,405	--	184,405
Total Revenues	1,068,040	4,697	284,448	186,062	701,394	2,244,641
Expenditures						
Current:						
General and administrative	464,619	--	3,000	--	97,950	565,569
Streets	140,087	--	--	--	7,264	147,351
Police	1,157,487	--	--	--	--	1,157,487
Section 8 housing	--	--	260,845	--	--	260,845
Capital outlays	28,435	--	--	--	13,104	41,539
Debt service:						
Principal retirement	1,377	--	--	--	130,000	131,377
Interest on long-term debt	355	--	--	--	4,953	5,308
Total Expenditures	1,792,360	--	263,845	--	253,271	2,309,476
Excess of Revenues Over						
(Under) Expenditures	(724,320)	4,697	20,603	186,062	448,123	(64,835)
Other Financing Sources (Uses)						
Operating transfers	828,421	(4,155)	--	(185,975)	(344,229)	294,062
Net Other Financing Sources (Uses)	828,421	(4,155)	--	(185,975)	(344,229)	294,062
Net Change in Fund Balance	104,101	542	20,603	87	103,894	229,227
<i>Fund Balance at Beginning of Period</i>	156,417	8,228	106,146	551,440	2,064,958	2,887,189
Fund Balance at End of Period	\$ 260,518	\$ 8,770	\$ 126,749	\$ 551,527	\$ 2,168,852	\$ 3,116,416

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, 2017

Total Net Change in Fund Balances - Governmental Funds	\$ 229,227
Fixed assets expensed as capital outlays in governmental fund statements, but capitalized in the Statement of Net Position.	41,539
Compensated absences are expensed as paid in governmental fund statements, expensed as incurred in entity-wide statements, and reflected as liability on Statement of Net Position.	3,592
Principal payments on long-term debt are expensed in governmental fund statements, but treated as reductions of outstanding debt in the Statement of Net Position.	131,377
Depreciation expense is reflected in entity-wide statements, but not deducted in the governmental fund statements.	(225,620)
Accrued interest expense is included in Statement of Activities, but only expensed as paid in governmental fund statements	1,192
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.	(66,592)
Non-employers contributions to retirement systems for the benefit of Town employees reflected in the Statement of Activities but not recognized in the governmental fund statements.	20,735
Changes in Net Position-Governmental Funds	\$ <u>135,450</u>

Town of Kinder, Louisiana
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-Type Activities - Enterprise Funds				June 30, 2016
	Sewer Fund	Water Fund	Gas Fund	Total Enterprise Funds	
ASSETS					
<i>Current Assets</i>					
Cash and certificates of deposit	\$ 133,043	\$ 77,686	\$ 124,620	\$ 335,349	\$ 312,314
Accounts receivable	28,990	29,694	102,214	160,898	127,745
Due (to)/from other funds	2,803	(4,517)	1,926	212	--
Due from other governments	--	--	--	--	10,000
Restricted cash and certificates of deposit	126,489	189,851	31,760	348,100	384,968
Restricted receivables	--	3	5	8	8
Total Current Assets	291,325	292,717	260,525	844,567	835,035
<i>Noncurrent Assets</i>					
Land	15,300	--	--	15,300	15,300
Capital assets, net	6,189,295	547,118	166,973	6,903,386	7,246,077
Total Assets	6,495,920	839,835	427,498	7,763,253	8,096,412
DEFERRED OUTFLOWS OF RESOURCES					
Aggregated deferred outflows	--	--	--	--	--
Total Deferred Outflows of Resources	--	--	--	--	--
LIABILITIES					
<i>Current Liabilities</i>					
Accounts and other accrued payables	202	18,973	25,046	44,221	34,736
Interest payable	883	--	--	883	895
Current maturities of long-term debt	51,655	--	--	51,655	49,510
Total Current Liabilities	52,740	18,973	25,046	96,759	85,141
<i>Noncurrent Liabilities</i>					
Customer deposits	--	70,119	111,450	181,569	179,064
Accrued compensated absences	--	--	2,419	2,419	--
Long-term debt, net of current maturities	3,740,356	--	--	3,740,356	3,792,010
Total Noncurrent Liabilities	3,740,356	70,119	113,869	3,924,344	3,971,074
Total Liabilities	3,793,096	89,092	138,915	4,021,103	4,056,215
DEFERRED INFLOWS OF RESOURCES					
Aggregated deferred inflows	--	--	--	--	--
Total Deferred Inflows of Resources	--	--	--	--	--
NET POSITION					
<i>Invested in capital assets, net of related debt</i>	2,411,701	547,118	166,973	3,125,792	3,418,962
<i>Restricted</i>	126,489	119,735	(79,685)	166,539	205,912
<i>Unrestricted</i>	164,634	83,890	201,295	449,819	415,323
Total Net Position	\$ 2,702,824	\$ 750,743	\$ 288,583	\$ 3,742,150	\$ 4,040,197

