

Town of Kentwood, Louisiana

Annual Financial Statements

As of And for the Year Ended December 31, 2023

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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, 2023, 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, 2023, 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 and the standards applicable to the financial audits contained in *Government Auditing Standards*. 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 9 and 13 to the financial statements, the Town adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement requires recognition of certain subscription assets and corresponding liabilities for subscriptions that previously were recorded as outflows of resources based on the payment provisions of the contract. The Town is required to recognize a subscription liability and an intangible subscription asset. Our opinions are not modified with respect to this matter.

Emphasis of Matter – Correction of Previously Issued Financial Statements

As discussed in Note 23 to the financial statements, the 2022 financial statements have been restated to record adjustments to correct compensated absences and intergovernmental receivables. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the 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 and *Government 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, 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 combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 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 are presented for purposes of additional analysis and are not a required part of the basis 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Cost of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

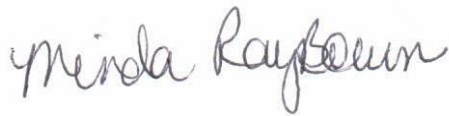
The information for the year ended December 31, 2023, in the schedules listed as the Financial Data Schedules Required by the U.S. Department of Housing and Urban Development are the responsibility of management and were derived from and relate directly to the underlying accounting and other records 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, 2023 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, justice funding schedule-collecting/disbursing entity, and schedule of expenditures of federal awards 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 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, justice funding schedule-collecting/disbursing entity, and schedule of expenditures of federal awards 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 August 26, 2024 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.

A handwritten signature in cursive script that reads "Minda Raybourn".

Minda Raybourn CPA
Franklinton, LA
August 26, 2024

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF KENTWOOD
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2023

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 2,371,879	\$ 456,562	\$ 2,828,441
Receivables, Net:			
Accounts	-	431,687	431,687
Intergovernmental	1,436,850	320,064	1,756,914
Taxes	101,849	-	101,849
Lease Receivable	-	112,814	112,814
Other	11,376	6,342	17,718
Due From Other Funds	377,613	888,095	1,265,708
Inventory	-	13,131	13,131
Prepaid Insurance	71,335	945	72,280
Total Current Assets	4,370,902	2,229,640	6,600,542
Noncurrent Assets:			
Restricted Assets:			
Restricted Cash and Cash Equivalents	603,705	255,864	859,569
Total Restricted Assets	603,705	255,864	859,569
Receivables:			
Lease Receivable	-	1,805,335	1,805,335
Total Receivables	-	1,805,335	1,805,335
Capital Assets:			
Land	631,126	1,622,600	2,253,726
Construction in Progress	-	184,812	184,812
Capital Assets, Net of Depreciation	2,060,545	4,535,990	6,596,535
Subscription Assets, Net of Amortization	6,375	-	6,375
Total Capital Assets, Net	2,698,046	6,343,402	9,041,448
Total Noncurrent Assets	3,301,751	8,404,601	11,706,352
Total Assets	7,672,653	10,634,241	18,306,894
Deferred Outflows of Resources			
Pension Related	458,995	24,728	483,723
Total Deferred Outflows of Resources	458,995	24,728	483,723
Liabilities			
Current Liabilities:			
Accounts Payable	65,231	73,043	138,274
Other Accrued Liabilities	109,927	18,209	128,136
Due To Other Funds	888,095	377,613	1,265,708
Customer Deposits	-	147,573	147,573
Accrued Interest	11,804	-	11,804
Bonds Payable	55,000	145,563	200,563
Notes Payable	17,083	12,500	29,583
Subscriptions Payable	3,838	-	3,838
Total Current Liabilities	1,150,978	774,501	1,925,479
Long Term Liabilities:			
Bonds Payable	875,514	1,845,820	2,721,334
Notes Payable	55,358	92,708	148,066
Subscriptions Payable	2,655	-	2,655
Net Pension Liability	959,709	110,647	1,070,356
Total Long Term Liabilities	1,893,236	2,049,175	3,942,411
Total Liabilities	3,044,214	2,823,676	5,867,890
Deferred Inflows of Resources			
Pension Related	84,288	27,675	111,963
Lease Related	-	1,849,311	1,849,311
Total Deferred Inflows of Resources	84,288	1,876,986	1,961,274
Net Position			
Net Investment in Capital Assets	1,776,029	4,417,196	6,193,225
Restricted for:			
Capital Projects and Debt Service	511,692	14,700	526,392
Housing Activities	-	400	400
Unrestricted	2,715,425	1,526,011	4,241,436
Total Net Position	\$ 5,003,146	\$ 5,958,307	\$ 10,961,453

