

Town of Kentwood, Louisiana

Annual Financial Statements

As of and for the Year Then Ended December 31, 2021
With Supplementary Information

**Town of Kentwood
Annual Financial Statements
As of and for the Year Ended December 31, 2021
With Supplementary Information**

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Annual Financial Statements
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With Supplementary Information Schedules
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Member
AICPA

Member
LCPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Irma Gordon
And Members of the Board (Town Council)
Kentwood, LA 70444

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Kentwood, Louisiana as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town of Kentwood, Louisiana's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Kentwood, Louisiana, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

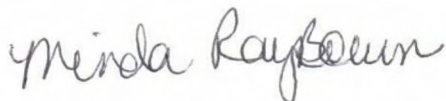
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Kentwood, Louisiana's basic financial statements. The accompanying schedules listed as Other Supplemental Information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule listed as Financial Data Schedules Required by the U.S. Department of Housing and Urban Development in the table of contents are presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development, and is also not a required part of the basic financial statements.

The information for the year ended December 31, 2021 in the schedules listed as the Financial Data Schedules Required by the U.S. Department of Housing and Urban Development are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information for the year ended December 31, 2021 in the schedules listed as the Financial Data Schedules Required by the U.S. Department of Housing and Urban Development are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of utility rates, schedule of number of sewer, water, and gas customers, schedule of insurance, schedule of compensation paid to board members, schedule of compensation, benefits, and other payments to agency head, and justice funding schedule-collecting/disbursing entity were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 25, 2023 on our consideration of the Town of Kentwood, 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 Town of Kentwood, Louisiana's internal control over financial reporting and compliance.



Minda Raybourn CPA
Franklinton, Louisiana
September 25, 2023

Basic Financial Statements
Government-Wide Financial Statements

Town of Kentwood
Statement of Net Position
As of December 31, 2021

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 1,401,250	\$ 409,710	\$ 1,810,960
Receivables, Net:			
Accounts	-	353,261	353,261
Intergovernmental	1,023,253	-	1,023,253
Taxes	156,079	-	156,079
Other	633	131,148	131,781
Due from Other Funds	173,749	29,384	203,133
Inventory	22,722	28,617	51,339
Prepaid Insurance	56,252	887	57,139
Total Current Assets	<u>2,833,938</u>	<u>953,007</u>	<u>3,786,945</u>
Restricted Assets:			
Restricted Cash and Cash Equivalents	312,568	251,860	564,428
Total Restricted Assets	<u>312,568</u>	<u>251,860</u>	<u>564,428</u>
Capital Assets:			
Land	631,126	1,622,600	2,253,726
Construction in Progress	-	-	-
Capital Assets, Net	2,084,823	4,945,729	7,030,552
Total Capital Assets, Net	<u>2,715,949</u>	<u>6,568,329</u>	<u>9,284,278</u>
Total Assets	<u>5,862,455</u>	<u>7,773,196</u>	<u>13,635,651</u>
Deferred Outflows of Resources			
Pension Related	340,907	26,560	367,467
Total Deferred Outflows of Resources	<u>340,907</u>	<u>26,560</u>	<u>367,467</u>
Liabilities			
Current Liabilities:			
Accounts Payable	85,606	82,199	167,805
Other Accrued Payables	91,670	55,518	147,188
Due to Other Funds	29,384	173,749	203,133
Customer Deposits	-	142,840	142,840
Deferred Revenues	450,480	-	450,480
Accrued Interest	13,253	-	13,253
Bonds Payable	50,000	133,767	183,767
Capital Leases	15,823	-	15,823
Total Current Liabilities	<u>736,216</u>	<u>588,073</u>	<u>1,324,289</u>
Long Term Liabilities:			
Bonds Payable	981,321	2,131,115	3,112,436
Capital Leases	88,882	-	88,882
Net Pension Liability	559,705	99,782	659,487
Accrued Sick Leave	78,772	43,686	122,458
Total Long Term Liabilities	<u>1,708,680</u>	<u>2,274,583</u>	<u>3,983,263</u>
Total Liabilities	<u>2,444,896</u>	<u>2,862,656</u>	<u>5,307,552</u>
Deferred Inflows of Resources			
Pension Related	324,006	45,485	369,491
Deferred Inflows of Rent	-	-	-
Total Deferred Inflows of Resources	<u>324,006</u>	<u>45,485</u>	<u>369,491</u>
Net Position			
Net Investment in Capital Assets	1,579,923	4,437,214	6,017,137
Restricted for:			
Capital Projects and Debt Service	312,568	-	312,568
Housing Activities	-	20,250	20,250
Unrestricted	1,541,969	434,151	1,976,120
Total Net Position	<u>\$ 3,434,460</u>	<u>\$ 4,891,615</u>	<u>\$ 8,326,075</u>

The accompanying notes are an integral part of these financial statements.

Town of Kentwood
Statement of Activities
For the year ended December 31, 2021

Statement B

	Expenses	Program Revenues			Net (Expenses) Revenues	Net (Expenses) Revenues and Changes of Primary Government		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions		Governmental Activities	Business-Type Activities	Total
Governmental Activities								
General Government	\$ 726,245	197,586	20,762	-	(507,897)	(507,897)	-	(507,897)
Public Safety - Police Protection	716,134	31,577	6,605	-	(677,952)	(677,952)	-	(677,952)
Public Safety - Fire Protection	763,464	-	321,096	-	(442,368)	(442,368)	-	(442,368)
Public Works - Streets and Sanitation	502,200	80,762	-	-	(421,438)	(421,438)	-	(421,438)
Health and Welfare	6,594	14,240	-	-	7,646	7,646	-	7,646
Recreation	89,238	-	-	-	(89,238)	(89,238)	-	(89,238)
Economic Development	10,992	-	-	-	(10,992)	(10,992)	-	(10,992)
Bond Interest Expense	33,750	-	-	-	(33,750)	(33,750)	-	(33,750)
Capital Lease Interest	4,439	-	-	-	(4,439)	(4,439)	-	(4,439)
Total Governmental Activities	<u>\$ 2,853,056</u>	<u>324,165</u>	<u>348,463</u>	<u>-</u>	<u>(2,180,428)</u>	<u>(2,180,428)</u>	<u>-</u>	<u>(2,180,428)</u>
Business-type Activities								
Gas	\$ 198,186	457,634	5,133	-	264,581	-	264,581	264,581
Water	563,033	662,570	2,104	-	101,641	-	101,641	101,641
Sewer	442,854	599,495	1,484	-	158,125	-	158,125	158,125
Nursing Home Property	124,809	35,684	-	-	(89,125)	-	(89,125)	(89,125)
Housing Assistance	419,916	415,610	-	-	(4,306)	-	(4,306)	(4,306)
Total Business-type Activities	<u>\$ 1,748,798</u>	<u>2,170,993</u>	<u>8,721</u>	<u>-</u>	<u>430,916</u>	<u>-</u>	<u>430,916</u>	<u>430,916</u>
General Revenues:	4,601,854	2,495,158	357,184					
Taxes:								
Property Taxes						291,983	-	291,983
Allocation From Fire District # 2						657,487	-	657,487
Sales Taxes						1,209,660	-	1,209,660
Franchise Taxes						55,223	-	55,223
Other						8,120	-	8,120
Interest Income						7,218	2,042	9,260
Miscellaneous						24,385	-	24,385
On-behalf Payments-Supplemental Pay for Fire and Police						93,667	-	93,667
Other Nonoperating Revenue-Insurance Proceeds						2,421	-	2,421
Operating Transfers In (Out) to Town Funds						741,602	(741,602)	-
Capital Transfers (Out) to Tangipahoa Parish Fire Protection District Number Two						(416,461)	-	(416,461)
Gain (Loss) on Sale of Assets						(2,217)	-	(2,217)
Total General Revenues and Transfers						<u>2,673,088</u>	<u>(739,560)</u>	<u>1,933,528</u>
Change in Net Position						492,660	(308,644)	184,016
Net Position - Beginning						2,969,221	5,200,259	8,169,480
Prior Period Adjustment						(27,421)	-	(27,421)
Net Position - Beginning, Restated						2,941,800	5,200,259	8,142,059
Net Position - Ending						<u>\$ 3,434,460</u>	<u>\$ 4,891,615</u>	<u>\$ 8,326,075</u>

The accompanying notes are an integral part of these financial statements.

Basic Financial Statements
Fund Financial Statements

**Town of Kentwood
Balance Sheet, Governmental Funds
As of December 31, 2021**

	<u>General Fund</u>	<u>Volunteer Fire Department</u>	<u>LHFA Special Revenue Fund</u>	<u>American Rescue Plan Act Fund</u>	<u>Recreation Ad Valorem Special Revenue Fund</u>	<u>Recreation Debt Service Fund</u>	<u>Recreation Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets								
Cash and Equivalents	\$ 625,800	\$ 6,939	\$ -	\$ 450,471	\$ 318,040	\$ -	\$ -	\$ 1,401,250
Receivables, Net:								
Intergovernmental	154,196	869,057	-	-	-	-	-	1,023,253
Ad Valorem Taxes	80,380	-	-	-	57,973	-	-	138,353
Franchise Taxes	17,726	-	-	-	-	-	-	17,726
Other	633	-	-	-	-	-	-	633
Due From Other Funds	355,666	711	-	-	12,832	-	244,630	613,839
Inventory	22,722	-	-	-	-	-	-	22,722
Prepaid Insurance	23,140	30,797	2,315	-	-	-	-	56,252
Restricted Cash	108,115	-	116,872	-	-	87,581	-	312,568
Total Assets	<u>\$ 1,388,378</u>	<u>\$ 907,504</u>	<u>\$ 119,187</u>	<u>\$ 450,471</u>	<u>\$ 388,845</u>	<u>\$ 87,581</u>	<u>\$ 244,630</u>	<u>\$ 3,586,596</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable	\$ 56,640	\$ 28,966	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,606
Other Accrued Liabilities	75,949	14,421	1,300	-	-	-	-	91,670
Deferred Revenues			-	450,480				450,480
Due to Other Funds	183,744	92,960	1,027	-	188,050	3,693	-	469,474
Total Liabilities	<u>316,333</u>	<u>136,347</u>	<u>2,327</u>	<u>450,480</u>	<u>188,050</u>	<u>3,693</u>	<u>-</u>	<u>1,097,230</u>
Fund Balances:								
Nonspendable	23,140	30,797	2,315	-	-	-	-	56,252
Restricted	108,115	-	-	(9)	200,795	-	244,630	553,531
Assigned	-	740,360	114,545	-	-	-	-	854,905
Unassigned	940,790	-	-	-	-	83,888	-	1,024,678
Total Fund Balances	<u>1,072,045</u>	<u>771,157</u>	<u>116,860</u>	<u>(9)</u>	<u>200,795</u>	<u>83,888</u>	<u>244,630</u>	<u>2,489,366</u>
Total Liabilities and Fund Balances	<u>\$ 1,388,378</u>	<u>\$ 907,504</u>	<u>\$ 119,187</u>	<u>\$ 450,471</u>	<u>\$ 388,845</u>	<u>\$ 87,581</u>	<u>\$ 244,630</u>	<u>\$ 3,586,596</u>

The accompanying notes are an integral part of these financial statements.

Town of Kentwood
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
As of December 31, 2021

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$	2,489,366
<p>Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.</p>		
Governmental capital assets net of depreciation		2,715,949
<p>General long-term debt of governmental activities is not payable from current resources and, therefore, not reported in the funds. This debt is:</p>		
Net Pension Liability		(559,705)
Deferred Outflows of Resources		340,907
Deferred Inflows of Resources		(324,006)
Capital Lease Payable		(104,705)
Accrued Interest		(13,253)
Bonds Payable		(1,031,321)
<p>Long-term liabilities for sick leave convertible to benefits upon retirement and the unfunded post employment health insurance liability is not due and payable in the current period and, therefore, not reported in the governmental funds.</p>		
Accrued Sick Leave Convertible to Retirement		(78,772)
Net Position of Governmental Activities (Statement A)	\$	<u>3,434,460</u>

The accompanying notes are an integral part of these financial statements.

Town of Kentwood
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the year ended December 31, 2021

	General Fund	Volunteer Fire Department	LHFA Special Revenue Fund	American Rescue Plan Act Fund	Ad Valorem Special Revenue Fund	Recreation Debt Service Fund	Recreation Capital Projects Fund	Total Governmental Funds
Revenues								
Taxes	\$ 1,418,874	\$ 606,958	\$ -	\$ -	\$ 137,991	\$ -	\$ -	\$ 2,163,823
Licenses and Permits	172,842	-	-	-	-	-	-	172,842
Intergovernmental	18,297	86,009	-	-	-	-	-	104,306
Charges for Services	29,958	-	14,240	-	-	-	-	44,198
Fines and Forfeitures	12,961	-	-	-	-	-	-	12,961
Sanitation Fees	80,762	-	-	-	-	-	-	80,762
Interest	1,021	5,716	343	11	96	30	-	7,217
Grants:								
Entergy Beautification Grant	1,000	-	-	-	-	-	-	1,000
FEMA Grant	-	254,848	-	-	-	-	-	254,848
State Grant	-	5,321	-	-	-	-	-	5,321
LGAP Grant	15,000	-	-	-	-	-	-	15,000
Supplemental Pay	93,667	-	-	-	-	-	-	93,667
Miscellaneous	17,486	20,303	-	-	-	-	-	37,789
Total Revenues	1,861,868	979,155	14,583	11	138,087	30	-	2,993,734
Expenditures								
General Government	767,233	-	-	20	-	-	-	767,253
Public Safety:								
Police	746,931	-	-	-	-	-	-	746,931
Fire	105,345	672,267	-	-	-	-	-	777,612
Public Works	487,551	-	-	-	-	-	-	487,551
Health and Welfare	6,595	-	-	-	-	-	-	6,595
Recreation	-	-	-	-	41,662	-	-	41,662
Economic Development	-	-	4,252	-	-	-	-	4,252
Capital Outlays	18,506	416,461	-	-	-	-	-	434,967
Debt Service								
Principal	15,228	-	-	-	-	50,000	-	65,228
Interest	4,686	-	-	-	-	34,428	-	39,114
Total Expenditures	2,152,075	1,088,728	4,252	20	41,662	84,428	-	3,371,165
Excess (Deficiency) of Revenues								
Over (Under) (Expenditures)	(290,207)	(109,573)	10,331	(9)	96,425	(84,398)	-	(377,431)
Other Financing Sources (Uses)								
Operating Transfers In	746,739	-	-	-	-	309,719	-	1,056,458
Operating Transfers (Out)	(5,138)	-	-	-	(306,706)	-	(3,013)	(314,857)
Insurance Proceeds	-	2,421	-	-	-	-	-	2,421
Sale of Fixed Assets	700	-	-	-	-	-	-	700
Total Other Financing Sources (Uses)	742,301	2,421	-	-	(306,706)	309,719	(3,013)	744,722
Net Change in Fund Balances	452,094	(107,152)	10,331	(9)	(210,281)	225,321	(3,013)	367,291
Fund Balances, Beginning	619,952	905,729	106,529	-	411,076	(141,433)	247,643	2,149,496
Prior Period Adjustment	-	(27,421)	-	-	-	-	-	(27,421)
Fund Balances, Beginning, Restated	619,952	878,308	106,529	-	411,076	(141,433)	247,643	2,122,075
Fund Balances, Ending	\$ 1,072,046	\$ 771,156	\$ 116,860	\$ (9)	\$ 200,795	\$ 83,888	\$ 244,630	\$ 2,489,366

The accompanying notes are an integral part of these financial statements.

Town of Kentwood
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended December 31, 2021

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E \$ 367,291

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of premium, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the amount by which repayments exceeded proceeds:

Amortization of Bond Premium	\$ <u>403</u>	403
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	18,506	
Less:		
Proceeds from sale of assets	-	
Loss on sale of assets	(2,917)	
Current year depreciation	<u>(117,172)</u>	(101,583)

Compensated Absences payable after one year are not recorded as an expenditure in the governmental funds, but they are recorded as an expenditure in the statement of activities. (This entry records the change in compensated absences)

20,639

Pension Expense Credit

113,523

Non-Employer Contribution

26,637

Accrued interest expense is not due and payable in the current period and, therefore, is not reported in the governmental funds

522

Repayment of capital lease principal is an expenditure in governmental funds but the repayment reduces long-term liabilities in the statement of net position.

Principal payments - Series 2017 Recreation		50,000
Principal payments - capital leases		<u>15,228</u>
Change in Net Position of Governmental Activities, Statement B	\$	<u>492,660</u>

The accompanying notes are an integral part of these financial statements.

Town of Kentwood
Statement of Net Position - Proprietary Funds
As of December 31, 2021

	<u>Utility Fund</u>	<u>Housing Assistance Fund</u>	<u>Total Enterprise Funds</u>
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 409,710	-	409,710
Receivables, Net	353,261	-	353,261
Due From State	120,464	-	120,464
Due From Other Funds	29,384	-	29,384
Rental Receivable	10,684	-	10,684
Inventory	28,617	-	28,617
Prepaid Insurance	887	-	887
Total Current Assets	<u>953,007</u>	<u>-</u>	<u>953,007</u>
Restricted Assets:			
Restricted Cash and Cash Equivalents	216,685	35,175	251,860
Total Restricted Assets	<u>216,685</u>	<u>35,175</u>	<u>251,860</u>
Property, Plant, and Equipment			
Land	1,622,600	-	1,622,600
Property, Plant and Equipment, Net	4,945,729	-	4,945,729
Total Property, Plant, and Equipment	<u>6,568,329</u>	<u>-</u>	<u>6,568,329</u>
Total Assets	<u>7,738,021</u>	<u>35,175</u>	<u>7,773,196</u>
Deferred Outflows of Resources			
Pension Related	26,560	-	26,560
Total Deferred Outflows of Resources	<u>26,560</u>	<u>-</u>	<u>26,560</u>
Liabilities			
Current Liabilities (Payable From Current Assets):			
Accounts Payable	82,199	-	82,199
Other Accrued Payables	55,518	-	55,518
Due To Other Funds	158,824	14,925	173,749
Total Current Liabilities (Payable From Current Assets)	<u>296,541</u>	<u>14,925</u>	<u>311,466</u>
Current Liabilities (Payable From Restricted Assets):			
Customer Deposits	142,840	-	142,840
Revenue Bonds Payable	133,767	-	133,767
Total Current Liabilities (Payable From Restricted Assets)	<u>276,607</u>	<u>-</u>	<u>276,607</u>
Long Term Liabilities:			
Bonds Payable	2,131,115	-	2,131,115
Net Pension Liability	99,782	-	99,782
Accrued Sick Leave Convertible to Retirement	43,686	-	43,686
Total Long Term Liabilities	<u>2,274,583</u>	<u>-</u>	<u>2,274,583</u>
Total Liabilities	<u>2,847,731</u>	<u>14,925</u>	<u>2,862,656</u>
Deferred Inflows of Resources			
Pension Related	45,485	-	45,485
Deferred Inflows of Rent	-	-	-
Total Deferred Inflows of Resources	<u>45,485</u>	<u>-</u>	<u>45,485</u>
Net Position			
Net Investment in Capital Assets	4,437,214	-	4,437,214
Restricted for:			
Capital Projects and Debt Service	-	-	-
Housing Activities	-	20,250	20,250
Unrestricted	434,151	-	434,151
Total Net Position	<u>\$ 4,871,365</u>	<u>\$ 20,250</u>	<u>\$ 4,891,615</u>

The accompanying notes are an integral part of these financial statements.