Town of Kinder, Louisiana
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Sewer Fund	Water Fund	Gas Fund	
Operating Revenues				
Charges for services	\$ 292,973	\$ 368,090	\$ 701,860	\$ 1,362,923
Total Operating Revenues	<u>292,973</u>	<u>368,090</u>	<u>701,860</u>	<u>1,362,923</u>
Operating Expenses				
Advertising - notices	--	400	225	625
Audit fees	--	5,500	5,500	11,000
Contract labor	--	--	7,200	7,200
Depreciation	339,583	73,334	28,111	441,028
Dues	--	300	1,116	1,416
Gas and oil	--	--	5,054	5,054
Insurance	--	5,975	17,242	23,217
Materials and supplies	153	13,341	14,676	28,170
Miscellaneous	77	1,018	1,031	2,126
Office supplies	--	1,641	1,572	3,213
Salaries	--	43,599	91,341	134,940
Payroll taxes	--	3,498	6,782	10,280
Per diem	--	176	423	599
Postage	--	4,598	3,429	8,027
Professional services	31,694	--	2,500	34,194
Retirement	--	--	2,329	2,329
Repairs and maintenance	--	11,699	3,787	15,486
Telephone	--	--	1,347	1,347
Travel	--	749	1,660	2,409
Utilities	--	29,594	183	29,777
Water and gas purchases	--	172,282	266,206	438,488
Uniforms	1,438	1,438	1,739	4,615
Total Operating Expenses	<u>372,945</u>	<u>369,142</u>	<u>463,453</u>	<u>1,205,540</u>
Operating Income (Loss)	<u>(79,972)</u>	<u>(1,052)</u>	<u>238,407</u>	<u>157,383</u>
Non-Operating Revenues (Expenses)				
Interest Income	184	354	397	935
Interest expense	(162,303)	--	--	(162,303)
Net Non-Operating Revenues (Expenses)	<u>(162,119)</u>	<u>354</u>	<u>397</u>	<u>(161,368)</u>
Income Before Contributions and Transfers	<u>(242,091)</u>	<u>(698)</u>	<u>238,804</u>	<u>(3,985)</u>
Operating transfers	16,807	(63,797)	(247,072)	(294,062)
Change In Net Position	<u>(225,284)</u>	<u>(64,495)</u>	<u>(8,268)</u>	<u>(298,047)</u>
<i>Net Position at Beginning of Period</i>	2,928,108	815,238	296,851	4,040,197
Net Position at End of Period	<u>\$ 2,702,824</u>	<u>\$ 750,743</u>	<u>\$ 288,583</u>	<u>\$ 3,742,150</u>

TOWN OF KINDER, LOUISIANA
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2017

	Business-Type Activities – Enterprise Funds			
	Water Fund	Sewer Fund	Gas Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 379,942	\$ 289,607	\$ 677,243	\$ 1,346,792
Payments to suppliers	(250,879)	(33,248)	(327,868)	(611,995)
Payments to employees	(47,097)	-	(98,033)	(145,130)
Net cash from operating activities	81,966	256,359	251,342	589,667
CASH FLOWS FROM INVESTING ACTIVITIES:				
Net proceeds (purchase) of investments	(131)	-	(268)	(399)
Interest earnings	354	182	397	933
Net cash from investing activities	223	182	129	534
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Interest paid on sewer revenue bonds	-	(162,315)	-	(162,315)
Principal paid on sewer revenue bonds	-	(49,509)	-	(49,509)
Purchase of fixed assets	(26,443)	(44,985)	(26,909)	(98,337)
Net cash from capital activities	(26,443)	(256,809)	(26,909)	(310,161)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Operating transfers	(63,799)	16,809	(247,072)	(294,062)
Loans (to)/from other funds	4,517	(2,803)	(1,926)	(212)
Net cash from non-capital financing activities	(59,282)	14,006	(248,998)	(294,274)
NET INCREASE (DECREASE) IN CASH	(3,536)	13,738	(24,436)	(14,234)
CASH – BEGINNING	255,430	245,794	149,056	650,280
CASH – ENDING	\$ 251,894	\$ 259,532	\$ 124,620	\$ 636,046
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	\$ (1,052)	\$ (79,972)	\$ 238,407	\$ 157,383
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:				
Depreciation	73,334	339,583	28,111	441,028
(Increase) decrease in receivables	6,101	(3,366)	(25,888)	(23,153)
Increase (decrease) in accounts payable	2,349	114	7,022	9,485
Increase (decrease) in compensated absences	-	-	2,419	2,419
Increase (decrease) in customer deposits	1,234	-	1,271	2,505
Net cash from operating activities	\$ 81,966	\$ 256,359	\$ 251,342	\$ 589,667

See accompanying notes.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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, police protection and other services. The Town has a board of five elected council members who are compensated. The Town is located in Allen Parish, Louisiana and its population is approximately 2,500. There are approximately 30 employees working for the Town.

1. Reporting Entity

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

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

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

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

2. Basis of Presentation

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

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Town as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the Town's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular 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 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; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

maintenance, public policy, management control, accountability, or other purposes. 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.

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.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

4. Budgets and Budgetary Accounting

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

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

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

The original budget and one amendment during the year are reflected in the budget comparisons.

5. Deposits

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

State statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. government agencies, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal 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, 2017 the Town had deposits (book balances) totaling \$3,660,312. These deposits are stated at cost, which approximates market. Custodial credit risk is the risk that, in the event of bank failure, the Town's deposits may not be returned. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2017, the Town has \$3,705,670 in deposits (collected bank balances). These deposits are secured from custodial credit risk by \$1,006,598 of federal deposit insurance and \$2,699,072 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. Interfund Receivables/Payables

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

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

7. 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.

8. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical 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.

9. 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. The statement reflects ending cash and cash equivalents of \$636,046 which represents unrestricted and restricted amounts of \$335,349 and \$300,697, respectively. The cash and certificates of deposit are broken down further as follows:

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Gas Fund</u>	<u>Totals</u>
Cash and cash equivalents-Unrestricted	\$ 133,043	\$ 77,686	\$ 124,620	\$ 335,349
Cash and cash equivalents-Restricted	<u>126,489</u>	<u>174,208</u>	<u>-</u>	<u>300,697</u>
Total cash and cash equivalents	259,532	251,894	124,620	636,046
Non-cash equivalents-Restricted	<u>-</u>	<u>15,643</u>	<u>31,760</u>	<u>47,403</u>
Total cash and certificates of deposit per the statement of net position	<u>\$ 259,532</u>	<u>\$ 267,537</u>	<u>\$ 156,380</u>	<u>\$ 683,449</u>

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

10. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as long-term liabilities on the statement of net position and not the fund balance sheet. No expenditure is reported for these amounts in the fund financial statements. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the 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 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 sick leave. Only police employees retiring at or after age 65 are entitled to any unused sick leave.

At June 30, 2017, employees of the Town have accumulated \$92,433 in leave privileges.

11. Long-Term Debt

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

All long-term debt to be repaid from governmental and business-type resources are 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.