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

TOWN OF KENTWOOD

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023

Primary Government	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	\$ 999,061	\$ 285,285	\$ 908,261	\$ 4,270	\$ 198,755	\$ 198,755	\$ -	\$ 198,755
Public Safety - Police Protection	881,773	5,884	7,661	-	(868,228)	(868,228)	-	(868,228)
Public Safety - Fire Protection	750,424	-	97,776	-	(652,648)	(652,648)	-	(652,648)
Public Works - Streets and Sanitation	506,115	97,677	1,168	-	(407,270)	(407,270)	-	(407,270)
Health and Welfare	6,594	-	-	-	(6,594)	(6,594)	-	(6,594)
Recreation	83,518	-	-	-	(83,518)	(83,518)	-	(83,518)
Economic Development	18,871	8,600	-	-	(10,271)	(10,271)	-	(10,271)
Interest on Long Term Debt	34,779	-	-	-	(34,779)	(34,779)	-	(34,779)
Lease and Subscription Interest	368	-	-	-	(368)	(368)	-	(368)
Total Governmental Activities	\$ 3,281,503	\$ 397,446	\$ 1,014,866	\$ 4,270	\$ (1,864,921)	(1,864,921)	-	(1,864,921)
Business-type Activities								
Gas	\$ 370,584	\$ 1,194,709	\$ 2,140	\$ -	\$ 826,265	-	826,265	826,265
Water	689,699	720,700	321,891	-	352,892	-	352,892	352,892
Sewer	787,998	610,622	1,183	-	(176,193)	-	(176,193)	(176,193)
Nursing Home Property	148,490	143,172	-	-	(5,318)	-	(5,318)	(5,318)
Housing Assistance	473,681	455,230	-	-	(18,451)	-	(18,451)	(18,451)
Total Business-type Activities	\$ 2,470,452	\$ 3,124,433	\$ 325,214	\$ -	\$ 979,195	-	979,195	979,195
General Revenues:								
Taxes:								
Property Taxes						312,063	-	312,063
Sales Taxes						1,266,659	-	1,266,659
Franchise Taxes						55,777	-	55,777
Other						9,693	-	9,693
Intergovernmental - Allocation from Tangipahoa Fire District Number 2						740,444	-	740,444
Interest Income						133,069	74,028	207,097
Miscellaneous						44,178	-	44,178
On Behalf Payments - State Supplemental Pay for Police						82,970	-	82,970
Other Nonoperating Revenue-Insurance Proceeds						37,595	-	37,595
Gain on Sale of Assets						17,000	882	17,882
Capital Transfers (Out) to Tangipahoa Parish Fire Protection District Number Two						(43,499)	-	(43,499)
Operating Transfers In (Out) to Town Funds						76,942	(76,942)	-
Total General Revenues and Transfers						2,732,891	(2,032)	2,730,859
Change in Net Position						867,970	977,163	1,845,133
Net Position - Beginning						4,135,176	5,013,721	9,148,897
Prior Period Adjustments						-	(32,577)	(32,577)
Net Position - Beginning (Restated)						4,135,176	4,981,144	9,116,320
Net Position - Ending						\$ 5,003,146	\$ 5,958,307	\$ 10,961,453