Town of Kentwood
Statement of Revenues, Expenses and
Changes in Net Position - Proprietary Funds
For the year ended December 31, 2021

	<u>Gas Utility System</u>	<u>Water Utility System</u>	<u>Sewer Utility System</u>	<u>Nursing Home Property</u>	<u>Utility Fund</u>	<u>Housing Assistance Fund</u>	<u>Total Enterprise Funds</u>
Operating Revenues							
Gas Sales	\$ 756,024	\$ -	\$ -	\$ -	756,024	\$ -	\$ 756,024
Less Cost of Gas Sold	(298,390)	-	-	-	(298,390)	-	(298,390)
Gross Profit on Gas Sales	457,634	-	-	-	457,634	-	457,634
Water Sales	-	658,885	-	-	658,885	-	658,885
Sewer Service Charges	-	-	597,851	-	597,851	-	597,851
Intergovernmental - Pension Paid by Others	5,133	2,104	1,484	-	8,721	-	8,721
HUD Contributions	-	-	-	-	-	414,956	414,956
Lease Rental and Maintenance Income	-	-	-	35,684	35,684	-	35,684
Other	-	3,685	1,644	-	5,329	654	5,983
Total Operating Revenues	<u>5,133</u>	<u>664,674</u>	<u>600,979</u>	<u>35,684</u>	<u>1,306,470</u>	<u>415,610</u>	<u>1,722,080</u>
Operating Expenses							
Bad Debts	5,833	5,833	5,833	36,115	53,614	-	53,614
Cathodic Protection	14,357	-	-	-	14,357	-	14,357
Depreciation	11,018	136,196	89,761	23,705	260,680	-	260,680
Employee Benefits	9,494	5,762	6,292	-	21,548	18,687	40,235
Housing and Utility Assistance	-	-	-	-	-	357,414	357,414
Fuel	6,037	7,583	-	2,046	15,666	-	15,666
Insurance, Workers Compensation	-	-	-	-	-	167	167
Other	20,048	20,450	8,322	(223)	48,597	596	49,193
Professional Fees	989	3,721	-	-	4,710	3,600	8,310
Repairs and Maintenance	16,541	50,000	242,279	30,095	338,915	-	338,915
Salaries and Wages	102,605	57,141	53,973	-	213,719	39,452	253,171
Supplies	11,264	28,720	1,244	-	41,228	-	41,228
Utilities	-	60,022	35,150	33,071	128,243	-	128,243
Water Treatment	-	89,047	-	-	89,047	-	89,047
Total Operating Expenses	<u>198,186</u>	<u>464,475</u>	<u>442,854</u>	<u>124,809</u>	<u>1,230,324</u>	<u>419,916</u>	<u>1,650,240</u>
Operating Income (Loss)	<u>264,581</u>	<u>200,199</u>	<u>158,125</u>	<u>(89,125)</u>	<u>533,780</u>	<u>(4,306)</u>	<u>529,474</u>
Nonoperating Revenues (Expenses)							
Interest Income	492	514	457	412	1,875	167	2,042
Interest Expense	-	(98,558)	-	-	(98,558)	-	(98,558)
Total Nonoperating Revenues (Expenses)	<u>492</u>	<u>(98,044)</u>	<u>457</u>	<u>412</u>	<u>(96,683)</u>	<u>167</u>	<u>(96,516)</u>
Income (Loss) Before Contributions and Transfers	265,073	102,155	158,582	(88,713)	437,097	(4,139)	432,958
Contributions and Transfers							
Capital Contributions	-	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	5,138	5,138
Operating Transfers Out	(521,260)	(225,480)	-	-	(746,740)	-	(746,740)
Change in Net Position	<u>(256,187)</u>	<u>(123,325)</u>	<u>158,582</u>	<u>(88,713)</u>	<u>(309,643)</u>	<u>999</u>	<u>(308,644)</u>
Total Net Position, Beginning					<u>5,181,006</u>	<u>19,252</u>	<u>5,200,258</u>
Total Net Position, Ending					<u>\$ 4,871,363</u>	<u>\$ 20,251</u>	<u>\$ 4,891,614</u>

The accompanying notes are an integral part of these financial statements.

Statement I

Town of Kentwood
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2021

	<u>Utility Fund</u>	<u>Housing Assistance Fund</u>	<u>Total Enterprise Funds</u>
Cash Flows From Operating Activities			
Received From Customers	\$ 1,703,225	\$ -	\$ 1,703,225
Received From the Department of Housing and Urban Development	-	396,321	396,321
Other Receipts	14,050	-	14,050
Received for (Payments for) Interfund Services	(54,425)	-	(54,425)
Payments for Operations	(657,860)	(356,735)	(1,014,595)
Payments to Employees	(321,127)	(58,139)	(379,266)
Net Cash Provided (Used) by Operating Activities	<u>683,863</u>	<u>(18,553)</u>	<u>665,310</u>
Cash Flows From Noncapital Financing Activities			
Transfers From (To) Other Funds	(734,906)	5,138	(729,768)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(734,906)</u>	<u>5,138</u>	<u>(729,768)</u>
Cash Flows From Capital and Related Financing Activities			
Capital Contributions Received	-	-	-
(Payments for) Capital Acquisitions	(38,107)	-	(38,107)
Principal Proceeds from (Repayments for) Long Term Debt	(127,557)	-	(127,557)
Interest Payments for Long Term Debt	(98,558)	-	(98,558)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(264,222)</u>	<u>-</u>	<u>(264,222)</u>
Cash Flows From Investing Activities			
Receipt of Interest	1,875	167	2,042
Net Cash Provided (Used) by Investing Activities	<u>1,875</u>	<u>167</u>	<u>2,042</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	(313,390)	(13,248)	(326,638)
Cash and Cash Equivalents, Beginning of Year	939,785	48,423	988,208
Cash and Cash Equivalents, End of Year	<u>\$ 626,395</u>	<u>\$ 35,175</u>	<u>\$ 661,570</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:			
Cash and Cash Equivalents, Unrestricted	\$ 409,710	\$ -	\$ 409,710
Cash and Cash Equivalents, Restricted	216,685	35,175	251,860
Total Cash and Cash Equivalents	<u>\$ 626,395</u>	<u>\$ 35,175</u>	<u>\$ 661,570</u>

(Continued)

Town of Kentwood
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2021

	<u>Utility Fund</u>	<u>Housing Assistance Fund</u>	<u>Total Enterprise Funds</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)			
by Operating Activities			
Operating Income (Loss)	\$ 533,780	\$ (4,306)	\$ 529,474
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	260,680	-	260,680
(Increase) decrease in Accounts Receivable	(73,041)	-	(73,041)
(Increase) decrease in Rent Receivable	25,431	-	25,431
(Increase) decrease in Due To/From Other Governments	(38,257)	4,388	(33,869)
(Increase) decrease in Inventory	(24,496)	-	(24,496)
(Increase) decrease in Prepaid Insurance	(24)	-	(24)
(Increase) decrease in Deferred Outflows of Resources	26,189	-	26,189
(Increase) decrease Due (to) and from Other Funds	11,834	-	11,834
Increase (decrease) in Accounts Payable	11,770	-	11,770
Increase (Decrease) in Compensated Absences	17,788	-	17,788
Increase (decrease) in Accrued Expenses	32,529	-	32,529
Increase (decrease) in Deferred Inflows of Resources	22,041	-	22,041
Increase (decrease) in Net Pension Liability	(119,634)	-	(119,634)
Increase (decrease) in Customer Deposits	(2,727)	-	(2,727)
Increase (decrease) in Deferred Revenue	-	(18,635)	(18,635)
Net Cash Provided (Used) by Operating Activities	<u>\$ 683,863</u>	<u>\$ (18,553)</u>	<u>\$ 665,310</u>

-

(Concluded)

The accompanying notes are an integral part of these financial statements.

Basic Financial Statements

Notes to the Financial Statements

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2021

Introduction

The Town of Kentwood, Louisiana was incorporated in March of 1893 under the provisions of the Lawrason Act. The Town operates under a Mayor/Board of Aldermen form of government, with the Mayor and each of five aldermen elected at large for four-year terms. The Mayor and Aldermen are compensated per diem for each meeting attended; in addition, the Mayor receives a salary. Kentwood is located directly off Interstate I-55 in the northern section of Tangipahoa Parish. The Town's total population is 2,145 as reported by the U.S. Census Bureau, Census 2020. The Town provides police and fire protection, services to maintain and develop streets, drainage, and sanitation, support of recreation activities, general and administrative services, and utilities services for area residents. The Town provides water, gas, and sewer utility services to 988 water customers, 380 gas customers, and 843 sewer customers inside and outside of the Town limits. The Town employs 28 full-time employees in addition to the Mayor and Board of Aldermen.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Town is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes, or set rates or charges, and issue bonded debt. There are no component units which the Town of Kentwood has an oversight relationship.

1. Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

These financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, as amended by GASB Statements described in the following paragraphs. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net position (or balance sheet), a statement of activities, and a statement of cash flows. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements included in the following paragraphs. The District has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* that require capital contributions to the District to be presented as a change in net position.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net assets by the government that is applicable to a future reporting period, and *Deferred Inflows of*

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2021

Resources as an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Footnote J – Net Position and Fund Equity*. As required by the Government Accounting Standards Board (GASB), the Town implemented GASB Statement No. 63 during the year ending December 31, 2012. The Town had deferred outflows of resources related to pension \$367,467 and deferred inflows related to pension of \$369,491 at December 31, 2021.

The Town has also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The application of this standard to long-term debt offerings of the Town is more fully described in *Footnote I – Long-Term Obligations*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are presented as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2021

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable, if any, due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes, other than debt service or capital projects. For the year ending December 31, 2021, the Town reported the following special revenue funds, all reported as Major Funds: (1) Kentwood Fire Department – accounts for intergovernmental revenue sources restricted by Rural Fire Protection District #2. (2) LHFA Fund – accounts for federal program grant and federal program income restricted by the grantor to program approved expenditures. (3) Recreation Ad Valorem Fund – accounts for ad valorem millage dedicated for use for recreation operations and improvements.

The *Debt Service Funds* account for financial resources that are restricted, committed, or assigned to expenditure for principal and interest. For the year ending December 31, 2021, the Town had one debt service fund for the recreation park project Series 2017 Revenue Bond. This fund is used to accumulate funds for the annual installment due on the Series 2017 Revenue Bond. The bond was issued for the purpose of constructing a recreation park. Transfers will be made from the Recreation Ad Valorem Fund for this purpose and accumulated in this account.

The *Capital Projects Funds* account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets. For the year ending December 31, 2021, the Town had one capital project fund for the recreation park project.

The Town reports the following major proprietary funds:

The *Enterprise Funds* account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. For the year ending December 31, 2021, the Town's Enterprise Funds were the Utility Fund and the Housing Assistance Fund, both Major Funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2021

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town’s policy to use restricted resources first, then unrestricted resources as they are needed.

When restricted, committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds as needed, unless it has been provided for otherwise in the restriction, commitment, or assignment actions.

C. Deposits and Investments

The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Town’s investment policy allow the Town to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

Investments for the Town are reported at fair market value. The state investment pool, LAMP, operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General Corporate Purposes	6.34 mills	6.34 mills	None
Fire Protection	3.00 mills	3.00 mills	December 31, 2036
Police Protection	3.00 mills	3.00 mills	December 31, 2036
Recreation	8.90 mills	8.90 mills	December 31, 2036

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2021

On December 10, 2016, voters approved a new millage of 14.90 mills to be allocated as follows:

- 1) 3 mills for fire protection
- 2) 3 mills for police protection
- 3) 8.9 mills for recreation

This new millage is for a period of twenty years, commencing with the tax year 2017 and ending after the tax collection for the year 2036.

Sales and use taxes are levied at two percent. The proceeds of these sales and use taxes are dedicated as follows:

One percent sales and use tax dedicated to general corporate purposes. **This tax does not expire.**

One percent sales and use tax to be dedicated and used for not to exceed fifty percent of the proceeds for the constructing, acquiring, improving, maintaining, and operating solid waste collection and disposal facilities; the remainder of the proceeds for the purpose of paying police officers and other Town employees' salaries and other general operating costs of the Town; constructing and acquiring additions, extensions, and improvements to the sewerage collection, disposal, and treatment plant and system, the waterworks plant and system, and the natural gas system; constructing, paving, resurfacing, and improving streets, sidewalks, roads, bridges, alleys, drains, and drainage canals, and acquiring necessary equipment for the maintenance thereof; acquiring fire protection and public safety equipment and facilities; and constructing or improving public buildings, jails, public parks and recreation facilities, including the necessary equipment and furnishings therefore. **This tax expires on June 30, 2024. The tax will be on the March 2024 ballot for renewal.**

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Effective for fiscal year 2019, the Town no longer capitalizes interest during the construction period on a

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2021

prospective basis as per GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings & Improvements	20 - 40 Years
Vehicles and Equipment	5 - 15 Years
Infrastructure	10 - 40 Years
Gas System	10 - 40 Years
Water System	10 - 40 Years
Sewer System	7 - 40 Years

H. Compensated Absences

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

All regular employees, after one year of employment, are entitled to annual vacation and sick leave as follows:

	<u>Minimum Years of Service</u>		
	<u>0 to 1</u>	<u>2 to 7</u>	<u>7 +</u>
Vacation Leave - Days Earned per Year	5	10	15
Sick Leave - Days Earned per Year	12	12	12
	<u>17</u>	<u>22</u>	<u>27</u>

Office (administrative) personnel are allowed to accumulate 210 hours of vacation leave; all other employees working eight hours per day are allowed to accumulate 240 hours of vacation leave. There is no limit on the accumulation of sick leave. A long-term payable for sick leave convertible to retirement is accrued on the government wide level.

When workmen's compensation is due an employee, that employee has the option of using accrued annual vacation and sick leave while drawing workmen's compensation, but must remit to the Town all workmen's compensation benefits received. A law officer disabled while performing duty of a hazardous nature may be granted a leave of absence by the Town with full pay during the period of disability provided all workmen's compensation benefits are remitted to the Town.

I. Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are now expensed in the period incurred under GASB 65.

The Town has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and with the implementation of GASB 65, the recognition of bond-related costs, including the

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2021

costs related to issuance and refunding of debt, were revised. This standard was intended to compliment GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expended in the period incurred under GASB 65. The Town had no bond issuance costs in the year ending December 31, 2021.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Net Position and Fund Equity

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

- **Net Investment in Capital Assets Component of Net Position** - The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
- **Restricted Component of Net Position** - The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- **Unrestricted Component of Net Position** - The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

In the fund statements, governmental fund equity is classified as fund balance. The Town adopted GASB 54 for the year ended December 31, 2011. As such, fund balances of governmental funds are classified as follows:

- **Nonspendable.** These are amounts that cannot be spent either, because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2021

- **Restricted.** These are amounts that can be spent only for specific purposes, because of constitutional provisions, enabling legislation or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed.** These are amounts that can be used only for specific purposes determined by a formal decision of the Board of Aldermen, which is the highest level of decision-making authority for the Town.
- **Assigned.** These are amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purposes based on the discretion of the Board.
- **Unassigned.** These are amounts that have not been assigned to other funds and amounts that have not been restricted, committed, or assigned to specific purposes within the general fund. Also, within other governmental funds, includes expenditure amounts incurred for specific purposes which exceed the amounts restricted, committed, or assigned to those purposes.

K. Comparative Data/Reclassifications

The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with general accepted accounting principles. Accordingly, such information should be read in conjunction with the Town's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. All prior period adjustments, if any, recorded in the current period have been reflected in prior period data presented wherever possible.

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

N. Reconciliations of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenses, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2021

2. Stewardship, Compliance and Accountability

The Town uses the following budget practices:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the general and enterprise funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for enterprise funds are presented on the accrual basis of accounting. Other governmental funds are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

With the exception of the volunteer fire department special revenue fund, total revenues and other sources and total expenditures and other uses for the Town of Kentwood were within five percent of budgeted revenues and other sources and expenditures and other uses for the fiscal year ending December 31, 2021 for the General Fund and Special Revenue Funds. The expenditures in the special revenue fund for the volunteer fire department were over budget by \$185,068 or 113%.

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2021

3. Cash and Cash Equivalents

At December 31, 2021, the Town has cash and cash equivalents (book balances) as follows:

	December 31, 2021
Cash on Hand	\$ 798
Demand Deposits	1,346,611
Louisiana Asset Management Pool	1,027,979
Total Cash and Cash Equivalents	\$ 2,375,388

These deposits are stated at cost, which approximates market. 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. Even though the pledged securities may be considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

Custodial credit risk as it relates to cash deposits is the risk that in the event of a bank failure, the government's deposits may not be returned. The Town does not have a formal policy for custodial risk. At December 31, 2021, the municipality has \$1,460,397 in deposits (collected bank balances) other than LAMP, consisting of \$1,372,816 in demand deposits within two banks and \$87,581 in trust accounts at one bank. The demand deposits in the first bank consist of \$982,702 in demand deposits for the Town of Kentwood and \$6,874 in demand deposits for the Kentwood Volunteer Fire Department. The demand deposits of \$982,702 are secured from risk by federal deposit insurance of \$250,000 and pledged securities of \$732,702. The \$732,702 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The remaining of \$6,874 of demand deposits is uncollateralized and subject to custodial credit risk. The \$6,874 in demand deposits is secured from risk by federal deposit insurance of \$250,000. The demand deposits in the second bank consist of \$383,240 in demand deposits. These are secured from risk by \$250,000 of federal deposit insurance and pledged securities of \$133,240. The \$133,240 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The \$87,581 in trust accounts are secured from risk by the Trust Department of the respective bank and consisted of U.S. Treasury Obligations.

4. Investments

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the town or its agent in the Town's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Town's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Town's name

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2021

The Town's investments are carried at fair value, except nonparticipating investment contracts which are reported at cost.

Interest Rate Risk: The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

There were no investments held by the Town at December 31, 2021, other than LAMP which are carried as cash and cash equivalents.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

GASB 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

1. Credit risk: LAMP is rated AAAM by Standards and Poor's.
2. Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
3. Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.
4. Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments, as provided by LAMP, is 45 days as of December 31, 2021.
5. Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. If you have any questions, please feel free to contact LAMP administrative office at (800) 249-5267.