12. Equity Classification

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

- c. Committed net position - Consists of net position with constraints placed on the use by the governing body.
- d. Unrestricted net position - Consists of all other net position that does not meet the definition of a, b, or c above.

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 typically uses restricted fund balances first, followed by committed, and assigned as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources and to defer the use of these other classified funds.

13. Interfund Transactions

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

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.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

14. 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.

15. Use of Estimates

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

16. Revenues, Expenditures, and Expenses

Program Revenues

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

Revenues

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

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

Expenditures/expenses

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

Other Financing Sources

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

17. Environmental Remediation Costs

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

18. Subsequent Events

Management has evaluated subsequent events through September 12, 2017, the date the financial statements were issued.

19. Pensions

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

20. Deferred outflows/inflows of resources

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

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE B - PROPERTY TAXES

For the year ended June 30, 2017, taxes of 14.19 mills were levied on property with assessed valuations totaling \$10,883,630 and were dedicated as follows:

General corporate purposes 14.19 mills

Total taxes levied were \$154,439.

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, 2017:

<u>Class of Receivable:</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
Taxes:		
Sales and use	\$ 118,860	\$ -
Intergovernmental	2,843	-
Interfund	(212)	212
Interest	1,060	8
Gaming	44,884	-
Charges for services	-	160,898
Other	<u>37,150</u>	<u>-</u>
Total	<u>\$ 204,585</u>	<u>\$ 161,118</u>

Note D – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2017 follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Governmental Activities:				
Land	\$ 450,526	\$ -	\$ -	\$ 450,526
Buildings	2,614,637	-	-	2,614,637
Equipment and furniture	1,113,325	41,539	46,306	1,108,558
Infrastructure	<u>3,690,592</u>	<u>-</u>	<u>-</u>	<u>3,690,592</u>
Totals at historical cost	7,869,080	41,539	46,306	7,864,313
 Less accumulated depreciation for:				
Buildings	926,311	64,228	-	990,539
Equipment and furniture	865,347	69,690	46,306	888,731
Infrastructure	<u>1,243,002</u>	<u>91,702</u>	<u>-</u>	<u>1,334,704</u>
Total accumulated depreciation	<u>3,034,660</u>	<u>225,620</u>	<u>46,306</u>	<u>3,213,974</u>
Governmental Activities				
Capital Assets, net	<u>\$ 4,834,420</u>	<u>\$ (184,081)</u>	<u>\$ -</u>	<u>\$ 4,650,339</u>

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

Business-Type Activities:				
Land	\$ 15,300	\$ -	\$ -	\$ 15,300
Water system	2,232,909	26,443	-	2,259,352
Sewage system	11,216,039	44,985	-	11,261,024
Gas system	<u>669,450</u>	<u>26,909</u>	-	<u>696,359</u>
Totals at historical cost	14,133,698	98,337	-	14,232,035
Less accumulated depreciation for:				
Water system	1,638,900	73,334	-	1,712,234
Sewer system	4,732,146	339,583	-	5,071,729
Gas system	<u>501,275</u>	<u>28,111</u>	-	<u>529,386</u>
Total accumulated depreciation	<u>6,872,321</u>	<u>441,028</u>	-	<u>7,313,349</u>
Business-Type Activities				
Capital Assets, net	<u>\$ 7,261,377</u>	<u>\$ (342,691)</u>	<u>\$ -</u>	<u>\$ 6,918,686</u>

Depreciation expense for the year ended June 30, 2017 was \$225,620 and \$441,028 for the governmental activities and the business-type activities, respectively.

Depreciation expense was charged to governmental activities as follows:

General and administrative	\$ 69,714
Streets	106,363
Police	<u>49,543</u>
	<u>\$ 225,620</u>

NOTE E - ACCOUNTS PAYABLES

The following is a summary of payables at June 30, 2017:

<u>Class of Payable:</u>	<u>Governmental Activities Funds</u>	<u>Business-Type Activities Funds</u>
Trade accounts	\$ 71,471	\$ 44,221

NOTE F - PENSION PLANS

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

Police officers of the Town are eligible to participate in the Municipal Police Employees Retirement System of Louisiana (System). 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. All full-time police department employees engaged in law enforcement are required to participate in the System (an Internal Revenue Code Section 401(a) plan). Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average

Town of Kinder, Louisiana
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For the Year Ended June 30, 2017

salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. 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 at www.lampers.org on the internet.

Funding Policy. Plan members are required by state statute to contribute 10% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The required rate is 31.75% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by La. R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System for the years ending June 30, 2017, 2016, and 2015 were \$99,803, \$92,094, and \$90,816, 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, 2017 was \$10,965.

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

At June 30, 2017, the Town reported a liability of \$1,044,572 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2016 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, 2016 the Town's proportion was 0.111447%, which was an increase of 3.4023% from its proportion measured as of June 30, 2015. The Town's proportionate share of revenue recognized for non-employer pension contributions to the plan was \$20,735 through the measurement date.

For the year ended June 30, 2017, the Town recognized pension expense of \$166,494. At June 30, 2017, 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	\$ -	\$ 16,617
Net difference between projected and actual earnings on pension plan investments	160,732	-
Changes of assumptions	50,788	63
Changes in proportion	60,943	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	-
Town contributions subsequent to the measurement date	<u>99,803</u>	<u>-</u>
Totals	<u>\$ 372,266</u>	<u>\$ 16,680</u>

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

The \$99,803 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, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 76,488
2018	67,813
2019	70,662
2020	40,820
2021	-
Thereafter	-
Total	<u>\$ 255,783</u>

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	7.5%, net of investment expense	
Expected Remaining Service Lives	4 years	
Inflation rate	2.875%	
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	9.75%
	3-23	4.75%
	24 & Over	4.25%

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The rest of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

Discount rate. The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.5% as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) and one percentage point higher (8.5%) than the current rate as of June 30, 2016:

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Town's proportionate share of the net pension liability	\$1,392,505	\$1,044,572	\$752,452