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, 2023

	<u>General Fund</u>	<u>Volunteer Fire Department</u>	<u>LHFA Special Revenue 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	\$ 2,055,981	\$ 4,860	\$ -	\$ 311,038	\$ -	\$ -	\$ 2,371,879
Receivables, Net:							-
Intergovernmental	176,812	1,260,038	-	-	-	-	1,436,850
Ad Valorem Taxes	59,980	-	-	28,603	-	-	88,583
Franchise Taxes	13,266	-	-	-	-	-	13,266
Other	11,376	-	-	-	-	-	11,376
Due From Other Funds	660,117	882	-	297,344	-	244,630	1,202,973
Prepaid Insurance	39,174	27,423	1,418	-	-	-	68,015
Other	-	3,320	-	-	-	-	3,320
Restricted Cash	369,640	-	114,058	-	120,007	-	603,705
Total Assets	<u>\$ 3,386,346</u>	<u>\$ 1,296,523</u>	<u>\$ 115,476</u>	<u>\$ 636,985</u>	<u>\$ 120,007</u>	<u>\$ 244,630</u>	<u>\$ 5,799,967</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities:							
Accounts Payable	\$ 34,240	\$ 30,991	\$ -	\$ -	\$ -	\$ -	\$ 65,231
Other Accrued Liabilities	66,939	5,723	1,300	-	-	-	73,962
Due to Other Funds	1,217,765	47,183	3,282	247,930	197,295	-	1,713,455
Total Liabilities	<u>1,318,944</u>	<u>83,897</u>	<u>4,582</u>	<u>247,930</u>	<u>197,295</u>	<u>-</u>	<u>1,852,648</u>
Deferred Inflows of Resources							
Ad Valorem Taxes - Unavailable	7,090	-	-	5,113	-	-	12,203
Total Deferred Inflows of Resources	<u>7,090</u>	<u>-</u>	<u>-</u>	<u>5,113</u>	<u>-</u>	<u>-</u>	<u>12,203</u>
Fund Balances (Deficit):							
Nonspendable	39,174	27,423	1,418	-	-	-	68,015
Restricted	369,640	-	-	383,942	-	244,630	998,212
Assigned	-	1,185,203	109,476	-	-	-	1,294,679
Unassigned	1,651,498	-	-	-	(77,288)	-	1,574,210
Total Fund Balances (Deficit)	<u>2,060,312</u>	<u>1,212,626</u>	<u>110,894</u>	<u>383,942</u>	<u>(77,288)</u>	<u>244,630</u>	<u>3,935,116</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,386,346</u>	<u>\$ 1,296,523</u>	<u>\$ 115,476</u>	<u>\$ 636,985</u>	<u>\$ 120,007</u>	<u>\$ 244,630</u>	<u>\$ 5,799,967</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, 2023

Fund Balances, Total Governmental Funds (Statement C)	\$	3,935,116
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.

Governmental Capital Assets, Net of Depreciation		2,691,671
Governmental Subscription Assets, Net of Amortization		6,375

General long-term debt of governmental activities is not payable from current resources and, therefore, not reported in the funds. This debt is:

Net Pension Liability		(959,709)
Deferred Outflows of Resources		458,995
Deferred Inflows of Resources		(84,288)
Accrued Interest		(11,804)
Note Payable		(72,441)
Bonds Payable		(925,000)
Unamortized Bond Premium		(5,514)
Subscription Payable		(6,493)
Compensated Absences Payable		(35,965)

Certain revenues were collected after year-end, but not available to pay current expenditures, and therefore, are reported as deferred inflows of resources in the governmental funds.

Ad Valorem Taxes - Unavailable		12,203
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Net Position of Governmental Activities (Statement A)	\$	5,003,146
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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, 2023

	General Fund	Volunteer Fire Department	LHFA Special Revenue Fund	Recreation Ad Valorem Special Revenue	Recreation Debt Service Fund	Recreation Capital Projects Fund	Total Governmental Funds
Revenues							
Taxes	\$ 1,514,626	\$ 687,857	\$ -	\$ 123,132	\$ -	\$ -	\$ 2,325,615
Licenses and Permits	196,802	-	-	-	-	-	196,802
Intergovernmental	922,286	116,450	-	-	-	-	1,038,736
Charges for Services	86,638	-	8,600	-	-	-	95,238
Fines and Forfeitures	5,361	-	-	-	-	-	5,361
Sanitation Fees	97,677	-	-	-	-	-	97,677
Interest	98,155	56,066	314	1,056	4,530	-	160,121
On Behalf Payments - Supplemental Pay	82,970	-	-	-	-	-	82,970
Miscellaneous	9,055	10,439	-	-	-	-	19,494
Total Revenues	<u>3,013,570</u>	<u>870,812</u>	<u>8,914</u>	<u>124,188</u>	<u>4,530</u>	<u>-</u>	<u>4,022,014</u>
Expenditures							
General Government	975,010	-	-	-	-	-	975,010
Public Safety:							-
Police	869,539	-	-	-	-	-	869,539
Fire	82,739	592,469	-	-	-	-	675,208
Public Works	499,627	-	-	-	-	-	499,627
Health and Welfare	6,594	-	-	-	-	-	6,594
Recreation	12,003	-	-	10,411	1,000	-	23,414
Economic Development	-	-	10,688	-	-	-	10,688
Capital Outlays	151,507	43,499	-	-	-	-	195,006
Debt Service:							
Principal	20,148	-	-	-	50,000	-	70,148
Interest	3,816	-	-	-	32,327	-	36,143
Total Expenditures	<u>2,620,983</u>	<u>635,968</u>	<u>10,688</u>	<u>10,411</u>	<u>83,327</u>	<u>-</u>	<u>3,361,377</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>392,587</u>	<u>234,844</u>	<u>(1,774)</u>	<u>113,777</u>	<u>(78,797)</u>	<u>-</u>	<u>660,637</u>
Other Financing Sources (Uses)							
Operating Transfers In	111,942	-	-	-	-	-	111,942
Operating Transfers (Out)	(35,000)	-	-	-	-	-	(35,000)
Insurance Proceeds	-	37,595	-	-	-	-	37,595
Sale of Fixed Assets	17,000	-	-	-	-	-	17,000
Subscription Proceeds	10,200	-	-	-	-	-	10,200
Total Other Financing Sources (Uses)	<u>104,142</u>	<u>37,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,737</u>
Net Change in Fund Balances	<u>496,729</u>	<u>272,439</u>	<u>(1,774)</u>	<u>113,777</u>	<u>(78,797)</u>	<u>-</u>	<u>802,374</u>
Fund Balances, Beginning	1,528,663	933,973	112,668	270,165	1,509	244,630	3,091,608
Prior Period Adjustments	34,920	6,214	-	-	-	-	41,134
Fund Balances, Beginning (Restated)	1,563,583	940,187	112,668	270,165	1,509	244,630	3,132,742
Fund Balances, Ending	<u>\$ 2,060,312</u>	<u>\$ 1,212,626</u>	<u>\$ 110,894</u>	<u>\$ 383,942</u>	<u>\$ (77,288)</u>	<u>\$ 244,630</u>	<u>\$ 3,935,116</u>