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2021

5. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends and the period aging and write-off of accounts receivable. Major receivables balances for the governmental activities include sales taxes and franchise taxes. Business-type activities report utilities earnings as their major receivable.

There are no differences between the external governmental fund financial statements receivables and the government wide financial statements at December 31, 2021. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded only if paid within 60 days since they would be considered both measurable and available. Proprietary fund revenues consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging and write-off of accounts receivable.

The Governmental Fund receivables at December 31, 2021 consist of the following:

Government Receivables	General Fund	Volunteer Fire Department	Recreation Ad Valorem Special Revenue Fund	Recreation Capital Projects Fund	Total Governmental Funds
Taxes:					
Ad Valorem	\$ 80,381	\$ -	\$ 57,973	\$ -	\$ 138,354
Public Utility Franchise	13,105	-	-	-	13,105
Beer Tax	1,792	-	-	-	1,792
Gaming	4,621	-	-	-	4,621
Intergovernmental:					
Tangipahoa Parish School Board, Sales Tax	108,728	-	-	-	108,728
Tangipahoa Parish School Board, School Officer	4,891	-	-	-	4,891
FEMA Receivable	38,784	-	-	-	38,784
Tangipahoa Parish Council	-	869,057	-	-	869,057
Tangipahoa Parish Council-Cash	-	-	-	-	-
Other Receivables	633	-	-	-	633
Total Government Receivables	\$ 252,935	\$ 869,057	\$ 57,973	\$ -	\$ 1,179,965

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2021

The Enterprise Fund accounts receivable at December 31, 2021 consists of the following:

		Year Ended December 31, 2021
Accounts Receivable		
Current	\$	253,771
31 - 60 Days		48,728
61 - 90 Days		8,548
Over 90 Days		5,566
Subtotal		316,613
Less Allowance for Bad Debt		28,732
Accounts Receivables, Net		287,881
Accrued Billings		55,848
NSF Checks Receivable		7,682
Credit Card Receivable		1,850
Total Accounts Receivable	\$	353,261

6. Interfund Receivables/Payables

The following is a detailed list of interfund balances reported in the fund financial statements on December 31, 2021:

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2021

Interfund Balances	Due From Other Funds	Due To Other Funds
General Fund		
Volunteer Fire Department	\$ 92,960	\$ 711
Louisiana Housing Finance Authority (LHFA)	1,027	-
Nursing Home Fund	81,528	-
Recreation Ad Valorem	84,238	12,831
Recreation Debt Service Fund	3,692	-
Recreation Capital Project Fund	-	140,818
Utility Fund	77,295	29,384
Housing Assistance Fund	16,924	
Special Revenue Fund		
Volunteer Fire Department	-	-
General Fund	711	92,960
Louisiana Housing Finance Authority (LHFA)		
General Fund	-	1,027
Recreation Ad Valorem		
General Fund	12,831	84,238
Recreation Capital Project Fund	-	103,812
Park		
General Fund	140,818	-
Recreation Capital Project Fund	103,812	-
Debt Service Fund		
General Fund	-	3,692
Proprietary Funds		
Utility Fund		
General Fund	29,384	77,295
Housing Assistance Fund		
General Fund	-	16,924
Nursing Home		
General Fund	-	81,528
Total Interfund Balances	<u>\$ 645,220</u>	<u>\$ 645,220</u>

The reason for the interfund receivables/payables balances is the General Fund pays payroll expenses and accounts payable for other funds. The balances relating to the Recreation Ad Valorem and Recreation Debt Service Funds are due to items being paid out of the General Fund. The interfund balances are repaid generally on a monthly basis.

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2021

7. Restricted Assets

Total restricted assets for the Town of Kentwood at December 31, 2021 were as follows:

	<u>December 31, 2021</u>
Restricted Cash and Cash Equivalents	
Customer Deposits	\$ 151,486
Water Construction Account	65,200
Housing Assistance Account	35,174
LHFA Grant Account	116,872
Industrial Development	108,115
Park Project Construction	-
Bond Sinking Account	149
Bond Reserve Account	87,432
Total Restricted Assets	<u>\$ 564,428</u>

8. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2021 for governmental activities is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities Capital Assets:				
Capital Assets Not Being Depreciated:				
Land	\$ 631,126	\$ -	\$ -	\$ 631,126
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	<u>631,126</u>	<u>-</u>	<u>-</u>	<u>631,126</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	3,168,442	-	-	3,168,442
Vehicles and Equipment	1,267,658	18,507	(5,000)	1,281,165
Infrastructure	48,623	-	-	48,623
Total Capital Assets Being Depreciated	<u>4,484,723</u>	<u>18,507</u>	<u>(5,000)</u>	<u>4,498,230</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	1,179,747	84,445	-	1,264,192
Vehicles and Equipment	1,085,759	30,498	(2,083)	1,114,174
Infrastructure	32,812	2,229	-	35,041
Total Accumulated Depreciation	<u>2,298,318</u>	<u>117,172</u>	<u>(2,083)</u>	<u>2,413,407</u>
Total Capital Assets Being Depreciated, Net	<u>2,186,405</u>	<u>(98,665)</u>	<u>(2,917)</u>	<u>2,084,823</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 2,817,531</u>	<u>\$ (98,665)</u>	<u>\$ (2,917)</u>	<u>\$ 2,715,949</u>

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2021

Depreciation was charged to governmental functions as follows:

General Government	\$ 15,376
Public Safety - Police Protection	21,406
Public Safety - Fire Protection	11,426
Public Works - Streets and Sanitation	14,649
Recreation	47,576
Economic Development	6,740
	<u>\$ 117,172</u>

During 2021, capital expenditures in the Volunteer Fire Department Fund of \$411,614 were incurred and the assets subsequently transferred to the Tangipahoa Parish Fire Protection District Number 2. These assets are not capitalized in the governmental activity assets listed above.

The Tangipahoa Parish Fire Protection District Number 2 provides funding from an ad valorem tax outside the municipalities in the parish to various fire protection entities throughout Tangipahoa Parish. As part of that funding the Kentwood Volunteer Fire Department purchases capital assets on the fund basis and transfers the ownership of those assets to Tangipahoa Parish Fire Protection District Number 2, while maintaining the ability to utilize the assets.

The administrative department purchased a 2009 Toyota Tacoma for a total cost of \$12,136. Power equipment was purchased for \$6,370.

In the governmental activities, the Town sold a 2013 Chevy Impala for \$700. The Impala car had an original cost of \$5,000 and \$2,083 of related accumulated depreciation.

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2021

Capital assets and depreciation activity as of and for the year ended December 31, 2021 for business-type activities is as follows:

Business - Type Activities Capital Assets:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 1,622,600	\$ -	\$ -	\$ 1,622,600
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	<u>1,622,600</u>	<u>-</u>	<u>-</u>	<u>1,622,600</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	780,639	-	-	780,639
Vehicles and Equipment	292,054	-	-	292,054
Gas Utility System	806,867	2,960	-	809,827
Water Utility System	5,312,232	15,191	-	5,327,423
Sewer Utility System	4,680,858	19,957	-	4,700,815
Total Capital Assets Being Depreciated	<u>11,872,650</u>	<u>38,107</u>	<u>-</u>	<u>11,910,757</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	80,914	22,850	-	103,764
Vehicles and Equipment	216,309	16,720	-	233,029
Gas Utility System	726,370	5,725	-	732,095
Water Utility System	2,018,424	130,915	-	2,149,339
Sewer Utility System	3,662,333	84,469	-	3,746,802
Total Accumulated Depreciation	<u>6,704,350</u>	<u>260,679</u>	<u>-</u>	<u>6,965,029</u>
Total Capital Assets Being Depreciated, Net	<u>5,168,300</u>	<u>(222,572)</u>	<u>-</u>	<u>4,945,728</u>
Total Business - Type Activities Capital Assets, Net	<u><u>\$ 6,790,900</u></u>	<u><u>\$ (222,572)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,568,328</u></u>

In the business-type activities, additions included \$15,191 in waterworks equipment and \$19,957 for items related to the sewer system. An additional \$2,960 of equipment was placed into service for the gas system.

9. Interfund Transfers

The following is a detailed list of interfund transfers reported in the fund financial statements on December 31, 2021:

Interfund Transfers	Transfers In	Transfers Out
General Fund		
Utility Fund	\$ 746,739	\$ -
Housing Assistance Fund	-	5,138
Proprietary Funds		
Utility Fund		
General Fund	-	746,739
Housing Assistance Fund		
General Fund	5,138	-
Total Interfund Transfers	<u><u>\$ 751,877</u></u>	<u><u>\$ 751,877</u></u>

Town of Kentwood
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The reason for the interfund transfers was to provide for budgeted expenditures of the Housing Fund and General Fund.

10. Accounts, Salaries, and Other Payables

The Governmental Fund payables at December 31, 2021 are as follows:

Governmental Funds Payable	General Fund	Volunteer Fire Department	American Rescue Plan Fund	LHFA Special Revenue Fund	Total Governmental Funds
Accounts	\$ 56,641	\$ 28,966	\$ -	\$ -	\$ 85,607
Accrued Salaries	14,302	5,037	-	-	19,339
Payroll Taxes	2,355	-	-	-	2,355
Compensated Absences	37,413	-	-	-	37,413
Construction Payable	2,250	-	-	-	2,250
Retainage Payable	-	-	-	-	-
Other	3,284	-	-	1,300	4,584
Due to Other Governments	2,585	-	-	-	2,585
Retirement	23,143	-	-	-	23,143
Deferred Revenues	-	-	450,480	-	450,480
Total Government Funds Payable	\$ 141,973	\$ 34,003	\$ 450,480	\$ 1,300	\$ 627,756

The Enterprise Fund payables at December 31, 2021 are as follows:

Enterprise Funds Payable	Utility Fund	Housing Assistance Fund	Total Enterprise Funds
Accounts	\$ 82,199	\$ -	\$ 82,199
Due to Other Governments	37,113	-	37,113
State-Unclaimed Property	2,975	-	2,975
Salaries Payable	3,421	-	3,421
Vacation Payable	12,009	-	12,009
Total Enterprise Funds Payable	\$ 137,717	\$ -	\$ 137,717

11. Short-Term Debt

The Town had no short-term debt outstanding at December 31, 2021, other than the current portion of revenue bonds payable and the current portion of the capital leases.

Town of Kentwood
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12. Leases

Finance Lease

The Town records items under finance leases as an asset and an obligation in the accompanying financial statements. At December 31, 2021, the Town had the following finance lease:

	Capital Lease Payable End of Year	Due Within One Year
The Town entered into a lease purchase agreement to purchase a 2015 Freightliner fire truck for a lease amount of \$188,235.12. The lease is payable in twelve annual payments of \$19,913.14 due on the first day of August. The fire truck is being depreciated over its estimated useful life of fifteen years. This lease is recorded within the governmental funds as a capital lease in the General Fund.	\$ 104,705	\$ 15,823
	\$ 104,705	\$ 15,823

13. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended December 31, 2021:

	Governmental Activities		Business-Type Activities		Total Long-Term Obligations
	Capital Leases	Revenue Bonds	Capital Leases	Revenue Bonds	
Beginning Balance	\$ 119,933	\$ 1,075,000	\$ -	\$ 2,392,439	\$ 3,587,372
Additions	-	-	-	-	-
Deletions	(15,228)	(50,000)	-	(127,557)	(192,785)
Ending Balance	104,705	1,025,000	-	2,264,882	3,394,587
Plus Unamortized Premium	-	6,321	-	-	6,321
Total Ending Balance	\$ 104,705	\$ 1,031,321	\$ -	\$ 2,264,882	\$ 3,400,908

Town of Kentwood
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The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of the long-term obligations:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Long-Term Obligations</u>
	<u>Capital Leases</u>	<u>Revenue Bonds</u>	<u>Capital Leases</u>	<u>Revenue Bonds</u>	
Current Portion	\$ 15,823	\$ 50,000	\$ -	\$ 133,892	\$ 199,715
Long-Term Portion	88,882	975,000	-	2,130,990	3,194,872
	<u>104,705</u>	<u>1,025,000</u>	<u>-</u>	<u>2,264,882</u>	<u>3,394,587</u>
Plus Unamortized Premium	-	6,321	-	-	6,321
	<u>\$ 104,705</u>	<u>\$ 1,031,321</u>	<u>\$ -</u>	<u>\$ 2,264,882</u>	<u>\$ 3,400,908</u>

Bonds Payable as of December 31, 2021 are as follows:

	<u>Bonds Payable End of Year</u>	<u>Due Within One Year</u>
Business Type Fund: \$ 3,051,608 Utilities Revenue Certificates of Indebtedness, Series 2014 Dated 10/29/2014 due in monthly installments of principal and interest of \$ 18,843 through 12/15/1934 interest at 4.186%	\$ 2,264,882	\$ 133,892
This issue is secured by the income and revenues derived from the operation of the Town's Utility System.		
Governmental Fund: \$ 1,200,000 Revenue Bonds, Series 2017 Dated 9/7/2017 due in annual installments of principal ranging from \$25,000 in 2018 to \$80,000 in 2037 and 39 semiannual installments of interest averaging \$11,915 at rates of interest ranging from 1.65% to 4.00%. This issue is secured by the income and revenues derived from the recreation ad valorem millage.	1,031,726	50,000
	<u>\$ 3,296,608</u>	<u>\$ 183,892</u>

Town of Kentwood
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The annual requirements to amortize all debt outstanding at December 31, 2021, including interest payments of \$1,012,766 are as follows:

Year Ending 12/31/21	Utilities Revenue Certificates of Indebtedness, Series 2014 - \$3,051,608			Revenue Bonds, Series 2017 - \$1,200,000		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 133,892	\$ 92,223	\$ 226,115	\$ 50,000	\$ 33,378	\$ 84,428
2023	139,606	86,509	226,115	50,000	32,328	83,378
2024	145,563	80,552	226,115	55,000	31,074	82,328
2025	151,775	74,340	226,115	55,000	29,616	86,074
2026	158,251	67,864	226,115	55,000	28,159	84,616
2027 to 2031	898,501	232,072	1,130,573	310,000	113,070	422,791
2032 to 2036	637,294	41,907	679,201	370,000	53,300	421,938
2037 to 2038	-	-	-	80,000	1,600	166,400
	<u>\$ 2,264,882</u>	<u>\$ 675,467</u>	<u>\$ 2,940,349</u>	<u>\$ 1,025,000</u>	<u>\$ 322,525</u>	<u>\$ 1,431,953</u>

Year Ending 12/31/21	Capital Lease - Fire Truck - \$188,235			Total		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 15,823	\$ 4,091	\$ 19,914	\$ 199,715	\$ 129,692	\$ 329,407
2023	16,441	3,472	19,913	206,047	122,309	328,356
2024	17,083	2,830	19,913	217,646	114,456	332,102
2025	17,750	2,163	19,913	224,525	106,119	330,644
2026	18,444	1,469	19,913	231,695	97,492	329,187
2027 to 2031	19,164	749	19,913	1,227,665	345,891	1,573,556
2032 to 2036	-	-	-	1,007,294	95,207	1,102,501
2037 to 2038	-	-	-	80,000	1,600	81,600
	<u>\$ 104,705</u>	<u>\$ 14,774</u>	<u>\$ 119,479</u>	<u>\$ 3,394,587</u>	<u>\$ 1,012,766</u>	<u>\$ 4,407,353</u>

14. Flow of Funds, Restrictions on Use – Enterprise Fund and Government Fund Bonds

The governing authority of the Town adopted a resolution on June 18, 1991, authorizing issuance of \$910,000 of Sewer Revenue Bonds. On June 1, 1992, the Town sold the \$910,000 authorized bonds to USDA Rural Development (RUS). The bonds were issued for forty (40) years payable with interest at the rate of five percent (5%) per annum. The bonds and any installment may be paid prior to the due date and maturity thereof at a price of par and accrued interest to the date of prepayment. The proceeds of the bonds are restricted and are subject to the provisions of the above resolution adopted June 18, 1991. As of December 31, 1993, USDA Rural Development had advanced all of the bond proceeds to the Town. Under the terms of the bond proceeds to the Town, the bonds are payable as to principal and interest solely from the income and revenues derived from the operation of the utility system of the Town after provision has been made for payment of the reasonable and necessary expenses of administering, operating and maintaining of the system. The bonds do not constitute an indebtedness or pledge of the general credit of the Town within the meaning of any constitutional or statutory limitation of indebtedness. The Town paid this bond in full on October 29, 2014 by funds received from the issuance of Utilities Revenue Certificates of Indebtedness, Series 2014.

The governing authority of the Town adopted an ordinance on October 23, 2014, authorizing issuance of \$3,051,608 of Utilities Revenue Certificates of Indebtedness, Series 2014. On October 29, 2014, the

Town of Kentwood
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Town sold the \$3,051,608 authorized bonds to Government Capital Corporation. The bonds were issued for twenty (20) years payable with interest at the rate of 4.186% per annum. The bonds and any installment may be paid prior to the due date and maturity thereof at a price of par and accrued interest to the date of prepayment. The proceeds of the bonds are restricted and are subject to the provisions of the above ordinance adopted October 23, 2014. Proceeds were issued to fund water construction projects, bond issuance costs, and to refund the Sewer Revenue Bonds. As of December 31, 2014, Government Capital Corporation had advanced all of the bond proceeds to the Town. Under the terms of the bond proceeds to the Town, the bonds are payable as to principal and interest solely from the income and revenues derived from the operation of the utility system of the Town after provision has been made for payment of the reasonable and necessary expenses of administering, operating and maintaining of the system. The bonds do not constitute an indebtedness or pledge of the general credit of the Town within the meaning of any constitutional or statutory limitation of indebtedness.

Payments on the Series 2014 bond began January 2015. The gross utility revenues recognized during the current year were \$2,012,760.

The issuance of the Series 2014 bonds resulted in defeasance of the USDA Rural Development bonds issued June 18, 1991. The refunding transaction is classified as a "Current Refunding" since \$620,682 of bond proceeds were used to immediately pay off the \$620,682 balance of the 1991 USDA Rural Development bonds. A total of \$56,175 was also recorded as bond issuance costs of the Series 2014 bonds.

The Issuer of the Utilities Revenue Certificates of Indebtedness, Series 2014 covenants to fix, establish, maintain, and collect such rates, fees, rents, or other charges for the services and facilities of the Utilities System, and all parts thereof, and to revise the same from time to time whenever necessary, as will always provide revenues in each year sufficient to pay the reasonable and necessary expenses of operation and maintaining the Utilities System, in each year, the principal and interest falling due on the Certificate in each year, all reserves or sinking funds or other payments required for such year by this Ordinance, and all obligations or indebtedness payable out of the Net Utilities Revenues during such year, and which will provide Net Utilities Revenues in each year, at least equal to 125% of the largest amount of principal and interest falling due on the Certificates and any Additional Parity Bonds in any future year. For the fiscal year ending December 31, 2021, the Town maintained a ratio of "Net Revenues" to debt principal and interest obligations that exceeded the required ratio of 125%.