NOTE G - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2017 follows:

	Beginning of Year	Issued	Retired	End of Year
Certificate of indebtedness payable	\$ 130,000	-	\$ 130,000	\$ -
Bonds payable	3,841,520	\$ -	49,509	3,792,011
Capital lease payable	2,262	-	1,377	885
Other liabilities:				
Accrued leave benefits	93,606	-	1,173	92,433
Long-Term Liabilities	\$ 4,067,388	\$ -	\$ 182,059	\$ 3,885,329

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

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

Capital Lease Payable-Governmental:

\$3,950 Capital lease payable dated 01/20/2015 due in monthly installments of \$131 from 02/20/15 through 01/20/2018; interest at 12.115% 885

Accrued Leave Payable-Governmental 90,014

Accrued Leave Payable-Proprietary 2,419

Sewer Revenue Bonds Payable-Proprietary:

\$4,030,000 Sewer revenue bonds dated 03/29/2011 due in an initial payment of \$170,799 on 03/28/2012 and then monthly installments of \$17,651 from 04/28/2012 through 03/28/2051; interest at 4.25% (secured by sewer revenues) 3,792,011

Total \$ 3,885,329

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

The annual requirements to amortize all revenue bonds and capital leases outstanding at June 30, 2017 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Totals</u>
2018	\$ 52,539	\$ 160,198	\$ 212,737
2019	53,893	157,924	211,817
2020	56,229	155,588	211,817
2021	58,666	153,151	211,817
2022	61,208	150,609	211,817
2023-2027	348,206	710,878	1,059,084
2028-2032	430,488	628,596	1,059,084
2033-2037	532,213	526,871	1,059,084
2038-2042	657,976	401,108	1,059,084
2043-2047	813,457	245,627	1,059,084
2048-2051	<u>728,021</u>	<u>60,390</u>	<u>788,411</u>
Totals	<u>\$ 3,792,896</u>	<u>\$ 3,350,940</u>	<u>\$ 7,143,836</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, 2017 the statutory limit is \$3,809,271.

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, 2017:			
Sewer revenue bond sinking account	\$ 3,239	\$ 3,233	\$ 6
Sewer revenue bond reserve account	61,625	60,926	699
Sewer revenue bond depreciation and contingency account	61,625	60,926	699
Customer deposits – gas and water and sewer	221,611	181,569	40,042
Interest receivable on restricted assets	<u>8</u>	<u>8</u>	<u>-</u>
Total restricted assets - proprietary funds	<u>\$348,108</u>	<u>\$306,662</u>	<u>\$ 41,446</u>

In addition, \$75,384 in general fund restricted assets was restricted to certain law enforcement expenses.

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.

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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 \$185,975 in operating transfers out of the gaming fund to the other funds were used entirely for reimbursement of police salaries of \$185,975.

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, not to include compensatory time or expense reimbursement. The deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency. Deferred compensation is available to employees' beneficiaries in case of death.

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

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

Town of Kinder, Louisiana
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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>\$ 66,750</u>
Expenditures:	
Salaries	<u>\$ 66,750</u>

NOTE O – OPERATING TRANSFERS

Operation transfers consisted of the following at June 30, 2017:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
General fund	\$ 843,102	\$ 14,681
Sales tax fund	-	344,229
Gaming fund	-	185,975
Motor vehicle fund	-	4,155
Water fund	9,127	72,924
Sewer fund	256,807	240,000
Gas fund	<u>22,976</u>	<u>270,048</u>
	<u>\$ 1,132,012</u>	<u>\$ 1,132,012</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. Most of the operating transfers are from proprietary funds into the general fund. The gaming fund transfers are normally used to cover a portion of police salaries and sometimes police capital outlays. The only other transfers are from the sales tax fund into the sewer fund totaling \$256,807.

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, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Ad valorem	\$ 155,000	\$ 155,000	\$ 151,417	\$ (3,583)
Public utility franchise	152,000	150,000	139,223	(10,777)
Licenses	135,000	135,000	137,414	2,414
Permits	7,500	5,935	6,594	659
Beer tax	8,500	7,000	8,011	1,011
Grant	65,000	62,500	79,188	16,688
Court fines	531,000	343,036	384,578	41,542
Police special	40,000	31,500	30,228	(1,272)
Drivers licenses	4,000	3,700	3,690	(10)
DWI	1,000	800	741	(59)
Interest	800	250	296	46
Miscellaneous	64,500	97,415	126,660	29,245
Total Revenues	<u>1,164,300</u>	<u>992,136</u>	<u>1,068,040</u>	<u>75,904</u>
Expenditures				
Advertising - notices	5,000	4,450	5,130	(680)
Audit fees	5,500	5,500	5,500	--
Auto allowance - dog catcher	1,340	1,340	1,391	(51)
Care of prisoners	9,000	8,750	7,392	1,358
Contract labor	11,600	15,250	16,315	(1,065)
Dues	5,000	3,600	2,812	788
Engineering fees	5,000	5,000	3,288	1,712
Equipment rental	1,428	1,071	1,071	--
Gas and oil	40,900	34,050	30,984	3,066
Insurance	308,473	297,653	281,407	16,246
Intergovernmental	19,600	17,300	58,571	(41,271)
Materials and supplies	37,200	26,300	37,084	(10,784)
Miscellaneous	47,420	37,124	32,575	4,549
Office supplies	7,000	8,300	7,832	468
Payroll taxes	68,290	69,420	69,200	220
Per diem	2,000	1,295	794	501
Postage	1,100	1,800	2,053	(253)
Professional services	9,800	13,900	13,194	706
Repairs and maintenance	33,835	31,810	33,119	(1,309)
Retirement	113,250	112,637	112,616	21
Salaries	876,759	873,239	920,495	(47,256)
Salaries - dog catcher	13,390	13,390	13,515	(125)
Street lights	39,950	36,000	40,596	(4,596)
Telephone	27,300	34,390	24,558	9,832
Travel	6,100	5,855	5,938	(83)
Uniforms	1,500	6,000	6,051	(51)
Utilities	31,050	27,000	28,712	(1,712)
Capital outlays	25,000	25,975	28,435	(2,460)
Principal retirement	--	--	1,377	(1,377)
Interest	--	--	355	(355)
Total Expenditures	<u>1,753,785</u>	<u>1,718,399</u>	<u>1,792,360</u>	<u>(73,961)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(589,485)	(726,263)	(724,320)	1,943
Other Financing Sources (Uses)				
Operating transfers	--	--	828,421	828,421
Total Other Financing Sources (Uses)	--	--	<u>828,421</u>	<u>828,421</u>
Net Change in Fund Balance	(589,485)	(726,263)	104,101	830,364
Fund Balance at Beginning of Period	<u>156,417</u>	<u>156,417</u>	<u>156,417</u>	<u>--</u>
Fund Balance at End of Period	<u>\$ (433,068)</u>	<u>\$ (569,846)</u>	<u>\$ 260,518</u>	<u>\$ 830,364</u>

Town of Kinder, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
DMV Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Special assessments	\$ 6,300	\$ 4,200	\$ 4,692	\$ 492
Interest	10	10	5	(5)
Total Revenues	<u>6,310</u>	<u>4,210</u>	4,697	487
Expenditures				
Miscellaneous	6,150	4,000	--	4,000
Repairs and maintenance	100	155	--	155
Total Expenditures	<u>6,250</u>	<u>4,155</u>	--	4,155
Excess (Deficiency) of Revenues Over (Under) Expenditures	60	55	4,697	4,642
Other Financing Sources (Uses)				
Operating transfers	--	--	(4,155)	(4,155)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	(4,155)	(4,155)
Net Change in Fund Balance	60	55	542	487
<i>Fund Balance at Beginning of Period</i>	8,228	8,228	8,228	--
Fund Balance at End of Period	<u>\$ 8,288</u>	<u>\$ 8,283</u>	<u>\$ 8,770</u>	<u>\$ 487</u>

Town of Kinder, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Gaming Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Gaming	\$ 190,000	\$ 186,841	\$ 184,405	\$ (2,436)
Interest	3,600	4,210	1,657	(2,553)
Total Revenues	193,600	191,051	186,062	(4,989)
Expenditures				
Total Expenditures	--	--	--	--
Excess (Deficiency) of Revenues Over (Under) Expenditures	193,600	191,051	186,062	(4,989)
Other Financing Sources (Uses)				
Operating transfers	--	--	(185,975)	(185,975)
Total Other Financing Sources (Uses)	--	--	(185,975)	(185,975)
Net Change in Fund Balance	193,600	191,051	87	(190,964)
<i>Fund Balance at Beginning of Period</i>	551,440	551,440	551,440	--
Fund Balance at End of Period	\$ 745,040	\$ 742,491	\$ 551,527	\$ (190,964)

Town of Kinder, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
HUD Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Grant	\$ 345,000	\$ 273,000	\$ 284,274	\$ 11,274
Interest	500	175	174	(1)
Total Revenues	<u>345,500</u>	<u>273,175</u>	284,448	11,273
Expenditures				
Miscellaneous	3,000	3,000	3,000	--
Section 8 housing	<u>345,000</u>	<u>265,000</u>	<u>260,845</u>	4,155
Total Expenditures	<u>348,000</u>	<u>268,000</u>	<u>263,845</u>	4,155
Net Change in Fund Balance	(2,500)	5,175	20,603	15,428
<i>Fund Balance at Beginning of Period</i>	106,146	106,146	106,146	--
Fund Balance at End of Period	\$ 103,646	\$ 111,321	\$ 126,749	\$ 15,428

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, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final		(Unfavorable) Final to Actual
Revenues				
Sales taxes	\$ 644,500	\$ 644,500	\$ 691,023	\$ 46,523
Less: collection fees	--	--	(15,271)	(15,271)
Grant	20,000	--	24,212	24,212
Interest	13,000	3,500	1,430	(2,070)
Total Revenues	<u>677,500</u>	<u>648,000</u>	<u>701,394</u>	<u>53,394</u>
Expenditures				
Audit fees	10,500	10,500	10,500	--
Materials and supplies	12,000	15,600	14,319	1,281
Miscellaneous	1,000	1,000	400	600
Professional services	10,000	4,800	3,040	1,760
Repairs and maintenance	51,000	98,200	74,535	23,665
Engineering fees	10,000	3,000	2,420	580
Principal retirement	177,900	179,525	130,000	49,525
Interest	168,953	167,253	4,953	162,300
Capital outlays	30,600	25,010	13,104	11,906
Total Expenditures	<u>471,953</u>	<u>504,888</u>	<u>253,271</u>	<u>251,617</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	205,547	143,112	448,123	305,011
Other Financing Sources (Uses)				
Operating transfers	--	--	(344,229)	(344,229)
Total Other Financing Sources (Uses)	--	--	(344,229)	(344,229)
Net Change in Fund Balance	205,547	143,112	103,894	(39,218)
Fund Balance at Beginning of Period	<u>2,064,958</u>	<u>2,064,958</u>	<u>2,064,958</u>	<u>--</u>
Fund Balance at End of Period	<u>\$ 2,270,505</u>	<u>\$ 2,208,070</u>	<u>\$ 2,168,852</u>	<u>\$ (39,218)</u>

TOWN OF KINDER, LOUISIANA
 General Fund
 Departmental Expenditures –
 Budgetary Comparison Schedule
 For The Year Ended June 30, 2017