All the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

The governing authority of the Town adopted an ordinance on May 4, 2017, authorizing issuance of \$1,200,000 of Series 2017 Revenue Bonds. On September 7, 2017, the Town sold the \$1,200,000 authorized bonds to Whitney Bank. The bonds were issued for twenty (20) years payable with interest at the rate ranging from 1.65% to 4.00% per annum. The proceeds of the bonds are restricted and are subject to the provisions of the above ordinance adopted May 4, 2017. Proceeds were issued to finance the costs of the acquisition, construction, and equipping of recreational facilities of the Town, to fund a debt service reserve fund, and to finance the costs of issuance of the Bonds. Under the terms of the bond proceeds to the Town, the bonds are payable as to principal and interest solely from the income and revenues derived from the recreational ad valorem taxes of the Town after provision has been made for payment of the reasonable and necessary expenses of administering, operating and maintaining of the recreation department. The bonds do not constitute an indebtedness or pledge of the general credit of the Town within the meaning of any constitutional or statutory limitation of indebtedness. A total of \$32,185 was also recorded as bond issuance costs of the Series 2017 bonds.

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The Series 2017 Revenue Bonds requires the Town to transfer monthly amounts to pay a portion of the next maturing principal and next due interest into the Sinking Fund. At December 31, 2021 the Sinking Fund was not fully-funded at \$149.

Series 2017 Revenue Bonds also established a Reserve Fund. This fund was initially funded with proceeds of the bonds. At December 31, 2021 the Reserve Fund was fully-funded at \$87,431.

Payments on the Series 2017 bond began March 2018. The gross recreation ad valorem revenues recognized during the current year were \$137,991.

15. Retirement Systems

Substantially all employees of the Town of Kentwood are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, or Firefighters' Retirement System of Louisiana. These systems are a cost-sharing, multiple-employer public employee retirement system (PERS), controlled and administered by a separate board of trustees.

The Town implemented Governmental Accounting Standards Board (GASB) Statement 68 on *Accounting and Financial Reporting for Pensions* and Statement 71 on *Pension Transition for Contributions Made Subsequent to the Measurement Date*—an amended of GASB 68. These standards require the Town to record its proportional share of each of the pension plans' net pension liability and report the following disclosures:

A. Municipal Employee Retirement System of Louisiana (System)

Plan Description. The System was established and provided for by R.S. 11:1731 of the Louisiana Revised Statutes (LRS). The System provides retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system and which elect to become members of the system.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

Retirement Benefits:

Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-11:1785. The following brief description is of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any member of Plan B who commenced participation in the System prior to January 1, 2013 can retire providing he meets one of the following criteria:

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.

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Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Any member of Plan B Tier 2 shall be eligible for retirement if he meets one of the following requirements:

1. Age 67 with seven (7) years of creditable service.
2. Age 62 with ten (10) years of creditable service.
3. Age 55 with thirty (30) years of creditable service.
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual sick leave, with an actuarially reduced early benefit.

The monthly amount of the retirement allowance for any member of Plan B Tier 2 shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits:

Upon death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

DROP Benefits:

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during the participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

Disability Benefits:

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by

Town of Kentwood
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the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of (1) an amount equal to two percent of his final compensation multiplied by his years of creditable service, but not less than thirty percent of his final compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

Cost of Living Increases:

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Deferred Benefits:

Both Plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or calling (225) 925-4810 or at www.mersla.com.

Funding Policy. Under Plan B, members are required by state statute to contribute five percent of their annual covered salary and the Town of Kentwood is required to contribute at an actuarially determined rate. The current rate is 15.5 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans) of the taxes shown to be collectible by the tax rolls of each parish. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. Tax monies received from East Baton Rouge Parish are apportioned between the Municipal Employees' Retirement System and the Employees' Retirement System of the City of Baton Rouge. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities but are not considered special funding situations. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2021. During the year ending December 31, 2021, the Town recognized revenue as a result of support received from non-employer contributing entities of \$13,483 for its participation in MERS-Plan B.

The Town of Kentwood contributions to the System under Plan B for the years ending December 31, 2021 and 2020 were \$67,920, and \$62,534, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2021, the Town reported a liability of \$312,518 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contribution of all participating, actuarially determined. At June 30, 2021, the Town's proportion was 0.539468%, which was a decrease of 0.009492% from its proportion measured as of June 30, 2020.

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For the year ended December 31, 2021, the Town recognized pension expense for the MERS System of (\$48,648) representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to the MERS pension system from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (12,897)
Changes of Assumptions	12,648	-
Net difference between projected and actual earnings on pension plan investments		(84,456)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	5,977	(4,110)
Employer contributions subsequent to the measurement date	36,112	-
Total	<u>\$ 54,737</u>	<u>\$ (101,463)</u>

The Town reported a total of \$36,112 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2021 which will be recognized as a reduction in net pension liability in the year ended December 31, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	
2021	\$ (53,491)
2022	\$ (23,511)
2023	\$ (42,351)
2024	\$ (65,454)
	\$ -
	<u>\$ (184,807)</u>

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Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 is as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	3 years (Plan B)
Investment Rate of Return	6.85%, net of investment expense
Inflation Rate	2.5%
Salary Increases, including inflation And merit increases	
1 to 4 years of service	7.4%
More than 4 years of service	4.9%
Annuitant and Beneficiary Mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee Mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled Lives Mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

Town of Kentwood
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The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	53%	2.31%
Public Fixed Income	38%	1.65%
Alternatives	9%	0.39%
Totals	<u>100%</u>	<u>4.35%</u>
Inflation		<u>2.60%</u>
Expected Arithmetic Nominal Rate		<u>6.95%</u>

The discount rate used to measure the total pension liability was 6.85%. 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 which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of 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.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are approved with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earning on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 6.85%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2021:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rates	5.850%	6.850%	7.850%
Town of Kentwood Share of NPL	\$ 479,468	\$ 312,518	\$ 171,310

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B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. The Municipal Police Employees' Retirement System (System) is a cost-sharing multiple-employer defined benefit pension plan established by Act 189 of 1973 to provide retirement, disability, and survivor benefits to municipal police officers in Louisiana.

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrest, providing he does not have to pay social security and providing he meets the statutory criteria.

Retirement Benefits:

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 40% to 60% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are 3% and 2½%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 25% to 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives 10% of average final compensation or \$200 per month whichever is greater. If deceased member had less than 10 years of service, beneficiary will receive a refund of employee contributions only.

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Cost of Living Adjustments:

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

Deferred Retirement Option Plan:

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

If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

Initial Benefit Option Plan:

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

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411 or at www.lampers.org.

Funding Policy. According to state statute, the Town of Kentwood is required to contribute at an actuarially determined rate but cannot be less than 9% of the employee's earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2021, total contributions due for employers and employees were 43.75%. The employer and employee contribution rates for members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1,

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2013 were 33.75% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 33.75% and 8%, respectively. The employer and employee contribution rates for members whose earnable compensation is less than or equal to poverty guidelines issued by the U.S. Department of Health and Human Services were 36.25% and 7.5%, respectively.

The System also receives insurance premium tax monies as additional employer contributions and considered support from a non-contributing entity. This tax is appropriated by the legislature each year based on an actuarial study. This additional source of income is used as additional employer contributions and considered support from non-employer contributing entities, but is not considered a special funding situation. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2021. During the year ending December 31, 2021, the Town recognized revenue as a result of support received from non-employer contributing entities of \$8,647 for its participation in MPERS.

The Town of Kentwood contributions to the System under Plan B for the years ending December 31, 2021 and 2020 were \$31,464 and \$25,008, respectively, equal to the required contributions for each year. *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* At December 31, 2021, the Town reported a liability of \$157,539 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contribution of all participating, actuarially determined. At June 30, 2021, the Town's proportion was 0.0295540%, which was an increase of 0.007937% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2021, the Town recognized pension expense for the MPERS System of (\$19,815) representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to the MPERS pension system from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (4,852)
Changes of Assumptions	17,447	(4,494)
Net difference between projected and actual earnings on pension plan investments	-	(73,558)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	45,208	(53,050)
Employer contributions subsequent to the measurement date	15,892	-
Total	<u>\$ 78,547</u>	<u>\$ (135,954)</u>

The Town reported a total of \$15,892 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2021 which will be recognized as a reduction in net pension liability in the year ended December 31, 2022.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	
2022	\$ (34,953)
2023	\$ (21,348)
2024	\$ 8,264
2025	<u>\$ (25,342)</u>
	<u>\$ (73,378)</u>

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 is as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.750%, net of investment expense
Expected Remaining Service Lives	4 years
Inflation Rate	2.50%
Salary increases, including inflation and merit	
1-2 years of service	12.30%
Over 2 years of service	4.70%
Mortality	<p>For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p>
Cost of Living Adjustments	<p>The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.</p>

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

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	55.50%	3.47%
Fixed Income	30.50%	0.59%
Alternatives	14.00%	1.01%
Other	0.00%	0.00%
Totals	<u>100.00%</u>	<u>5.07%</u>
Inflation		<u>2.22%</u>
Expected Arithmetic Nominal Rate		<u>7.30%</u>

The discount rate used to measure the total pension liability was 6.750%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of 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 Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 6.750%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2021:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>		<u>1% Increase</u>
Rates	5.750%	6.750%	%	7.750%
Town of Kentwood Share of NPL	\$ 274,566	\$ 157,539	\$	59,861

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C. Firefighters Retirement System of Louisiana (System)

Plan Description. The Firefighters' Retirement System (System) is a cost-sharing multiple-employer defined benefit pension plan established by Act 434 of 1979 to provide retirement, disability, and survivor benefits to firefighters in Louisiana. Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters who earn at least \$375 per month and are employed by a municipality, parish, or fire protection district of the State in addition to employees of the Firefighters' Retirement System.

Retirement Benefits:

Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3 1/3% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement.

See R.S. 11:2256(A) for additional details on retirement benefits.

Disability Benefits:

A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11:2258(B).

Death Benefits:

Benefits shall be payable to the surviving eligible spouse or designated beneficiary of a deceased member as specified in R.S. 11:2256(B) & (C).

Deferred Retirement Option Plan:

After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

Upon commencement of participation in the deferred retirement option plan, employer, and employee contributions to ERS cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the deferred retirement option plan account balance in addition to his regular monthly benefit.

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to ERS. No payments may be made from the deferred retirement option plan account until the participant retires.

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Initial Benefit Option:

Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

Cost of Living Adjustments (COLAs):

Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase based on a formula equal to up to \$1 times the total number of years of credited service accrued at retirement or at death of the member or retiree plus the number of years since retirement or since death of the member or retiree to the system's fiscal year end preceding the payment of the benefit increase. If there are not sufficient funds to fund the benefit at the rate of one dollar per year for such total number of years, then the rate shall be reduced in proportion to the amount of funds that are available to fund the cost-of-living adjustment.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Firefighters' Retirement System Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060 or at www.lafirefightersret.com.

Funding Policy. Plan members are required by state statute to contribute ten percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The employer contribution rates were 32.25 percent of annual covered salary for the plan years ending in 2021 and 29.75 percent for 2020. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 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 year.

According to state statute, FRS receives insurance premium tax funds from the State of Louisiana. This additional source of income is used as an additional employer contribution and is reported as a non-employer contribution but is not considered a special funding situation. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2021. During the year ending December 31, 2021, the Town recognized revenue as a result of support received from non-employer contributing entities of \$15,270 for its participation in FRS.

The Town of Kentwood contributions to the System under Plan B for the years ending December 31, 2021 and 2020 were \$52,971 and \$33,093 respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2021, the Town reported a liability of \$189,430 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contribution of all participating, actuarially determined. At June 30, 2021, the Town's proportion was .0534530%, which was an increase of 0.015079% from its proportion measured as of June 30, 2020.

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For the year ended December 31, 2021, the Town recognized pension expense for the FRS System of \$33,676 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to the FRS pension system from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,703.00	\$ (17,011)
Changes of Assumptions	41,048	-
Net difference between projected and actual earnings on pension plan investments	-	(114,957)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	159,419	(106)
Employer contributions subsequent to the measurement date	31,013	-
Total	\$ 234,183	\$ (132,074)

The Town reported a total of \$31,013 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2021 which will be recognized as a reduction in net pension liability in the year ended December 31, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	
2022	\$ 18,222
2023	\$ 15,209
2024	\$ 519
2025	\$ (9,334)
2026	\$ 27,134
2027	\$ 19,034
	\$ 70,785

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 is as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.9% per annum (net of investment expenses, including inflation) (decreased from 7.00% in 2020)
Expected Remaining Service Lives	7 years

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Inflation Rate	2.50% per annum
Salary Increases	14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases.
Cost of Living Adjustments	For the purposes of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

The mortality rate assumptions were updated in fiscal year 2021 to reflect changes from the recent experience study and rates set in the Pub-2010 Public Retirement Plans mortality tables, as compared to the PR-2000 Combine Healthy and Disabled Lives tables that were used for the previous valuation. For the June 30, 2021 valuation, assumptions for mortality rates were based on the following:

- For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.
- For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.
- For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.
- In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale.

The estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation and the G.S. Curran & Company Consultant Average study for 2021. The consultants' average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2021.

The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. Prior year's financial reports presented the long-term expected real rate of return provided by the System's investment consultant, whereas this year's report presents this information for both fiscal years 2021 and 2020 from the System's actuary. The actuary's method incorporates information from multiple consultants and investments firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The actuary's method integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

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Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2021 are summarized in the following table:

	Asset Type	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	U.S. Equity	27.50%	5.86%
	Non-U.S. Equity	11.50%	6.44%
	Global Equity	10.00%	6.40%
	Emerging Market Equity	7.00%	8.64%
Fixed Income	U.S. Core Fixed Income	18.00%	97.00%
	U.S. TIPS	3.00%	0.40%
	Emerging Market Debt	5.00%	2.75%
Multi-Asset Strategies	Global Tactical Asset Allocation	0.00%	4.17%
	Risk Parity	0.00%	4.17%
Alternatives	Real Estate	6.00%	5.31%
	Real Assets	3.00%	-
	Private Equity	9.00%	9.53%
		<u>100.00%</u>	

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumes 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 the Board of Trustees and by the Public Retirement Systems' Actuarial Committee 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 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.

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Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 6.90%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2021:

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rates	5.90%	6.90%	7.90%
Town of Kentwood Share of NPL	\$ 363,407	\$ 189,430	\$ 44,335

16. Restricted Fund Balances/Net Position

At December 31, 2021, the General Fund had \$23,140 non-spendable fund balance, representing the value of prepaid insurance at fiscal year-end. The General Fund also had \$108,115 at fiscal year-end recorded as restricted fund balance. The Town of Kentwood sold its interest in the building on April 13, 2000, restricting proceeds of the sale per terms of the original bond issue.

At December 31, 2021, the Volunteer Fire Department had \$30,797 non-spendable fund balance, representing the value of prepaid insurance at fiscal year-end, with the remaining fund balance assigned for specific use in fire protection.

At December 31, 2021, the LHFA special revenue fund had \$2,315 non-spendable fund balance, representing the value of prepaid insurance at fiscal year-end, with the remaining fund balance assigned for specific use for economic development.

At December 31, 2021, the Recreation Ad Valorem special revenue fund had \$200,795 in fund balance restricted for specific use for operations and improvements for recreation.

At December 31, 2021, the Recreation Capital Project Fund had \$244,630 in fund balance restricted for specific use for construction of the recreation park project which was funded by the Series 2017 Revenue Bonds.

At December 31, 2021, the Housing Assistance Fund, consisting of the United States Department of Housing and Urban Development (HUD) Housing Choice Voucher Program recorded net position of \$20,250 restricted for housing activities.

17. Risk Management

The Town is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The Town purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The Town's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

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18. Contingent Liabilities

At December 31, 2021, the Town was not involved in any outstanding litigation or claims.

19. On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended December 31, 2021, the State of Louisiana made on behalf payments in the form of supplemental pay to the Town's policemen and firefighters. In accordance with GASB 24, the Town recorded \$93,667 of on behalf payments as revenue and as expenditure in the General Fund.

20. LHFA Grant Revenue and Commitment

During the year ended December 31, 2010 the Town was awarded \$369,539 in Community Development Block Grant funds, passed through the Louisiana Housing Finance Agency (LHFA) - Neighborhood Stabilization Program. The funds were awarded for the purchase, demolish and rebuild of two residential properties and for the purchase and rehabilitation of a third property. During 2010, the town expended \$244,901 of the grant funds with the remaining amounts to be expended in 2011. As part of the program award, the Town of Kentwood signed two promissory notes on October 6, 2010 in the amounts of \$123,180 and \$246,359 on the one rehabilitation property and the two rebuilt, respectively. The terms of the promissory notes included a fifteen year pay down scenario commencing twelve months after the issuance of a certificate of occupancy on the property. The terms of the pay down include a 1/15th annual reduction in the note amount at zero interest for each year that the property is leased to persons meeting the guidelines established in the notes as well as in the grant agreement. The notes become due and payable upon (i) the sale of the properties prior to fifteen years; or (ii) the failure of the Town to lease the property as outlined in the agreement. In 2010, the Town recorded \$244,901 as grant revenue in the governmental activities of the statement of activities and in the statement of revenues, expenditures and changes in fund balances - governmental funds (Capital Project Fund LHFA). In 2011, the Town recorded \$125,063 as grant revenue in the governmental activities of the statement of activities and in the statement of revenues, expenditures and changes in fund balances - governmental funds (Capital Project Fund LHFA). The two houses for which funding was received were completed with total construction costs for the two houses totaling \$304,315.

As the construction on the third LHFA property was nearing completion in 2012, an accident occurred, with a log truck losing control and demolishing the third LHFA property. At fiscal year-end 2011, \$101,495 in construction costs was recorded with the construction approximately 90 percent complete. Final costs of \$112,165 were recorded in 2012. After the Town paid \$1,136 for an inspection of the damaged house, the property was considered a total loss. Insurance reimbursement was received in the amount of \$180,535. The Town repaid \$79,580 of the NSP Grant. The Town also incurred \$8,500 in 2013 for the demolition of the building.