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
GENERAL AND ADMINISTRATIVE				
Advertising - notices	\$ 5,000	4,450	\$ 4,930	\$ (480)
Audit fees	5,500	5,500	5,500	-
Contract labor	1,200	1,050	706	344
Dues	2,000	2,600	2,751	(151)
Engineering fees	5,000	5,000	3,288	1,712
Equipment rental	1,428	1,071	1,071	-
Gas and oil	900	1,750	1,512	238
Insurance	166,753	161,687	112,470	49,217
Material and supplies	5,200	5,300	5,298	2
Miscellaneous	29,820	21,084	18,904	2,180
Office supplies	3,000	6,300	6,190	110
Payroll taxes	14,710	15,435	15,608	(173)
Per diem	1,500	795	794	1
Postage	700	1,400	1,678	(278)
Professional services	3,800	7,400	7,292	108
Repairs and maintenance	14,075	17,715	18,030	(315)
Retirement	4,350	5,500	5,557	(57)
Salaries	207,465	206,085	220,593	(14,508)
Telephone	7,300	8,400	9,023	(623)
Travel	5,500	5,255	5,883	(628)
Utilities	20,050	18,200	17,541	659
TOTAL GENERAL AND ADMINISTRATIVE	\$ 505,251	\$ 501,977	\$ 464,619	\$ 37,358
STREET DEPARTMENT				
Care of prisoners	\$ 4,000	\$ 4,050	\$ 3,621	\$ 429
Contract labor	10,000	13,800	15,190	(1,390)
Gas and oil	12,000	8,300	7,620	680
Insurance	11,640	10,061	10,711	(650)
Materials and supplies	22,000	15,000	17,238	(2,238)
Miscellaneous	4,800	2,280	3,257	(977)
Payroll taxes	2,260	2,565	2,812	(247)
Repairs and maintenance	1,000	300	245	55
Retirement	-	437	437	-
Salaries	28,000	31,000	35,894	(4,894)
Street lights	39,950	36,000	40,596	(4,596)
Utilities	1,500	500	2,466	(1,966)
TOTAL STREET DEPARTMENT	\$ 137,150	\$ 124,293	\$ 140,087	\$ (15,794)

TOWN OF KINDER, LOUISIANA
 General Fund
 Departmental Expenditures –
 Budgetary Comparison Schedule
 For The Year Ended June 30, 2017

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
POLICE DEPARTMENT				
Advertising – notices	\$ -	\$ -	\$ 200	\$ (200)
Auto allowance – dog catcher	1,340	1,340	1,391	(51)
Care of prisoners	5,000	4,700	3,771	929
Contract labor	400	400	419	(19)
Dues	3,000	1,000	61	939
Gas and oil	28,000	24,000	21,852	2,148
Insurance	96,375	90,730	123,803	(33,073)
Insurance-dispatchers	33,705	35,175	34,423	752
Intergovernmental	19,600	17,300	58,571	(41,271)
Materials and supplies	10,000	6,000	14,548	(8,548)
Miscellaneous	12,800	13,760	10,414	3,346
Office supplies	4,000	2,000	1,642	358
Payroll taxes	51,320	51,420	50,780	640
Per diem	500	500	-	500
Postage	400	400	375	25
Professional services	6,000	6,500	5,902	598
Repairs and maintenance	18,760	13,795	14,844	(1,049)
Retirement	108,900	106,700	106,622	78
Salaries	641,294	636,154	664,008	(27,854)
Salaries-dog catcher	13,390	13,390	13,515	(125)
Telephone	20,000	25,990	15,535	10,455
Travel	600	600	55	545
Uniforms	1,500	6,000	6,051	(51)
Utilities	9,500	8,300	8,705	(405)
TOTAL POLICE DEPARTMENT	<u>\$ 1,086,384</u>	<u>\$ 1,066,154</u>	<u>\$ 1,157,487</u>	<u>\$ (91,333)</u>

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:	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Town's proportion of the net pension liability (asset)	.1111447%	.10778%	100676%	.094254%	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
Town's proportionate share of the net pension liability (asset)	\$1,044,572	\$844,344	\$629,838	\$752,942	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
Town's covered-employee payroll	\$314,339	\$312,185	\$288,305	\$260,940	\$263,494	\$215,453	\$215,452	\$214,818	\$203,221	\$238,519
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	332.31%	270.46%	218.46%	288.55%	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
Plan fiduciary net position as a percentage of the total pension liability	66.04%	70.73%	75.10%	66.71%	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable

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

Municipal Police Employee Retirement System (MPERS)

Last 10 Fiscal Years

Fiscal Year Ended June 30:	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 99,803	\$ 92,094	\$ 90,816	\$ 80,891	\$ 69,826	\$ 57,095	\$ 53,863	\$ 23,630	\$ 19,306	\$ 32,200
Contributions in relation to the contractually required contribution	<u>(99,803)</u>	<u>(92,094)</u>	<u>(90,816)</u>	<u>(80,891)</u>	<u>(69,826)</u>	<u>(57,095)</u>	<u>(53,863)</u>	<u>(23,630)</u>	<u>(19,306)</u>	<u>(32,200)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 314,339	\$ 312,185	\$ 288,305	\$ 260,940	\$ 263,494	\$ 215,453	\$ 215,452	\$ 214,818	\$ 203,221	\$ 238,519
Contribution as a percentage of cover-employee payroll	31.75%	29.5%	31.5%	31%	26.5%	26.5%	25%	11%	9.5%	13.5%

TOWN OF KINDER, LOUISIANA
General Fund

Notes to Required Supplementary Information
for the Year Ended June 30, 2017

Municipal Police Employee Retirement System

Changes in Assumptions or Other Inputs. Changes in assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Changes in Proportion. Changes in employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using a straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employers that are provided pensions through the pension plan.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF KINDER, LOUISIANA
 Enterprise Funds
 Utility Funds
 (Unaudited)

Schedule of Number of Utility Customers

June 30, 2017

Records maintained by the Town indicate the following number of customers being served during the months of June 2017, and June, 2016, respectively:

<u>Department</u>	<u>2017</u>			<u>2016</u>		
	Residential	Commercial	Total	Residential	Commercial	Total
Gas (metered)	805	85	890	795	87	882
Water (metered)	901	157	1,058	901	156	1,057
Sewerage	880	146	1,026	879	146	1,025