21. Intergovernmental Agreement

On January 14, 2013, the Town of Kentwood, on behalf of the Kentwood Volunteer Fire Department, entered into a contract with Tangipahoa Parish Fire Protection District No. 2 for centralized management and operation of Kentwood Volunteer Fire Department. This contract is part of an overall contract between the Tangipahoa Parish Fire Protection District No. 2 and a total of ten fire departments consisting of various fire departments that are governmental entities and fire departments that are non-profit entities organized and existing under the laws of the State of Louisiana. Significant provisions of the contract for the term beginning January 1, 2021 through December 31, 2021, signed on November 23, 2020, with the Tangipahoa Parish Fire Protection District No. 2 are as follows:

Town of Kentwood
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- Prior approval from the Fire Administrator of Tangipahoa Fire Protection District No. 2 (the District) must be obtained for all expenditures through a purchasing system which has been adopted by the Board of Commissioners of the District.
- All additions or other changes to personnel shall be ratified in accordance with the annual budget adopted by the Board of Commissioners of the District for each fiscal year. Any purchases of real property or equipment and/or expansion or repairs to existing facilities, with a cost in excess of \$10,000, shall be approved by the District, prior to such funds being expended.
- All equipment, having a purchase price of in excess of \$999, shall be tagged with an inventory tag. Additionally, any and all District equipment shall be property tagged and marked. Under no circumstances shall the inventory tags be removed in any manner. All vehicles purchased with District funds shall have the appropriate and distinctive District logo applied. An inventory list, as of December 31st of each previous year, shall be provided to the District no later than January 31st of the following year. The information to be provided shall include the following: sufficient item description, location of each item, tag number, date acquired and purchase price.
- The District agrees to appropriate, for the use of the undersigned Fire Departments, all monies it receives for fire protection purposes, excluding \$285,685 for the year ending December 31, 2021, which shall be deducted from the District's individual account in the month of January 2021, set aside in a separate District administrative account to be used by the District for specified purposes, including payroll, accounting fees, insurance, utilities, office supplies, postage, legal publications, telephone, and other operating items.
- All insurance which is deemed necessary by the District including, but not limited to workman's compensation, general liability, and liability on and physical damage to vehicles, shall be purchased and maintained by the District, with funds deducted from the allocations to the Fire Departments made pursuant to this contract. All insurance policies must be in the name of Tangipahoa Parish Rural Fire District No. 2 as the owner on all vehicles, equipment, and property policies.
- The District shall administer funds and maintain the accounting records of all Fire Departments contracted with it (District).
- Each department contracted with the District shall administer their own payroll, with each Fire Department maintaining its own payroll checking account. Each individual Fire Department shall be reimbursed for its payroll expenses from its respective funds. All payroll documents shall be provided to the District, including bank reconciliations, payroll registers, time cards, etc. Payroll expenses will not be reimbursed for any position that has not been ratified by the Board of Commissioners of the District.
- Each Fire Department may elect to either receive its two (2%) per cent fire insurance rebate or have these funds deposited by the Tangipahoa Parish Rural Fire District No. 2 into the respective accounts of each Fire Department, which accounts will be maintained by the Tangipahoa Parish Rural Fire District No. 2. An annual report of these funds shall be provided to the District, if the Fire Departments elect to receive its rebate funds. Each individual Fire Department shall be financially responsible for its own annual report. The annual report shall contain detailed accounting of these funds with invoices and copies of checks.
- Any and all funds distributed to the various Fire Departments are at a set percentage agreed to under the terms of this contract. The allocation for the Kentwood Volunteer Fire Department for the fiscal year ending December 31, 2021, was 10.5%. In the event of emergency situations or unexpected events and conditions that may occur during the course of this agreement, this formula allocation may be adjusted by the Board of Commissioners with the consent of each individual Fire Department affected.
- The District shall provide each Fire Department with a monthly accounting of cash.
- Additional responsibilities and duties of the Tangipahoa Fire Protection District No. 2 and the various fire departments are as specified and detailed within this contract.
- As an attachment to this contract signed March 22, 2018, an agreement between the Tangipahoa Fire Protection District No. 2 and the Town of Kentwood further details the services to be provided by the Town of Kentwood in support of the Kentwood Volunteer Fire Department, and the services for

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2021

which the Town of Kentwood may be reimbursed. As part of this attachment to the contract, it is specified that the parties herein and hereby agree that, for the fiscal year ending December 31, 2021, that the total reimbursement due the Town of Kentwood for salaries shall not exceed two-hundred fifty thousand dollars (\$250,000).

22. Prior Period Adjustments

A prior period adjustment was made to the Volunteer Fire Department Fund to adjust the amount due from Fire District Number 2.

Beginning Fund Balance	\$ 905,729
Due From Fire District # 2	<u>(27,421)</u>
Fund Balance Restated	<u>\$ 878,308</u>

Beginning Net Position	\$ 2,969,221
Due From Fire District # 2	<u>(27,421)</u>
Net Position Restated	<u>\$ 2,941,800</u>

23. Subsequent Events

Subsequent to year end December 31, 2021, the Town on February 22, 2023 was awarded a Water Sector Grant of \$1,882,405. The Water Section Program was established by At 410 of the 021 Regular Session and continued through SB 48 of the 2022 Regular Session. Pursuant to the American Rescue Plan Act of 2021, the State of Louisiana allocated \$300 million to the program for Round 1 and \$450 million for Round2 of the Water Sector Program from the State’s allocation of ARPA funding from the Coronavirus State Fiscal Recovery Fund. The program was established to provide grant funding for repairs, improvements, and consolidation of community water and sewer systems around the State. The total project, 1) Lagoon Rehabilitation, 2) Lift Station Rehabilitation, and 3) Gravity Sewer Rehabilitation. The Town is gathering final plans and specifications along with a final cost estimate but submitted a request to the Office of Community Development for an extension do to so until September 22, 2023 This request was approved on August 11, 2023. The total project cost is estimated to be \$2,842,492. It is to be paid with the \$1,882,445 Water Sector Grant, \$619,086 of Non-Entitlement Unit (NEU) funding or grant, and \$340,961 of the Town’s funds. This project should start in quarter two of 2024 with a completion date of quarter one of 2025.

Subsequent events have been evaluated by management through September 25, 2023, the date the financial statements were available to be issued and these financial statements considered subsequent events through such date. No other events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2021.

Required Supplementary Information (Part I)

Town of Kentwood
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
General Fund - Summary
For the year ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Taxes	\$ 1,266,200	\$ 1,420,795	\$ 1,418,874	\$ (1,921)
Licenses and Permits	145,000	162,475	172,842	10,367
Intergovernmental	19,000	18,700	18,297	(403)
Charges for Services	36,600	29,583	29,958	375
Fines and Forfeitures	19,000	13,800	12,961	(839)
Sanitation Fees	83,300	79,500	80,762	1,262
Interest	-	-	1,021	1,021
Supplemental Pay	85,000	98,000	93,667	(4,333)
Donations	-	-	-	-
Miscellaneous	19,300	19,715	17,486	(2,229)
Grants:				
Entergy Beautification Grant	3,000	3,000	1,000	(2,000)
LGAP Grant	30,000	30,000	15,000	(15,000)
Total Revenues	<u>1,706,400</u>	<u>1,875,568</u>	<u>1,861,868</u>	<u>(13,700)</u>
Expenditures				
General Government	892,500	869,650	767,233	102,417
Public Safety:				
Police	861,500	793,650	746,931	46,719
Fire	201,800	131,700	105,345	26,355
Public Works - Streets and Sanitation	468,600	546,800	487,551	59,249
Health and Welfare	-	-	6,595	(6,595)
Capital Outlays	-	-	18,506	(18,506)
Debt Service				
Principal	-	-	15,228	(15,228)
Interest	-	-	4,686	(4,686)
Total Expenditures	<u>2,424,400</u>	<u>2,341,800</u>	<u>2,152,075</u>	<u>189,725</u>
Excess Revenues (Expenditures)	<u>(718,000)</u>	<u>(466,232)</u>	<u>(290,207)</u>	<u>176,025</u>
Other Financing Sources (Uses)				
Operating Transfers In	707,500	700,000	746,739	46,739
Operating Transfers (Out)	(20,550)	(20,550)	(5,138)	15,412
Sale of Fixed Assets	1,000	1,000	700	(300)
Capital Lease Proceeds	30,000	-	-	-
Total Other Financing Sources (Uses)	<u>717,950</u>	<u>680,450</u>	<u>742,301</u>	<u>61,851</u>
Net Change in Fund Balances	<u>(50)</u>	<u>214,218</u>	<u>452,094</u>	<u>237,876</u>
Fund Balances, Beginning	<u>833,947</u>	<u>619,729</u>	<u>619,952</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 833,897</u>	<u>\$ 833,947</u>	<u>\$ 1,072,046</u>	<u>\$ 237,876</u>

See independent auditor's report.

Town of Kentwood
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
General Fund - Detail
For the year ended December 31, 2021

Revenues	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	GAAP Basis	Favorable (Unfavorable)
Taxes				
Ad Valorem	\$ 166,700	\$ 178,145	\$ 153,991	\$ (24,154)
Sales Taxes	1,050,000	1,186,000	1,209,660	23,660
Franchise Taxes	47,000	54,000	55,223	1,223
Chain Store Taxes	2,500	2,650	-	(2,650)
Total Taxes	<u>1,266,200</u>	<u>1,420,795</u>	<u>1,418,874</u>	<u>(1,921)</u>
Licenses and Permits				
Business and Insurance License	137,000	153,475	163,732	10,257
Building Permits	1,000	2,200	2,150	(50)
Electric Permits	4,000	4,500	4,350	(150)
Liquor Licenses	3,000	2,300	2,610	310
Total Licenses and Permits	<u>145,000</u>	<u>162,475</u>	<u>172,842</u>	<u>10,367</u>
Intergovernmental				
Beer Tax	9,000	8,500	8,120	(380)
Entergy-Beautification	3,000	3,000	1,000	(2,000)
LGAP Grants	30,000	30,000	15,000	(15,000)
Fire District Reimbursement	10,000	10,200	10,177	(23)
Total Intergovernmental	<u>52,000</u>	<u>51,700</u>	<u>34,297</u>	<u>(17,403)</u>
Miscellaneous Revenues				
Charges for Services	36,600	29,583	29,958	375
Fines and Forfeitures	19,000	13,800	12,961	(839)
Sanitation Fees	83,300	79,500	80,762	1,262
Interest	2,000	1,100	1,021	(79)
Supplemental Pay	85,000	98,000	93,667	(4,333)
Miscellaneous	17,300	18,615	17,486	(1,129)
Total Miscellaneous Revenues	<u>243,200</u>	<u>240,598</u>	<u>235,855</u>	<u>(4,743)</u>
Total Revenues	<u>1,706,400</u>	<u>1,875,568</u>	<u>1,861,868</u>	<u>(13,700)</u>

(Continued)

See independent auditor's report.

Town of Kentwood
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
General Fund - Detail
For the year ended December 31, 2021

Expenditures	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
General Government				
Salaries				
Mayor and Aldermen	71,000	71,000	70,677	323
Clerical	131,000	135,000	121,693	13,307
Janitorial	28,000	36,000	29,450	6,550
Museum	10,000	5,000	4,106	894
Attorney	5,200	5,200	5,200	-
COVID Salaries	-	4,000	3,314	686
Benefits:				
Health Insurance	110,000	90,000	91,173	(1,173)
Retirement	26,000	33,400	27,221	6,179
Payroll Taxes	67,000	75,000	66,160	8,840
General and Administrative				
Insurance	132,600	132,600	106,125	26,475
Other Operating				
Aldermen Travel	5,000	4,500	-	4,500
Assessor Tax roll	26,000	54,200	55,068	(868)
Cemetery Upgrades & Other	500	6,750	-	6,750
Computer Expense	10,000	10,000	15,826	(5,826)
Coroner's Fees	5,000	5,000	3,330	1,670
Council on Aging	2,400	2,400	2,400	-
Dues and Subscription	2,500	2,500	2,107	393
Mayor's Expense	-	-	1,349	(1,349)
Meeting and Travel Expense	18,500	9,200	9,244	(44)
Miscellaneous	42,900	37,500	18,963	18,537
Promotion	-	-	882	(882)
Uniforms	1,000	1,000	710	290
Zoning	1,000	1,000	-	1,000
Professional Fees	108,000	70,000	73,321	(3,321)
Rent - Community Center	4,800	1,200	1,200	-
Repairs and Maintenance				
City Hall	3,000	2,500	3,418	(918)
Civic Center	2,000	1,000	399	601
Community Center	1,000	5,000	8,716	(3,716)
Council on Aging	1,000	1,000	493	507
Health Unit	500	500	61	439
Martin Luther King Park	7,000	2,000	9	1,991
Museum	3,000	2,500	1,225	1,275
Telephone	9,000	7,500	12,124	(4,624)
Utilities				
City Hall	8,000	10,700	9,000	1,700
Civic Center	6,500	7,000	6,014	986
Commodity Center	5,200	1,800	1,638	162
Council on Aging	5,700	8,000	7,209	791
Health Unit	2,600	2,600	779	1,821
Martin Luther King Park	2,000	2,500	1,894	606
Museum	6,000	6,000	4,735	1,265
Total General Government	870,900	853,050	767,233	85,817

(Continued)

See independent auditor's report.

Town of Kentwood
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
General Fund - Detail
For the year ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
Public Safety:				
Police				
Salaries	552,000	526,000	501,751	24,249
Benefits - Retirement	30,200	32,800	32,087	713
Fuel	43,000	30,000	27,291	2,709
Insurance - Workers Compensati	26,000	25,000	24,684	316
Insurance- Health	110,000	87,000	85,141	1,859
Other operating				
Court Attendance	1,500	550	300	250
Miscellaneous	22,200	11,900	9,418	2,482
Insurance- Police Vehicles	5,200	5,500	2,428	3,072
Office Expense	11,000	8,700	4,643	4,057
Schools and Seminars	4,000	3,500	3,575	(75)
Uniforms	4,000	11,000	8,117	2,883
Repairs and Maintenance	10,000	30,000	28,684	1,316
Supplies	6,000	14,000	12,161	1,839
Telephone	6,400	7,700	6,651	1,049
Total Police	831,500	793,650	746,931	46,719
Fire				
Salaries	60,800	62,000	69,429	(7,429)
Fuel	1,000	1,000	201	799
Insurance - Workers Compensati	400	1,000	784	216
Insurance- Fire Truck	5,000	5,000	-	5,000
Other operating	41,000	33,200	25,241	7,959
Repairs - Fire Truck	20,000	5,000	7,205	(2,205)
Telephone	3,600	4,500	2,485	2,015
Total Fire	131,800	111,700	105,345	6,355
Total Public Safety	963,300	905,350	852,276	53,074

(Continued)

See independent auditor's report.

Town of Kentwood
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
General Fund - Detail
For the year ended December 31, 2021

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
Public Works - Streets and Sanitation				
Salaries	25,000	39,000	33,965	5,035
Benefits	12,000	6,000	7,303	(1,303)
Fuel	6,000	7,500	6,708	792
Garbage Collection	260,000	296,000	284,784	11,216
Insurance - Workers Compensati	2,500	6,500	5,221	1,279
Insurance- Equipment	4,000	4,500	-	4,500
Other operating	4,600	18,800	15,044	3,756
Repairs and Maintenance	10,000	5,000	7,500	(2,500)
Equipment	15,000	15,000	8,952	6,048
Street and Bridge	2,500	2,500	1,139	1,361
Tree	-	-	96	(96)
Supplies	5,000	16,000	15,104	896
Utilities - Street Lights	102,000	110,000	101,735	8,265
Total Public Works - Streets and Sa	448,600	526,800	487,551	39,249
Health and Welfare				
Other operating	6,600	6,600	6,595	5
Total Health and Welfare	6,600	6,600	6,595	5
Capital Outlays				
General Government	15,000	10,000	-	10,000
Public Safety - Police Protection	30,000	-	-	-
Public Safety - Fire Protection	50,000	-	-	-
Public Works - Streets and Sanit	20,000	20,000	18,506	1,494
Total Capital Outlays	115,000	30,000	18,506	11,494
Debt Service				
Principal	15,300	15,300	15,228	72
Interest	4,700	4,700	4,686	14
Total Debt Service	20,000	20,000	19,914	86
Total Expenditures	2,424,400	2,341,800	2,152,075	189,725
Excess Revenues (Expenditures)	(718,000)	(466,232)	(290,207)	(203,425)
Other Financing Sources (Uses)				
Operating Transfers In	707,500	700,000	746,739	(46,739)
Operating Transfers (Out)	(20,550)	(20,550)	(5,138)	(15,412)
Sale of Fixed Assets	1,000	1,000	700	300
Capital Lease Proceeds	30,000	-	-	-
Total Other Financing Sources (Use:	717,950	680,450	742,301	(61,851)
Net Change in Fund Balances	(50)	214,218	452,094	(265,276)
Fund Balances, Beginning	833,947	619,729	619,952	-
Fund Balances, Ending	\$ 833,897	\$ 833,947	\$ 1,072,046	\$ (265,276)

(Concluded)

See independent auditor's report.

Town of Kentwood
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
Special Revenue Fund - Kentwood Volunteer Fire Department
For the year ended December 31, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts GAAP Basis	Favorable (Unfavorable)
Revenues				
Ad Valorem Taxes	\$ 600,000	\$ 623,969	\$ 598,758	\$ (25,211)
Intergovernmental				
Ad Valorem Taxes-Village of Tangipahoa	8,200	8,200	8,200	-
Fire Insurance Rebate - Tangipahoa	35,000	35,480	35,480	-
Federal Grant - FEMA	300,000	254,848	254,848	-
State Grant	5,000	5,321	5,321	-
State Revenue Sharing	-	-	50,529	50,529
Interest	6,000	4,239	5,716	1,477
Miscellaneous	6,000	5	20,303	20,298
Total Revenues	<u>960,200</u>	<u>932,062</u>	<u>979,155</u>	<u>47,093</u>
Expenditures				
Public Safety:				
Fire				
Salaries and Benefits				
Fire Chief	8,500	7,200	8,412	(1,212)
Firefighters	250,000	240,190	240,508	(318)
Benefits:				
Payroll Taxes	19,000	18,471	19,902	(1,431)
Retirement	50,000	60,000	61,786	(1,786)
Health Insurance	70,000	74,000	76,740	(2,740)
Dues and Subscriptions	10,000	5,250	5,312	(62)
Office	3,500	2,400	2,836	(436)
Miscellaneous	3,000	200	5,565	(5,365)
Public Education	8,000	6,000	-	6,000
Training and Tuition	15,000	1,225	1,360	(135)
Volunteer Firemen Expense	35,000	500	20,979	(20,479)
Fuel	20,000	16,000	19,610	(3,610)
Insurance, Liability	50,000	63,592	69,834	(6,242)
Insurance, Workers Comp	16,000	17,000	17,074	(74)
Professional Fees	12,000	6,000	5,038	962
Repairs and Maintenance	50,000	60,000	47,586	12,414
Supplies	72,000	33,000	39,183	(6,183)
Telephone	-	-	15,253	(15,253)
Utilities	30,000	22,000	15,289	6,711
Total Public Safety - Fire	<u>722,000</u>	<u>633,028</u>	<u>672,267</u>	<u>(39,239)</u>
Capital Outlays - Fire Protection	800,000	747,627	416,461	331,166
Total Capital Outlays	<u>800,000</u>	<u>747,627</u>	<u>416,461</u>	<u>331,166</u>
Total Expenditures	<u>1,522,000</u>	<u>1,380,655</u>	<u>1,088,728</u>	<u>291,927</u>
Excess Revenues (Expenditures)	<u>(561,800)</u>	<u>(448,593)</u>	<u>(109,573)</u>	<u>339,020</u>
Other Financing Sources (Uses)				
Proceeds from Insurance Settlement	-	-	2,421	2,421
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>2,421</u>	<u>2,421</u>
Net Change in Fund Balances	<u>(561,800)</u>	<u>(448,593)</u>	<u>(107,152)</u>	<u>341,441</u>
Fund Balances, Beginning	<u>905,729</u>	<u>905,729</u>	<u>905,729</u>	<u>-</u>
Prior Period Adjustment	<u>(27,421)</u>	<u>(27,421)</u>	<u>(27,421)</u>	<u>-</u>
Fund Balance, Restated	<u>878,308</u>	<u>878,308</u>	<u>878,308</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 316,508</u>	<u>\$ 429,715</u>	<u>\$ 771,156</u>	<u>\$ (341,441)</u>

See independent auditor's report.

Town of Kentwood
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
Special Revenue Fund 2 - LHFA Fund
For the year ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Favorable</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Rental Income	\$ 16,200	\$ 14,500	\$ 14,240	\$ (260)
Interest	500	450	343	(107)
Total Revenues	<u>16,700</u>	<u>14,950</u>	<u>14,583</u>	<u>(367)</u>
Expenditures				
General and Administrative	250	300	86	214
Insurance	4,500	4,100	3,762	338
Repairs and Maintenance	1,500	500	404	96
Total Expenditures	<u>6,250</u>	<u>4,900</u>	<u>4,252</u>	<u>648</u>
Excess Revenues (Expenditures)	<u>10,450</u>	<u>10,050</u>	<u>10,331</u>	<u>281</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>10,450</u>	<u>10,050</u>	<u>10,331</u>	<u>281</u>
Fund Balances, Beginning	<u>92,071</u>	<u>106,529</u>	<u>106,529</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 102,521</u>	<u>\$ 116,579</u>	<u>\$ 116,860</u>	<u>\$ 281</u>

See independent auditor's report.

Town of Kentwood
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
Special Revenue Fund 3 - Recreation Ad Valorem
For the year ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance Favorable
	Original	Final		
Revenues				
Ad Valorem Taxes	\$ 117,000	\$ 117,500	\$ 137,991	\$ 20,491
Interest	-	-	96	96
Miscellaneous	2,000	2,000	-	(2,000)
Total Revenues	<u>119,000</u>	<u>119,500</u>	<u>138,087</u>	<u>18,587</u>
Expenditures				
Recreation	8,800	48,800	41,662	7,138
Capital Outlays	-	30,000	-	30,000
Debt Service				
Principal	84,952	50,000	-	50,000
Interest	-	34,500	-	34,500
Total Expenditures	<u>93,752</u>	<u>163,300</u>	<u>41,662</u>	<u>121,638</u>
Excess Revenues (Expenditures)	<u>25,248</u>	<u>(43,800)</u>	<u>96,425</u>	<u>140,225</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	(306,706)	(306,706)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(306,706)</u>	<u>(306,706)</u>
Net Change in Fund Balances	<u>25,248</u>	<u>(43,800)</u>	<u>(210,281)</u>	<u>(166,481)</u>
Fund Balances, Beginning	<u>246,331</u>	<u>411,076</u>	<u>411,076</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 271,579</u>	<u>\$ 367,276</u>	<u>\$ 200,795</u>	<u>\$ (166,481)</u>

See independent auditor's report.

Town of Kentwood
Schedule of the Town's Proportionate Share of the Net Pension Liability - MERS Plan B
Last 10 Fiscal Years*

Municipal Employees' Retirement System

	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered- Employee Payroll	Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.783284%	\$ 649,271	\$ 591,736	109.723086%	63.337630%
2017	0.822505%	\$ 711,658	\$ 625,078	113.851071%	62.493982%
2018	0.755789%	\$ 639,270	\$ 584,323	109.403532%	65.598132%
2019	0.614286%	\$ 537,386	\$ 469,974	114.343772%	66.138762%
2020	0.548960%	\$ 497,482	\$ 466,550	106.629943%	66.260712%
2021	0.539468%	\$ 312,518	\$ 412,525	132.000442%	79.136289%

* The amounts presented for each fiscal year were determined as of 6/30 within the fiscal year.

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

See independent auditor's report.

Town of Kentwood
Schedule of the Town's Proportionate Share of the Net Pension Liability - MPERS
Last 10 Fiscal Years*

Municipal Police Employees' Retirement System

	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered- Employee Payroll	Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.021724%	\$ 203,615	\$ 86,564	235.219029%	66.0422%
2017	0.035481%	\$ 309,764	\$ 170,900	181.254535%	70.0815%
2018	0.043937%	\$ 371,446	\$ 131,275	282.952580%	71.8871%
2019	0.035934%	\$ 326,341	\$ 112,218	290.809852%	71.0078%
2020	0.021617%	\$ 199,791	\$ 66,770	299.222705%	70.9450%
2021	0.295540%	\$ 157,539	\$ 90,289	174.483049%	84.0881%

* The amounts presented for each fiscal year were determined as of 6/30 within the fiscal year.

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

See independent auditor's report.

Town of Kentwood
Schedule of the Town's Proportionate Share of the Net Pension Liability - FRS
Last 10 Fiscal Years*

State of Louisiana Firefighters' Retirement System

	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered- Employee Payroll	Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.015281%	\$ 99,952	\$ 55,187	181.115118%	68.16%
2017	0.026933%	\$ 154,376	\$ 57,895	266.648243%	73.55%
2018	0.029576%	\$ 170,123	\$ 61,449	276.852349%	74.76%
2019	0.029542%	\$ 184,989	\$ 71,399	259.091864%	73.96%
2020	0.038374%	\$ 265,991	\$ 95,250	279.255643%	72.61%
2021	0.053453%	\$ 189,430	\$ 134,379	140.967479%	86.78%

* The amounts presented for each fiscal year were determined as of 6/30 within the fiscal year.

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

See independent auditor's report.

Town of Kentwood
Schedule of the Town's Contributions - MERS Plan B
For the year ended December 31, 2021

Municipal Employees' Retirement System

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2016	\$ 61,823	\$ 61,823	-	\$ 610,624.00	10.1246%
2017	\$ 71,707	\$ 71,707	-	\$ 622,325.00	11.5224%
2018	\$ 69,767	\$ 69,767	-	\$ 511,342.00	13.6439%
2019	\$ 60,814	\$ 60,814	-	\$ 440,096.00	13.8183%
2020	\$ 62,534	\$ 62,534	-	\$ 457,198.00	13.6777%
2021	\$ 67,920	\$ 67,920	-	\$ 438,971.00	15.4726%

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

See independent auditor's report.

Town of Kentwood
Schedule of the Town's Contributions - MPERS
For the year ended December 31, 2021

Municipal Police Employees' Retirement System

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2016	\$ 28,611	\$ 28,611	-	\$ 103,632	27.6083%
2017	\$ 40,564	\$ 40,564	-	\$ 162,807	24.9154%
2018	\$ 38,628	\$ 38,628	-	\$ 99,978	38.6365%
2019	\$ 28,223	\$ 28,223	-	\$ 87,254	32.3458%
2020	\$ 25,008	\$ 25,008	-	\$ 75,453	33.1437%
2021	\$ 31,464	\$ 31,464	-	\$ 99,305	31.6837%

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

See independent auditor's report.

Town of Kentwood
Schedule of the Town's Contributions - FRS
For the year ended December 31, 2021

State of Louisiana Firefighters' Retirement System

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2016	\$ 13,700	\$ 13,700	-	\$ 58,300	23.4991%
2017	\$ 17,164	\$ 17,164	-	\$ 59,721	28.7403%
2018	\$ 18,748	\$ 18,748	-	\$ 70,692	26.5207%
2019	\$ 21,672	\$ 21,672	-	\$ 80,171	27.0322%
2020	\$ 33,093	\$ 33,093	-	\$ 109,740	30.1558%
2021	\$ 52,971	\$ 52,971	-	\$ 161,107	32.8794%

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

See independent auditor's report.

Town of Kentwood
Notes to the Required Supplementary Information
For the year ended December 31, 2021

Pension Plan Schedules - Municipal Employees' Retirement System

A. Changes of Benefit Terms

There were no changes in benefit terms during any of the years presented.

B. Changes of Assumptions

Fiscal Year Ended December 31,	Measurement Date - June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2016	2016	7.500%	7.500%	2.875%	4	5.00%
2017	2017	7.400%	7.400%	2.775%	4	5.00%
2018	2018	7.275%	7.275%	2.600%	3	5.00%
2019	2019	7.000%	7.000%	2.500%	3	7.40% for 1-4 years of service; 4.90% for more than 4 years of service
2020	2020	6.950%	6.950%	2.500%	3	7.40% for 1-4 years of service; 4.90% for more than 4 years of service
2021	2021	6.850%	6.850%	2.500%	3	7.40% for 1-4 years of service; 4.90% for more than 4 years of service

Additionally, the following mortality tables were used to develop mortality rates:

Fiscal Year Ended December 31,	Measurement Date - June 30,	Mortality
2016	2016	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA for annuitants and beneficiaries; RP-2000 Employees Sex Distinct Table set back 2 years for both males and females for employees; RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females for disabled annuitants.
2017	2017	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA for annuitants and beneficiaries; RP-2000 Employees Sex Distinct Table set back 2 years for both males and females for employees; RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females for disabled annuitants.
2018	2018	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA for annuitants and beneficiaries; RP-2000 Employees Sex Distinct Table set back 2 years for both males and females for employees; RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females for disabled annuitants.
2019	2019	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales for annuitants and beneficiaries; PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales for employees; PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scales for disabled annuitants.
2020	2020	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales for annuitants and beneficiaries; PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales for employees; PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scales for disabled annuitants.
2021	2021	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales for annuitants and beneficiaries; PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales for employees; PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scales for disabled annuitants.

See independent auditor's report.

Town of Kentwood
Notes to the Required Supplementary Information
For the year ended December 31, 2021

Pension Plan Schedules - Municipal Police Employees' Retirement System

A. Changes of Benefit Terms

There were no changes in benefit terms during any of the years presented.

B. Changes of Assumptions

Fiscal Year Ended December 31.	Measurement Date - June 30.	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2016	2016	7.500%	7.500%	2.875%	4	9.75% for 1-2 years of service; 4.75% for 3-23 years of service; 4.25% for over 23 years of service
2017	2017	7.325%	7.325%	2.700%	4	9.75% for 1-2 years of service; 4.75% for 3-23 years of service; 4.25% for over 23 years of service
2018	2018	7.200%	7.200%	2.600%	4	9.75% for 1-2 years of service; 4.75% for 3-23 years of service; 4.25% for over 23 years of service
2019	2019	7.125%	7.125%	2.500%	4	9.75% for 1-2 years of service; 4.75% for 3-23 years of service; 4.25% for over 23 years of service
2020	2020	6.950%	6.950%	2.500%	4	12.30% for 1-2 years of service; 4.70% for over 2 years of service
2021	2021	6.750%	6.750%	2.500%	4	12.30% for 1-2 years of service; 4.70% for over 2 years of service

Additionally, the following mortality tables were used to develop mortality rates:

Fiscal Year Ended December 31.	Measurement Date - June 30.	Mortality
2016	2016	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries; RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants; RP-2000 Employee Table set back 4 years for males and 3 years for females for active employees.
2017	2017	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries; RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants; RP-2000 Employee Table set back 4 years for males and 3 years for females for active employees.
2018	2018	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries; RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants; RP-2000 Employee Table set back 4 years for males and 3 years for females for active employees.
2019	2019	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries; RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants; RP-2000 Employee Table set back 4 years for males and 3 years for females for active employees.
2020	2020	PubG-2010 Public Retirement Plans Mortality Table for Safety Below-Median Health Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used for annuitants and beneficiaries; Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used for disabled annuitants; Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used for active employees.
2021	2021	PubG-2010 Public Retirement Plans Mortality Table for Safety Below-Median Health Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used for annuitants and beneficiaries; Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used for disabled annuitants; Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used for active employees.

See independent auditor's report.

Town of Kentwood
Notes to the Required Supplementary Information
For the year ended December 31, 2021

Pension Plan Schedules - State of Louisiana Firefighters' Retirement System

A. Changes of Benefit Terms

There were no changes in benefit terms during any of the years presented.

B. Changes of Assumptions

Fiscal Year Ended December 31,	Measurement Date - June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2016	2016	7.500%	7.500%	2.875%	7	Vary from 15.00% in first two years of service to 4.75% with 25 or more years of service
2017	2017	7.400%	7.400%	2.775%	7	Vary from 15.00% in first two years of service to 4.75% with 25 or more years of service
2018	2018	7.300%	7.300%	2.700%	7	Vary from 15.00% in first two years of service to 4.75% with 25 or more years of service
2019	2019	7.150%	7.150%	2.500%	7	Vary from 14.75% in first two years of service to 4.50% with 25 or more years of service
2020	2020	7.000%	7.000%	2.500%	7	14.10% in first two years of service; 5.20% with 3 or more years of service
2021	2021	6.900%	6.900%	2.500%	7	14.10% in first two years of service; 5.20% with 3 or more years of service

Additionally, the following mortality tables were used to develop mortality rates:

Fiscal Year Ended December 31,	Measurement Date - June 30,	Mortality
2016	2016	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 setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables.
2017	2017	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 by Scale AA were selected for active employees, healthy annuitants, and beneficiaries; RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.
2018	2018	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 by Scale AA were selected for active employees, healthy annuitants, and beneficiaries; RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.
2019	2019	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 by Scale AA were selected for active employees, healthy annuitants, and beneficiaries; RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.
2020	2020	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used for active employees; Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Health Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used for annuitants and beneficiaries; Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used for disabled annuitants.
2021	2021	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used for active employees; Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Health Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used for annuitants and beneficiaries; Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used for disabled annuitants.

See independent auditor's report.

Other Supplementary Information

Town of Kentwood
Schedule of Revenues, Expenses and Changes in Net Position
Budget (GAAP Basis) and Actual, Proprietary Fund Type, Gas Utility System
For the year ended December 31, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Gas Sales	\$ 721,000	\$ 756,024	\$ 35,024
Less Cost of Gas Sold	<u>(301,000)</u>	<u>(298,390)</u>	<u>2,610</u>
Gross Profit on Gas Sales	420,000	457,634	37,634
Intergovernmental - Pension Paid by Others			
Other			
Bad Debt Recoveries	250	-	(250)
Miscellaneous	3,100	5,133	2,033
Penalties	15,000	-	(15,000)
Total Operating Revenues	<u>438,350</u>	<u>462,767</u>	<u>24,417</u>
Operating Expenses			
Bad Debts	3,500	5,833	(2,333)
Cathodic Protection	14,000	14,357	(357)
Depreciation	10,200	11,018	(818)
Employee Benefits	46,850	9,494	37,356
Other			
Computer Expenses	1,500	-	1,500
Drug Testing	300	-	300
Fuel	10,500	6,037	4,463
Miscellaneous	28,250	20,048	8,202
Professional Fees	9,000	989	8,011
Repairs and Maintenance	22,000	16,541	5,459
Salaries and Wages	110,000	102,605	7,395
Supplies	20,000	11,264	8,736
Total Operating Expenses	<u>276,100</u>	<u>198,186</u>	<u>77,914</u>
Operating Income (Loss)	<u>162,250</u>	<u>264,581</u>	<u>102,331</u>
Nonoperating Revenues (Expenses)			
Interest Income	1,400	492	(908)
Total Nonoperating Revenues (Expenses)	<u>1,400</u>	<u>492</u>	<u>(908)</u>
Income (Loss) Before Transfers	<u>163,650</u>	<u>265,073</u>	<u>101,423</u>
Transfers			
Operating Transfers In	-	-	-
Operating Transfers Out	(707,000)	(521,260)	185,740
Change in Net Position	<u>\$ (543,350)</u>	<u>\$ (256,187)</u>	<u>\$ 287,163</u>

See independent auditor's report.

Town of Kentwood
Schedule of Revenues, Expenses and Changes in Net Position
Budget (GAAP Basis) and Actual, Proprietary Fund Type, Water Utility System
For the year ended December 31, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Water Sales	\$ 630,000	\$ 634,512	\$ 4,512
Intergovernmental - Pension Paid by Others	-	2,104	2,104
Delinquent Charges	13,000	12,321	(679)
Miscellaneous	51,200	3,685	(47,515)
Safe Drinking Water Fee	500	12,052	11,552
Total Operating Revenues	<u>694,700</u>	<u>664,674</u>	<u>(30,026)</u>
Operating Expenses			
Bad Debts	3,500	5,833	(2,333)
Depreciation	128,000	136,196	(8,196)
Employee Benefits			
Health Insurance	9,600	9,544	56
Life Insurance	300	246	54
Payroll Taxes	6,900	6,932	(32)
Retirement	6,500	(10,960)	17,460
Other	1,000	2,911	(1,911)
Drug Testing	300	190	110
Fuel	11,000	7,583	3,417
Office Expense	1,500	1,313	187
Safe Drinking Water Fee	16,500	16,036	464
Professional Fees	10,000	3,721	6,279
Repairs and Maintenance	60,000	50,000	10,000
Salaries and Wages	55,000	57,141	(2,141)
Supplies	33,000	28,720	4,280
Utilities - Pump Electricity	72,000	60,022	11,978
Water Treatment	90,000	89,047	953
Total Operating Expenses	<u>505,100</u>	<u>464,475</u>	<u>40,625</u>
Operating Income (Loss)	<u>189,600</u>	<u>200,199</u>	<u>10,599</u>
Nonoperating Revenues (Expenses)			
Donations			
Interest Income	1,500	514	(986)
Interest Expense	(105,700)	(98,558)	7,142
Total Nonoperating Revenues (Expenses)	<u>(104,200)</u>	<u>(98,044)</u>	<u>6,156</u>
Income (Loss) Before Transfers	<u>85,400</u>	<u>102,155</u>	<u>16,755</u>
Contributions and Transfers			
Operating Transfers In	-	-	-
Operating Transfers Out	-	(225,480)	(225,480)
Total Contributions and Transfers	<u>-</u>	<u>(225,480)</u>	<u>(225,480)</u>
Change in Net Position	<u>\$ 85,400</u>	<u>\$ (123,325)</u>	<u>\$ (208,725)</u>

See independent auditor's report.