TOWN OF KINDER, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
June 30, 2017

Description of Coverage	Coverage Amounts
Workmen's Compensation:	
Employer's liability - Bodily Injury by Disease Per Accident	\$ 1,000,000
- Bodily Injury by Disease Policy Limit	1,000,000
- Bodily Injury by Accident Per Employee	1,000,000
Surety Bonds:	
Town clerk	5,000
Police clerk	5,000
Clerks each	5,000
General liability:	
Town-	
Personal Injury/Property Damage	500,000
Aggregate	1,000,000
Police-	
Personal Injury/Property Damage	500,000
Aggregate	1,000,000
Public officials' error and omissions	500,000
Fire, extended coverage, blanket policy:	
Buildings	3,357,280
Contents	198,500
Commercial auto comprehensive liability and collision (per vehicle):	
Collision	500,000

TOWN OF KINDER, LOUISIANA
Schedule of Compensation Paid to Mayor and Council Members
For The Year Ended June 30, 2017

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

TOWN OF KINDER, LOUISIANA
Schedule of Compensation, Benefits and Other Payments to
Chief Executive Officer
For The Year Ended June 30, 2017

Chief Executive Officer: Wayland LaFargue, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$27,098
Benefits-insurance	72
Benefits-retirement	-0-
Benefits-cell phone	922
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	244
Travel	-0-
Registration fees	200
Conference travel	357
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

ROYCE T. SCIMEMI, CPA, APAC



CERTIFIED PUBLIC ACCOUNTANT

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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

September 12, 2017

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Kinder, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Kinder, Louisiana's basic financial statements and have issued our report thereon dated September 12, 2017.

Internal Control Over Financial Reporting

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

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

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

Honorable Wayland LaFargue, Mayor
and the Town Council
Town of Kinder, Louisiana
September 12, 2017
Page 2

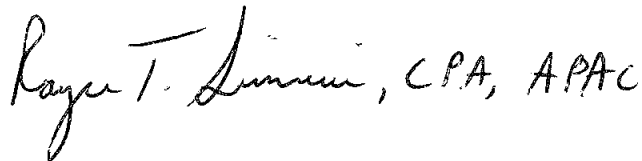
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Kinder, Louisiana's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Royce T. Scimemi, CPA, APAC

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

TOWN OF KINDER, LOUISIANA
 SCHEDULE OF FINDINGS AND RESPONSES
 For The Year Ended June 30, 2017

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Control deficiencies(s) identified that are
 not considered to be material weakness(es)? _____ yes X no

Noncompliance material to financial statements noted? _____ yes X no

Findings – Financial Statement Audit

None

Federal Award Findings and Questioned Costs

None

TOWN OF KINDER, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS AND
RESPONSES (UNAUDITED)
For The Year Ended June 30, 2017

There were no current year findings.

TOWN OF KINDER, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For The Year Ended June 30, 2017

Finding #2016-1 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

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

September 12, 2017

We have performed the procedures included enumerated below, which were agreed to by the management of the Town of Kinder, Louisiana (Town) and the Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Town's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the Town's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Town does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
All addressed without exception.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
All addressed without exception.
 - c) ***Disbursements***, including processing, reviewing, and approving.
All addressed without exception.
 - d) ***Receipts***, including receiving, recording, and preparing deposits.
All addressed without exception.
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
The police and other employee policy manuals were provided and all addressed without exception.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
All addressed without exception.

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

All addressed without exception.

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

All addressed without exception.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Town's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

None of the above four requirements were included in the policy provided (Exception).

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

No policy was provided and no debt was incurred during the current fiscal year (Exception).

Council (or Finance Committee, if applicable)

2. Obtain and review the council minutes for the fiscal period, and:

- a) Report whether the managing council met (with a quorum) at least monthly, or on a frequency in accordance with the council's enabling legislation, charter, or other equivalent document.

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

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the Town's prior audit (GAAP-basis).

➤ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one council meeting during the fiscal period reflect that the council is monitoring the plan.

Monthly income statements with budgetary comparisons and variances were provided to the Council and Mayor by handout. However, there was no evidence found of discussions and no references were made in the minutes (Exception)

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

At meetings on June 6, 2016, July 11, 2016, November 7, 2016, January 10, 2017, and March 6, 2017 approval of contracts to be signed by Mayor were discussed and acted on.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

The listing was provided by management.

4. Using the listing provided by management, select all of the Town's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;
Each bank account selected was reconciled without exception.
- b) Bank reconciliations include evidence that a member of management or a council member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
The Town Clerk initialed off on the bank statements rather than the bank reconciliations (Exception). The Town Clerk 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).
- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.
Management has researched all outstanding checks and deposits older than 6 months and is in the process of submitting same to the State of Louisiana Unclaimed Property Division.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
The listing was provided by management.
6. Using the listing provided by management, select all of the Town's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:
 - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
Each person responsible for handling cash is bonded. Two of these employees are responsible for depositing the cash in the bank (Exception). Each person responsible for collecting cash is also recording the transaction through an integrated cash collection/accounting system (Exception). One of these employees reconciles the bank accounts (Exception). All of the employees that collect non-police payments share two drawers with each other (Exception).
 - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the Town has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
The Town has a formal process to reconcile 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 (Exception).
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using Town collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
All deposits were made within one day of collections without exception.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.
No evidence of exceptions was found during the testing.
7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Town has a process specifically defined (identified as such by the Town) to determine completeness of all collections, including electronic

transfers, for each revenue source and 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) by a person who is not responsible for collections.

The Towns policies include some of the processes specifically defined to determine completeness of all collections but they are generally performed by persons who are also responsible for collections (Exception).

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of Town disbursements from management or, alternately, obtain the general ledger and sort/filter for Town disbursements. Obtain management's representation that the listing or general ledger population is complete.
The listing was provided by management.
9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the Town had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
A purchase order system was used for non-recurring purchases of products that were delivered to the Town. However, 18 of the transactions tested were recurring or there were no products delivered and a purchase order was not obtained/appropriate. The other 7 transactions had purchase orders prepared but the same person who initiated the purchase also approved the purchase (Exception).
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
Seven of the transactions tested had purchase orders prepared but the same person who initiated the purchase order also approved the purchase (Exception).
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
Three of the transactions tested were processed with comparison of purchase order with receiving report and vendors invoice without exception. 22 of the transactions tested were either recurring, no products were delivered, or no receiving report obtained/appropriate.
10. Using Town documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the Town's purchasing/disbursement system.
The Deputy Clerk has the authority to sign checks, perform accounts payable payment processing, and add vendors to the Town's system (Exception).
11. Using Town documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
The Town Clerk and the Deputy Town Clerk have signatory authority and authorization for disbursements. They can also initiate and record purchases (Exception).
12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review Town documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.
The Town's checks are printed on blank check stock. The Town Clerk and the Deputy Town Clerk have signatory authority and access to print checks (Exception).
13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The Town does not use signature stamps. Checks are always maintained under the control of the signer until mailed.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the Town has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

On the month tested, supporting documentation was reviewed, and approved, in writing by someone other than the authorized card holder without exception.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

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

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased).

Each transaction was supported by an original itemized receipt.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Documentation of business/public purpose was provided without exception. No meals were purchased in the month tested.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

All documentation appeared to be in order.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Town's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No transactions that were tested reflected failures to comply with the Town's written policies, nor were any \$10,000 or more requiring compliance with the Louisiana Public Bid Law.

- c) For each transaction, compare the Town's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No evidence of noncompliance noted in the transactions tested.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Management provided the requisite list.

18. Obtain the Town's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The Town utilizes a standard per diem rate of \$60 per day for meals and incidental expenses. This exceeds the standard GSA rate of \$51 per day by \$9 (Exception). 8005 During the 2016 calendar year, the Town utilized a standard mileage rate of 57.5 cents per mile for travel reimbursement while the applicable GSA rate was 54 cents per mile (Exception). During the calendar year 2017, the Town utilizes the same rate as GSA of 53.5 cents per mile.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Town does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

All expense reimbursements tested were in accordance with the Town's written policy without exception.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Itemized receipts were provided for all expenses tested that identified what was purchased other than per diem amounts reimbursed based on the established per diem policy without exception.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Each expense was supported by documentation of business purpose without exception.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Documentation in accordance with written policies was provided without exception.

- c) Compare the Town's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

The Town's documentation of business/public purpose for tested expenses appeared to comply with the requirements of Article 7, Section 14 of the Louisiana Constitution.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Each expense tested was supported by documentation of reviewal and approval in writing by someone other than the traveler without exception.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Management provided the listing.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
- Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
On two out of the five contracts, there was no written contract available (Exception). However, one of these contracts was for electricity provided to the Town and the other was for services relating to the operation of the wastewater treatment plant. They are both long-standing contracts that have not been updated on a regular basis. The other three of the five contracts were reviewed and supported the amount paid without exception.
 - Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the Town complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
One of the contracts was subject to the Louisiana Public Bid Law and was in compliance with all legal requirements. The other four contracts were for services that are not subject to the Louisiana Public Bid Law.
 - If no, obtain supporting contract documentation and report whether the Town solicited quotes as a best practice.
The four contracts not subject to the Louisiana Public Bid Law were long standing contracts that were not for materials and supplies or public works. No solicited quotes were obtained on these.
 - Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
None of the contracts were amended.
 - Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
The largest payments from each of the three contracts that were available were in compliance with the term and conditions of the contracts. Since two of the contracts were not in writing, testing of compliance with the contract terms was not possible (Exception).
 - Obtain/review contract documentation and council minutes and report whether there is documentation of council approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).
Documentation was not provided reflecting approval by the council of the contracts as it is not required by policy or law.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
The listing was provided by management.
- Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
All selected employees were paid in strict accordance with the approved pay rate structure provided in the employee payroll files.
 - Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.
For the five employees selected, there were no changes to their hourly pay rate/salaries during the year tested.
23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the Town had less than 25 employees during the fiscal period), and:

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

All employees tested had documentation of daily attendance and leave except for two salaried employees (Exception).

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

There was written documentation that supervisors approved attendance and leave for five of the twenty-five employees tested (Exception).

- c) Report whether there is written documentation that the Town maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

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

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

The listing was provided by management. Only one employee was terminated during the fiscal year. The termination payment made to that employee was in strict accordance with the police termination policy.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Documentation reflected that payroll tax return/reports were timely filed and all payroll taxes and retirement contributions were timely paid and submitted for the fiscal year without exception.

Ethics

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the Town maintained documentation to demonstrate that required ethics training was completed.

Of the five employees selected for testing, two had failed to obtain the documentation of completion of the required one-hour ethics training on the Code of Governmental Ethics as required by Louisiana Revised Statute 42:1170 (3)(a)(i) (Exception). One was a newly hired part-time employee who has one year to complete the training.

27. Inquire of management whether any alleged ethics violations were reported to the Town during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the Town's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management was not notified of any alleged or actual ethics violations during the fiscal period.

Debt Service

28. If debt was issued during the fiscal period, obtain supporting documentation from the Town, and report whether State Bond Commission approval was obtained.

No debt was issued during the fiscal period.

29. If the Town had outstanding debt during the fiscal period, obtain supporting documentation from the Town and report whether the Town made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The Town has made the scheduled USDA debt service payments and the associated debt reserves payments as required by the debt covenants.

30. If the Town had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

The Town did not have tax millages related to debt service payments.

Other

31. Inquire of management whether the Town had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the Town reported the misappropriation to the legislative auditor and the district attorney of the parish in which the Town is domiciled.

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

32. Observe and report whether the Town has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The Town did not have the required notice posted in a conspicuous place upon its premises or its website (Exception).

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

The practitioner did not observe or otherwise identify any exceptions regarding management's representations in the procedures above.

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

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

Royce T. Scimemi, CPA, APAC