Town of Kentwood
Schedule of Revenues, Expenses and Changes in Net Position
Budget (GAAP Basis) and Actual, Proprietary Fund Type, Sewer Utility System
For the year ended December 31, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Sewer Charges	\$ 580,000	\$ 585,530	\$ 5,530
Intergovernmental - Pension Paid by Others	-	1,484	1,484
Other	-	-	-
Miscellaneous	200	1,644	1,444
Penalties	13,000	12,321	(679)
Total Operating Revenues	<u>593,200</u>	<u>600,979</u>	<u>7,779</u>
Operating Expenses			
Bad Debts	-	5,833	(5,833)
Depreciation	85,000	89,761	(4,761)
Employee Benefits			
Health Insurance	10,000	9,544	456
Life Insurance	250	246	4
Payroll Taxes	4,500	4,413	87
Retirement	5,000	(7,911)	12,911
Other	1,000	(105)	1,105
Analysis Fee	3,500	2,795	705
Fuel	8,250	5,182	3,068
Office Expense	1,500	450	1,050
Professional Fees	15,000	-	15,000
Repairs and Maintenance	95,600	242,279	(146,679)
Salaries and Wages	34,000	53,973	(19,973)
Supplies	3,000	1,244	1,756
Utilities	44,000	35,150	8,850
Total Operating Expenses	<u>310,600</u>	<u>442,854</u>	<u>(132,254)</u>
Operating Income (Loss)	<u>282,600</u>	<u>158,125</u>	<u>(124,475)</u>
Nonoperating Revenues (Expenses)			
Interest Income	900	457	(443)
Total Nonoperating Revenues (Expenses)	<u>900</u>	<u>457</u>	<u>(443)</u>
Income (Loss) Before Transfers	<u>283,500</u>	<u>158,582</u>	<u>(124,918)</u>
Other Financing Sources (Uses)			
Operating Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ 283,500</u>	<u>\$ 158,582</u>	<u>\$ (124,918)</u>

See independent auditor's report.

Town of Kentwood
Schedule of Revenues, Expenses and Changes in Net Position
Budget (GAAP Basis) and Actual, Proprietary Fund Type, Nursing Home Property
For the year ended December 31, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Lease Rental and Maintenance Income	\$ 26,000	\$ 35,684	\$ 9,684
Other			
Miscellaneous	420	-	(420)
Total Operating Revenues	<u>26,420</u>	<u>35,684</u>	<u>9,264</u>
Operating Expenses			
Bad Debts	-	36,115	(36,115)
Depreciation	19,000	23,705	(4,705)
Employee Benefits	-	-	-
Health Insurance	-	-	-
Life Insurance	-	-	-
Payroll Taxes	-	-	-
Retirement	-	-	-
Insurance	15,000	-	15,000
Other	-	(223)	223
Fuel	-	2,046	(2,046)
Office Expense	200	-	200
Other Operating Expense	-	-	-
Professional Fees	-	-	-
Repairs and Maintenance	81,000	30,095	50,905
Salaries and Wages	-	-	-
Supplies	-	-	-
Utilities	41,000	33,071	7,929
Total Operating Expenses	<u>156,200</u>	<u>124,809</u>	<u>31,391</u>
Operating Income (Loss)	<u>(129,780)</u>	<u>(89,125)</u>	<u>40,655</u>
Nonoperating Revenues (Expenses)			
Interest Income	-	412	412
Interest Expense	-	-	-
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>412</u>	<u>412</u>
Income (Loss) Before Transfers	<u>(129,780)</u>	<u>(88,713)</u>	<u>41,067</u>
Transfers			
Capital Contributions	-	-	-
Operating Transfers In	-	-	-
Change in Net Position	<u>\$ (129,780)</u>	<u>\$ (88,713)</u>	<u>\$ 41,067</u>

See independent auditor's report.

Town of Kentwood
Schedule of Utility Rates
Proprietary Fund Type
For the year ended December 31, 2021

Sewer	
Residential Rates	Commercial Rates
\$ 45.00 - Flat Monthly Rate	\$ 65.00 Commercial Rate 1 - Flat Monthly Rate
	275.00 Commercial Rate 2 (Schools) - Flat Rate
	650.00 Commercial Rate 3 (Nursing Home) - Flat Rate
	45.00 Commercial Rate 4 (Churches) - Flat Rate
Water	
Residential Rates	Commercial Rates
\$ 47.00 - Flat Monthly Rate	\$ 47.00 Commercial Rate 2 - First 5,000 Gallons (Flat Fee)
	0.75 Per 1,000 Gallons for next 55,000 Gallons
	0.65 Per 1,000 Gallons for next 180,000 Gallons
	0.50 Per 1,000 Gallons for next 260,000 Gallons
	0.40 Per 1,000 Gallons after 500,000 Gallons
Industrial Rates	162.00 Commercial Rate 2 (Schools) - Flat Rate
148.65 - First 55,000 Gallons (Flat Fee)	47.00 Commercial Rate 4 (Churches) - Flat Rate
1.50 - Per 1,000 Gallons for next 180,000	
1.150 - Per 1,000 Gallons for next 260,000	
0.80 - Per 1,000 Gallons after 500,000	
Gas	
Residential Rates	Commercial Rates
\$ 21.00 - First 5,000 Cubic Feet (Flat Fee)	\$ 25.00 - First 5,000 Cubic Feet (Flat Fee)
2.000 - Per 1,000 Cubic Feet after 5,000	2.000 - Per 1,000 Cubic Feet after 5,000
Industrial Rates	The gas rates are set by ordinance, the budget, and the cost of gas.
\$ 9.30 - First 10,000 Cubic Feet (Flat Fee)	The rates are adjusted monthly based on the cost of gas purchased.
0.930 - Per 1,000 Cubic Feet after 10,000	The rates are available upon public request during the fiscal year.

See independent auditor's report.

Town of Kentwood
Schedule of Number of Sewer, Water and Gas Customers
Proprietary Fund Type
For the year ended December 31, 2021

	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>
Sewer	729	114	843
Water	850	138	988
Gas	326	54	380
Total	<u>1,905</u>	<u>306</u>	<u>2,211</u>

See independent auditor's report.

**Town of Kentwood
Schedule of Insurance
For the year ended December 31, 2021**

<u>Insurance Company / Policy Number</u>	<u>Coverage</u>	<u>Amount</u>	<u>Period</u>
Risk Management Agency 1144-2019-17033	General Liability	\$ 500,000	3/20/2021 to 3/20/2022
	Commercial Automobile	500,000	
	Public Officials Professional Liability	500,000	
	Police Professional Liability	500,000	
Western Surety Company 18272062	Position Schedule	425,000	6/20/2021 to 6/20/2022
Aspen Specialty Insurance Company	Commercial Property Coverages, as scheduled	1,893,500	3/7/2021 to 3/7/2022
Risk Management Agency 70-0392-14915	Workers Compensation at Statutory Limitations		11/19/2021 to 11/19/2022
Foremost Insurance Group 444-0019223612	Commercial Mobile Home Policy	250,000	7/13/2021 to 7/13/2022
Lloyd's/Lane & Associates LMA2000052	Auto Physical Damage	260,806	4/15/2021 to 4/15/2022

See independent auditor's report.

Schedule 15

**Town of Kentwood
Schedule of Compensation Paid to Board Members
For the year ended December 31, 2021**

Name and Title / Contact Number	Address	Compensation Received
Rochell D. Bates, Mayor (985) 229-3451	308 Avenue G Kentwood, LA 70444	\$ 38,176
Terrell Hookfin, Council Member (985) 514-9950	1100 Pear Street Kentwood, LA 70444	6,500
Gary Callihan, Council Member (985) 514-0785	406 Miller Drive Kentwood, LA 70444	6,500
Tre'Von Cooper, Council Member (985) 514-8264	1103 12th Street Kentwood, LA 70444	6,500
Audrey Winters, Council Member (601) 551-6292	1313 MLK Drive Kentwood, LA 70444	6,500
Xavier Diamond, Council Member (985) 662-8664	813 Fisher Lane Kentwood, LA 70444	6,500
		\$ 69,491

Terms end December 31, 2022 for Board Members

See independent auditor's report.

Town of Kentwood
Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head
For the year ended December 31, 2021

Agency Head Name: Rochell Bates, Mayor

Purpose	Amount
Salary	\$ 38,176
Employer Paid Medicare & Social Security	2,920
Registration Fees	250
Travel (Lodging & Per Diem)	283
Conference Travel	387
Other Miscellaenous Supplies	213
Special Meals	215
	\$ 42,444

See independent auditor's report.

Town of Kentwood
Justice System Funding Schedule - Collecting/Disbursing Entity
For the year ended December 31, 2021

Cash Basis Presentation	First Six Month Period Ended 06/30/2021	Second Six Month Period Ended 12/31/2021
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ 51	\$ -
Add: Collections		
Criminal Fines - Other	8,705	4,906
Subtotal Collections	<u>8,705</u>	<u>4,906</u>
Less: Disbursements To Governments & Nonprofits:		
<i>Crimestoppers of Tangipahoa, Criminal Court Cost/Fees</i>	34	44
<i>Florida Parishes Juvenile Justice Center, Criminal Court Cost/Fees</i>	130	105
<i>Louisiana Commission on Law Enforcement, Criminal Court Cost/Fees</i>	86	92
<i>Louisiana Judicial College, Criminal Court Cost/Fees</i>	12	7
<i>Louisiana Supreme Court, Criminal Court Cost/Fees</i>	2	22
<i>Treasurer, State of Louisiana -CMS, Criminal Court Cost/Fees</i>	69	48
Less: Amounts Retained by Collecting Agency		
Town of Kentwood, Criminal Fines - Other	8,423	4,588
Less: Disbursements to Individuals/3rd Party Collection or Processing		
Civil Fee Refunds		
Bond Fee Refunds		
Restitution Payments to Individuals (additional detail is not required)		
Other Disbursements to Individuals (additional detail is not required)		
Payments to 3rd Party Collection/Processing Agencies		
Subtotal Disbursements/Retainage	<u>8,756</u>	<u>4,906</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	<u>\$ -</u>	<u>\$ 0</u>

Other Information:

Ending Balance of Total Amounts Assessed but not yet Collected	\$ -	\$ -
Total Waivers During the Fiscal Period	\$ -	\$ -

See independent auditor's report.

Financial Data Schedules

**Required by the U.S. Department of Housing and Urban
Development**

Town of Kentwood
Financial Data Schedule for PHA Number LA206 - Housing Choice Voucher Program
For the year ended December 31, 2021

<u>Line</u>	<u>Account Description</u>	<u>Housing Choice Voucher Program 14,871</u>
Assets:		
Current Assets:		
Cash:		
111	Cash - unrestricted	\$ -
112	Cash - restricted - modernization and dev	-
113	Cash - other restricted	20,249
114	Cash - tenant security deposits	-
115	Cash - restricted for payment of current liabilities	14,925
100	Total Cash	<u>35,174</u>
150	Total Current Assets	<u>35,174</u>
Noncurrent Assets:		
Fixed Assets		
161	Land	-
162	Buildings	-
163	Furniture, equipment, and machinery - dwellings	-
164	Furniture, equipment, and machinery - administration	10,741
165	Leasehold improvements	-
166	Accumulated depreciation	(10,741)
167	Construction in progress	-
160	Total Fixed Assets, net of Accumulated Depreciation	<u>-</u>
190	Total Assets	\$ <u><u>35,174</u></u>

(Continued)

See independent' auditor's report.

Schedule 18 (Continued)

Town of Kentwood
Financial Data Schedule for PHA Number LA206 - Housing Choice Voucher Program
For the year ended December 31, 2021

Line	Account Description	Housing Choice Voucher Program 14,871
	Liabilities and Equity:	
	Liabilities:	
	Current Liabilities:	
345	Other Current Liabilities	\$ (14,925)
310	Total Current Liabilities	<u>(14,925)</u>
	Equity	
508.1	Invested in Capital Assets, Net of Related Debt	-
511.1	Restricted Net Position	(12,187)
512	Undesignated Fund Balance/Retained Earnings	-
512.4	Unrestricted Net Position	<u>(8,062)</u>
513	Total Equity / Net Position	<u>(20,249)</u>
600	Total Liabilities and Equity / Net Position	\$ <u><u>(35,174)</u></u>

(Continued)

See independent' auditor's report.

Schedule 18 (Continued)

Town of Kentwood
Financial Data Schedule for PHA Number LA206 - Housing Choice Voucher Program
For the year ended December 31, 2021

Line	Account Description	Housing Choice Voucher Program 14.871
	Revenue:	
70300	Net tenant rental revenue	\$ -
70400	Tenant revenue - other	-
70500	Total Tenant Revenue	-
70600	HUD PHA operating grants	396,321
70750	Other fees	654
70800	Other government grants	18,635
71100	Investment income - Unrestricted	167
71200	Mortgage interest income	-
70000	Total Revenue	415,777
	Expenses	
	Administrative	
91100	Administrative Salaries	39,452
91200	Auditing Fees	-
91300	Management Fee	-
91310	Book-keeping Fee	3,600
91400	Advertising and Marketing	-
91500	Employee benefit contributions - administrative	18,686
91600	Office Expenses	597
91700	Legal Expense	-
91800	Travel	-
91900	Other	-
91000	Total Operating Administrative	62,335
92000	Asset Management Fee	-
	Tenant Services:	
92100	Tenant services - salaries	-
92200	Relocation costs	-
92300	Employee benefit contributions - tenant services	-
92400	Tenant services - other	-
92500	Total Tenant Services	-
	Utilities	
93800	Other utilities expense	-
93000	Total Utilities	-
	Ordinary Maintenance and Operation:	
94100	Ordinary maintenance and operations - labor	-
94200	Ordinary maintenance and operations - materials and other	-
94300	Ordinary maintenance and operations - contract costs	-
94500	Employee benefit contributions - ordinary maintenance	-
94000	Total Maintenance	-

(Continued)

See independent' auditor's report.

Schedule 18 (Continued)

Town of Kentwood
 Financial Data Schedule for PHA Number LA206 - Housing Choice Voucher Program
 For the year ended December 31, 2021

Line	Account Description	Housing Choice Voucher Program 14,871
	Protective Services:	
95100	Protective services - labor	-
95200	Protective services - other contract costs	-
95300	Protective services - other	-
95500	Employee benefit contributions - protective services	-
95000	Total Protective Services	<u>-</u>
	General Expenses:	
96110	Property insurance	-
96120	Liability insurance	-
96130	Workmen's compensation	167
96140	All other insurance	-
96100	Total Insurance Premiums	<u>167</u>
96500	Bad debt - mortgages	-
96600	Bad debt - other	-
96710	Interest expense	-
96800	Severance expense	-
96000	Total Other General Expenses	-
96900	Total Operating Expenses	<u>62,502</u>
97000	Excess Operating Revenue over Operating Expenses	<u>353,275</u>
	Other Expenses:	
97300	Housing assistance payments	-
97350	HAP portability-in	357,414
97400	Depreciation expense	-
97800	Dwelling units rent expense	-
90000	Total Expenses	<u>357,414</u>
	Other Financing Sources (Uses)	
10010	Operating transfers in	5,138
10094	Transfers between program and project-out	-
10100	Total Other Financing Sources (Uses)	<u>5,138</u>
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>\$ 999</u>
	Memo Account Information	
11020	Required Annual Debt Principal Payments	-
11030	Beginning Equity	19,253
11040	Prior period adjustments, equity transfers and correction of errors	-
11170	Administrative fee equity	8,062
11180	Housing assistance payments equity	12,187
11190	Unit months available	828
11210	Number of unit month's leased	717

(Concluded)

See independent' auditor's report.

Minda B. Raybourn

*Certified Public Accountant
Limited Liability Company*

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wrcpa@huntbrothers.com

Member
AICPA

Member
LCPA

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

To the Honorable Irma Gordon
And Members of the Board (Town Council)
Kentwood, LA 70444

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, each major fund, and the aggregate remaining fund information of Town of Kentwood, Louisiana, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Town of Kentwood, Louisiana's basic financial statements and have issued our report thereon dated September 25, 2023.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2021-001 and 2021-002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2021-003 to be a significant deficiency.

Report on Compliance and Other Matters

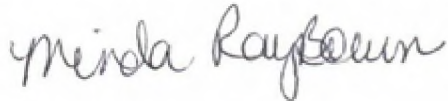
As part of obtaining reasonable assurance about whether Town of Kentwood, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2021-004, 2021-005, 2021-006, and 2021-007.

Town of Kentwood, Louisiana's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Kentwood, Louisiana's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Town of Kentwood, Louisiana's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The 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.



Minda Raybourn CPA
Franklinton, Louisiana
September 25, 2023

Town of Kentwood
Schedule of Current Year Findings and Responses
For the Year Ended December 31, 2021

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weaknesses identified? X Yes No

Significant deficiencies identified that are not considered to be material weaknesses? X Yes No

Noncompliance material to the financial statements noted? X Yes No

Was a management letter issued? Yes X No

Federal Awards

There were no major programs for the Town for the fiscal year ended December 31, 2021.

Town of Kentwood
Schedule of Current Year Findings and Responses
For the Year Ended December 31, 2021

Financial Statement and Internal Control Findings

Finding 2021-001 Balancing of Utility Accounts Receivable (Material Weakness)

Criteria: Effective operation of a utility billing system and an effective internal control system requires the design and operation of standardized procedures related to input and reconciliation of billings, adjustments and collections for optimization and collection of major revenue sources and assurance that related financial data is accurate and complete, and the Town's assets are safeguarded.

The utility accounts receivable system should be balanced daily. The Town has a control balancing worksheet that is used daily to balance payments, billings, adjustments, penalties, and ending accounts receivable daily against the reports from the billing system.

Condition: For December 2021, balancing was not done daily. This is a repeat finding from the prior year (2020-001 and 2019-002).

Cause: The Town in the past has demonstrated it balances the billing system daily. It also has policies and procedures on balancing daily (page 7 of the Town's policies and procedures). The balancing of accounts receivable was not being done properly.

Effect: Failure to maintain adequate controls over the utility billing system creates an environment for which payments received from customers will be not be deposited to the bank. Errors and irregularities could occur that will not be detected or will not be detected timely. Fraud and misappropriation of utility collections could occur for lengthy periods of time if not detected.

Recommendation: The Town needs to balance each day the utility billing system reports with the control balancing worksheet.

Management's Response: We will implement the auditor's recommendation.

Contact Person: Irma Gordon, Mayor, 308 Avenue G, Kentwood, Louisiana, 70444, telephone (985) 229-3451.

Finding 2021-002 Ad Valorem Taxes to Special Revenue Fund (Material Weakness)

Criteria: A properly designed and implemented internal control system over financial reporting provides, among other things, reasonable assurance that financial data is accurate and complete and that Town's assets are properly safeguarded.

Receipts for restricted revenues should be deposited in a separate bank account when legally required.

Condition: The Town collects ad valorem taxes dedicated for recreation purposes. The Town has a separate bank account and special revenue fund to account for the revenues and expenditures. The Town deposits the receipts for the recreation ad valorem tax with the general fund ad valorem taxes. The Town will each month make an adjustment through interfund accounts to record the allocation for the recreation taxes. The funds are

Town of Kentwood
Schedule of Current Year Findings and Responses
For the Year Ended December 31, 2021

transferred from the general fund to the special revenue fund periodically. The ad valorem taxes for recreation are not separated from the general fund taxes with each deposit.

Cause: The Town does not deposit the restricted revenues for the ad valorem taxes for recreation upon receipt and at the time the deposit is made.

Effect: Lack of internal controls over the receipt, recording, and allocation of the restricted ad valorem tax.

Recommendation: The Town should expand its collections policies and procedures to include separating special revenue receipts from the general fund receipts. In addition, the Town should receipt and deposit in the separate special revenue account all ad valorem recreation taxes.

Management's Response: The Town will implement the auditor's recommendation.

Contact Person: Irma Gordon, Mayor, 308 Avenue G, Kentwood, Louisiana, 70444, telephone (985) 229-3451.

Finding 2021-003 Approval of Expenditures and Documentation of Expenditures (Significant Deficiency)

Criteria: A properly designed and implemented internal control system over financial reporting provides, among other things, reasonable assurance that financial data is accurate and complete and that Town's assets are properly safeguarded.

All supporting documentation for expenditures should be reviewed by designated management prior to signing a check or authoring electronic payment. Expenditures should have written notation or approval of review.

All expenditures should be vouched to adequate supporting documentation such as a purchase order, receiving report, shipping order, invoice, or receipt.

Condition: Out of a sample of 50 disbursements, 9 items could not be located. The disbursements reviewed were not verified in writing by management for approval.

Cause: The Town has policies and procedures over purchasing and disbursements. They were not followed regarding documentation of expenditures and verification of review and approval.

Effect: Failure to design and follow effective standardized procedures for expenditures and disbursements and failure to design and operate effective internal controls over the transactions related exposes the Town to several risks, including, but not limited to, misappropriation of assets and inaccurate or fraudulent financial reporting. As a result, material misstatement in the Town's financial statements may not be prevented or detected.

Recommendation: Management should review and follow the Town's existing policies and procedures over purchases, expenditures, and disbursements.

Management's Response: The Town will implement the auditor's recommendation.

Contact Person: Irma Gordon, Mayor, 308 Avenue G, Kentwood, Louisiana, 70444, telephone (985) 229-3451.

Town of Kentwood
Schedule of Current Year Findings and Responses
For the Year Ended December 31, 2021

Compliance Findings

Finding 2021-004 Budget Compliance

Criteria: State law requires that the general fund and all special revenue funds have actual expenses and other uses of funds within five percent of budgeted revenues and other sources (La. R.S. 39:1311).

Condition: In the special revenue fund, Kentwood Volunteer Fire Department, expenses and other uses were over budget by 113.33% or \$186,850.

Cause: Expenditures and other uses of funds were not amended sufficiently to be compliant with state budget law.

Effect: The effect is noncompliance with the Local Government Budget Act.

Recommendations: The Town needs to ensure expenditures and other uses of funds are budgeted as close as possible to actual.

Management's Response: The Town will continue to monitor the budget and actual comparisons on all funds during the fiscal year to ensure compliance.

Contact Person: Irma Gordon, Mayor, 308 Avenue G, Kentwood, Louisiana, 70444, telephone (985) 229-3451.

Finding 2021-005 Sinking Fund Requirements

Criteria: The 2017 Revenue Bonds require the Town to transfer monthly amounts to pay a portion of the next maturing principal and next due interest into a sinking fund.

Condition: At December 31, 2021, the sinking fund was not fully funded.

Cause: The Town did not make the monthly deposits to the sinking fund.

Effect: Possible noncompliance with the bond covenants.

Recommendation: The Town should put in place procedures to work with the CPA to compute the required deposits and to ensure the sinking fund is funded correctly.

Management's Response: The Town will work with the CPA to compute the required deposits and to ensure the account is fully funded.

Contact Person: Irma Gordon, Mayor, 308 Avenue G, Kentwood, Louisiana, 70444, telephone (985) 229-3451.

**Town of Kentwood
Schedule of Current Year Findings and Responses
For the Year Ended December 31, 2021**

Finding 2021-006 Malfeasance Involving Utility Billings

Criteria: No employee or official should accept anything of economic value, whether in the form of a service, loan, or promise from anyone that would constitute a violation of R. S. 42:1101-1124. Per R.S. 24: 523, state law requires the reporting of misappropriations of cash and assets that are \$1,000 or greater.

Condition: On June 2, 2022, the municipal clerk notified me of fraud regarding fictitious utility accounts. On June 1, 2022, the Town was contacted by an outside company to verify that 5 employees who provided utility bills as proof of residence for per diem purposes from their company. Copies of the bills, driver's licenses, and a per diem allowance acknowledgement were provided to the Town by the outside company to research. Management discovered that the 5 persons in question were added to the Town's water system by one employee. The objective of the fictitious accounts were done so that the 5 outside employees receive larger per diems from their outside employer. Two Town employees were involved: 1) utility billing clerk and 2) another clerk. One employee admitted to receiving a \$100 payment as part of these actions for allowing one of the outside employees name to be added to her bill. The actual utility bills of \$2,729 were correct and paid by the actual customers. There was no loss of funds to the Town. The billing clerk was dismissed. The other clerk who allowed her customer account have the outside employee's name was suspended for two weeks without pay. This case was investigated and charges sent to the District Attorney. On November 20, 2022, the District Attorney notified the Town after reviewing the case that he was declining to move forward.

Cause: The Town's utility billing system was misused.

Effect: Possible violations not limited but include of the Town's ordinances, policies and procedures, state ethics laws, and state law.

Recommendation: The Town should implement a utility procedure to have new accounts, account adjustments, or account changes done by a separate employee from the utility billing functions.

Management's Response: The Town has changed its policy so the utility billing clerk does not have authority to do this again. Separation of duties will be strictly enforced.

Contact Person: Irma Gordon, Mayor, 308 Avenue G, Kentwood, Louisiana, 70444, telephone (985) 229-3451.

#	ELEMENT OF FINDING	RESPONSE
1	A general statement describing the fraud or misappropriation that occurred.	On June 2, 2022, the municipal clerk notified me of fraud regarding fictitious utility accounts. On June 1, 2022, the Town was contacted by a company to verify that 5 outside employees who provided utility bills as proof of residence for per diem purposes. Copies of the bills, driver's licenses, and a per diem allowance acknowledgement were provided to the Town to research. Management discovered that the 5 outside persons in question were added to several of the Town's exiting customer bills by the billing clerk. The objective of the fictitious accounts were done so that the 5 outside employees receive larger per diems. Two employees were involved: 1) utility billing clerk and 2)

Town of Kentwood
Schedule of Current Year Findings and Responses
For the Year Ended December 31, 2021

		another clerk. One employee admitted to receiving a \$100 payment to have an outside worker's name added to her account. Total estimated charges total \$2,729. The billing clerk was dismissed and the other clerk was suspended for two weeks without pay.
2	A description of the funds or assets that were the subject of the malfeasance (customer utility bills)	Utility customer names on utility bills.
3	The amount of funds or approximate value of assets involved.	None.
4	The department or office in which the fraud or misappropriation occurred.	Utilities
5	The period of time over which the fraud or misappropriation occurred.	June 2022
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	Billing clerk and another clerk.
7	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	Formal charges were investigated and sent to the District Attorney. On November 20, 2022, the District Attorney informed the Town he was not moving forward on the charges.
8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	The billing clerk is no longer employed. The other clerk was suspended for without pay for two weeks.
9	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	See #8 above.
10	Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	See #7 above.
11	What is the status of the investigation at the date of the auditor's/accountant's report?	Resolved.
12	If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?	No. See #7 above.
13	What is the status of any related adjudication at the date of the auditor's/accountant's report?	Resolved.
14	Has restitution been made or has an	No. No loss of funds occurred.

**Town of Kentwood
Schedule of Current Year Findings and Responses
For the Year Ended December 31, 2021**

	insurance claim been filed?	
15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)	Yes.
16	Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?	Yes.
17	If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	
18	Management's plan to ensure that the fraud or misappropriation does not occur in the future	The auditor recommended that a person separate from the utility function process new accounts, account changes, and account adjustments. The Town has implemented those changes.

Finding 2021-007 Late Submittal of Report

Criteria: Local auditees must engage a CPA firm approved by Louisiana Legislative Auditors to perform its audit or other engagement no later than sixty days after its fiscal year end. The statutory due date for an agency to file the audit report is six months after the fiscal year end.

Condition: The agency's report was submitted September 2023.

Cause: The Town's previous CPA firm withdrew in 2022. The Town's previous administration hired another external firm in December 2022. The year-end compilation and related workpapers were provided in February 2023. In addition, the Town had a new Mayor and new administration that took effect January 2023. Shortly after this, the town had turnover in its administrative staff. The Town's previous CPA firm that had withdrawn was rehired by the new administration in 2023 and is assisting the town in training the new staff and preparing the year end compilation report and workpapers for 2022.

Effect: Noncompliance with state audit law.

Recommendation: The Town should monitor the deadlines and work diligently to have its audit complete and submitted as soon as possible.

Management's Response: We will have engaged the external CPA firm start the close of the year and compilation report as soon as possible after the end of the fiscal year. The Town is working diligently to have the 2022 audit completed and filed with the Louisiana Legislative Auditor by the extended deadline of October 31, 2023.

Contact Person: Irma Gordon, Mayor, 308 Avenue G, Kentwood, Louisiana, 70444, telephone (985) 229-3451.

Town of Kentwood
Schedule of Current Year Findings and Responses
For the Year Ended December 31, 2021

SCHEDULE OF PRIOR YEAR FINDINGS AND STATUS

Finding 2020-001 Balancing of Utility Accounts Receivable (Material Weakness)

Criteria: The utility accounts receivable system should be balanced daily. The Town has a control balancing worksheet that is used daily to balance payments, billings, adjustments, penalties, and ending accounts receivable daily against the reports from the billing system.

Condition: For November 2020, balancing was not done daily. November 2, 24, and 25 had discrepancies that were not explained. The control balancing worksheet had different ending accounts receivable balances than the report from the utility billing system. This is a repeat finding from the prior year (2019-002).

Cause: The Town in the past has demonstrated it balances the billing system daily. It also has policies and procedures on balancing daily (page 7 of the Town's policies and procedures). The balancing of accounts receivable was not being done properly.

Effect: Failure to maintain adequate controls over the utility billing system creates an environment for which payments received from customers will not be deposited to the bank. Errors and irregularities could occur that will not be detected or will not be detected timely. Fraud and misappropriation of utility collections could occur for lengthy periods of time if not detected.

Recommendation: The Town needs to balance each day the utility billing system reports with the control balancing worksheet.

Management's Response: We will implement the auditor's recommendation.

Contact Person: Irma Gordon, Mayor, 308 Avenue G, Kentwood, Louisiana, 70444, telephone (985) 229-3451.

Status: Partially resolved.

Finding 2020-002 Budget Compliance

Criteria: State law requires that the general fund and all special revenue funds have actual revenues and other sources within five percent of budgeted revenues and other sources (La. R.S. 39:1311).

Condition: In the special revenue fund, Kentwood Volunteer Fire Department, revenues and other sources were under budget by 23.96% or \$224,623.

Cause: Budgeted federal grants were \$267,000. However, the Town did not receive these funds.

Effect: The effect is noncompliance with the Local Government Budget Act.

Recommendations: The Town needs to ensure operating transfers between funds are budgeted as close as possible to actual.

Town of Kentwood
Schedule of Current Year Findings and Responses
For the Year Ended December 31, 2021

Management's Response: The Town will continue to monitor the budget and actual comparisons on all funds during the fiscal year to ensure compliance.

Contact Person: Irma Gordon, Mayor, 308 Avenue G, Kentwood, Louisiana, 70444, telephone (985) 229-3451.

Status: Not resolved.

Finding 2020-003 Mayor's Court Costs (Noncompliance)

Criteria:

Mandatory costs that must be paid by all Mayor's courts in all cases include fees for the following:

1. Law Enforcement Officer Training
2. Trial Court Management Information System
3. Judicial College
4. Crime Stoppers Organizations

Mandatory costs that must be paid by all Mayor's courts in all cases, except traffic cases, include fees for the following:

1. Crime Victims Reparations Fund

Mandatory costs that must be paid by all Mayor's courts in cases involving traffic violations include fees for the following:

1. Traumatic Head and Spinal Cord Injuries Services
2. Disability Affairs Trust Fund
3. Fees concerning a defendant who failed to appear at a Traffic Citation Summons
4. Fees concerning license renewal or reissuance
5. Traffic Violations/Fees to cover submitting abstract or conviction of Office of Motor Vehicles

Mandatory costs that are to be assessed by only some or specific Mayor's courts to all types of cases include fees for the following:

1. Witness Fees
2. Florida Parishes Juvenile Justice Commission

Condition: The Town has not paid the required fees each month. The last month the Town paid for court costs was for July 2020.

Cause: The Town has a lack of internal controls over compliance with mayor's court costs.

Effect: The Town did not comply with the regulations regarding the payment and reporting of Mayor's court costs.

Town of Kentwood
Schedule of Current Year Findings and Responses
For the Year Ended December 31, 2021

Recommendation: Immediately, management needs to calculate the mandatory costs from through to date that is owed for each agency. Management should utilize a records management system to track the required costs that are to be paid to each agency.

Management Response: The Town will follow the recommendation.

Contact Person: Irma Gordon, Mayor, 308 Avenue G, Kentwood, Louisiana, 70444, telephone (985) 229-3451.

Status: Resolved.

Minda B. Raybourn

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Member
AICPA

Member
LCPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor Irma Gordon
And Members of the Board of Aldermen
601 Avenue E
Kentwood, LA 70444
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Town of Kentwood, Louisiana's (the "Town") management is responsible for those C/C areas identified in the SAUPs.

The Town has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

b) *No exceptions to this procedure.*

Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

No exceptions to this procedure.

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

No exceptions to this procedure.

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

No exceptions to this procedure.

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

No exceptions to this procedure.

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

No exceptions to this procedure.

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

No exceptions to this procedure.

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

No exceptions to this procedure.

i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained

to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

1),2), and 3) are documented. 4) is not documented.

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

No exceptions to this procedure.

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

The Town does not have policies and procedures for IT disaster recovery and business continuity.

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

The Town does not have these procedures.

Management's Response: We will implement the policies and procedures noted above before the end of the current fiscal year.

Board or Finance Committee

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

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

No exceptions to this procedure.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions to this procedure.

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

This is not applicable. The Town's unassigned general fund balance is positive.

Bank Reconciliations

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

The listing of bank accounts and management's representation were obtained. The main operating accounting and 4 additional accounts were selected.

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

No exception to this procedure.

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

The external account prepares the bank reconciliations.

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

The reconciliations had items more than 12 months old.

Management response: We will research these items and take the appropriate action.

Collections (excluding electronic funds transfers)

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

A listing of deposit sites and management's representation was obtained

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
Employees responsible for cash do not share cash drawers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
At times, the employees responsible for collecting cash will prepare and make the bank deposits. This is due to the small office staff. The external accountant will reconcile collection documentation to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
Another employee is responsible for posting the deposits to the general ledger. The external account will reconcile general ledger postings to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
The Town's external accountant will reconcile collections to the general ledger by revenue source.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
No exception to this procedure.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

There were no exceptions to procedures a through e.

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

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

Management's representation was obtained. The entity has one location that processes payments.

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

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

An employee can initiate a purchase request, the department supervisor will sign the purchase order, and the employee can order or make the purchase after approval. The town clerk approves purchase orders.

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

The town clerk processes payments to vendors. The Mayor approves the payments.

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

The town clerk can add or modify vendor files once the addition of a new vendor is approved by the Mayor.

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

The town clerk mails the checks once they are signed.

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

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

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

No exceptions to this procedure.

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

The was no written evidence of approval such as initial and date of the payments selected.

Management Response: All invoices will have management approval notated on the disbursement.

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

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

Management's listing of credit cards and management's representation was obtained. The Town has 2 credit cards and assigned fuel cards.

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

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

The statements did not have evidence they were reviewed and approved

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

One statement had a late payment fee and a finance charge.

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

One charge did not have an itemized receipt.

Management response: We will have a member of management review and approve the payments. All statements will have adequate detailed supporting documentation.

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

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

The listing of travel expenses and management’s representation were obtained.

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

Reimbursement rate were in accordance with the rates established by the state and US GSA.

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

No exceptions to this procedure.

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

No exceptions to this procedure.

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

None of the requests were approved.

Management Response: Management will ensure all travel reimbursements are approved.

Contracts

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

Management's listing and management's representations were obtained.

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

No exceptions to this procedure.

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

No exceptions to this procedure.

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

No exceptions to this procedure.

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

No exceptions to this procedure.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or

officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing and management's representation were obtained.

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

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

No exceptions to this procedure.

b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions to this procedure.

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

No exceptions to this procedure.

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

No exceptions to this procedure.

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

No exceptions to this procedure.

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

One month for retirement contributions was paid late.

Management response: We will ensure that all retirement reports and payments are paid and filed timely.

Ethics

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

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

No exceptions to this procedure.

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

No changes were made to the entity’s ethics policy during the fiscal period.

Debt Service

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

A listing of bonds and management representation were obtained. The Town did not have issuances of debt in 2021.

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

The sinking fund was not fully funded.

Management response: Management will take action to ensure the sinking fund is fully funded.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the

misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management asserted there were misappropriations. Management's representations were obtained. The entity did report the misappropriations.

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

No exception to this procedure.

Information Technology Disaster Recovery/Business Continuity

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

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

I performed the procedure and discussed the results with management.

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

I performed the procedure and discussed the results with management.

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

I performed the procedure and discussed the results with management.

Sexual Harassment

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

No exception to this procedure.

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

The policy is not in a conspicuous location.

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

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

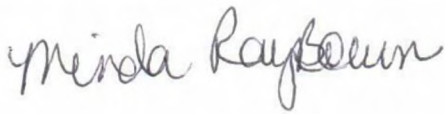
The Town did not provide me with the report.

Management response: We will update the location of the policy. We will prepare a report at the end of each fiscal year.

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

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

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

A handwritten signature in cursive script that reads "Minda Raybourn". The signature is written in black ink on a light-colored background.

Minda B. Raybourn CPA
Franklinton, LA
September 25, 2023