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, 2023

Net Change in Fund Balances, Total Governmental Funds, Statement E \$ 802,374

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

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.

Capital outlay expenditures for capital assets	184,806	
Capital outlay expenditures for subscription assets	10,200	
Less:		
Transfer of capital asset additions to Tangipahoa Fire District Number 2	(43,499)	
Current year depreciation	(130,646)	
Current year amortization	<u>(3,825)</u>	17,036

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not recorded as expenditures in the governmental funds.

Change in compensated absences		5,169
Change in accrued interest		593
Pension expense		<u>(56,974)</u>

Some revenues in the statement of activities do not provide current financial resources and are not reported as revenues in the governmental funds.

Non-employer contributions to cost-sharing pension plan		32,987
Deferred inflows of resources for ad valorem taxes collected after year-end, but not available to pay current expenditures change by the following amount.		<u>6,434</u>

Repayment of bond, note, and subscription principal is an expenditure in governmental funds but the repayment reduces long-term liabilities in the statement of net position. Proceeds received through bonds, notes, and subscriptions are recorded as an other financing source in governmental funds, but as increases in long term liabilities in the Statement of Net Position.

Proceeds from subscriptions	(10,200)	
Principal payments - Series 2017	50,000	
Principal payments - note payable	16,441	
Principal payments - subscriptions	<u>3,707</u>	59,948

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.

Amortization of Bond Premium	<u>403</u>	403
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Change in Net Position of Governmental Activities, Statement B \$ 867,970

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

TOWN OF KENTWOOD
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
AS OF DECEMBER 31, 2023

	<u>Utility Fund</u>	<u>Housing Assistance Fund</u>	<u>Total Enterprise Funds</u>
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 456,562	\$ -	\$ 456,562
Receivables, Net:			
Accounts	431,687	-	431,687
Intergovernmental Receivables	320,064	-	320,064
Lease Receivable	112,814	-	112,814
Other	6,342	-	6,342
Due From Other Funds	888,095	-	888,095
Inventory	13,131	-	13,131
Prepaid Insurance	945	-	945
Total Current Assets	<u>2,229,640</u>	<u>-</u>	<u>2,229,640</u>
Noncurrent Assets:			
Restricted Assets:			
Restricted Cash and Cash Equivalents	227,450	28,414	255,864
Total Restricted Assets	<u>227,450</u>	<u>28,414</u>	<u>255,864</u>
Receivables:			
Lease Receivable	1,805,335	-	1,805,335
Total Receivables	<u>1,805,335</u>	<u>-</u>	<u>1,805,335</u>
Property, Plant, and Equipment			
Land	1,622,600	-	1,622,600
Construction in Progress	184,812	-	184,812
Property, Plant and Equipment, Net	4,535,990	-	4,535,990
Total Property, Plant, and Equipment	<u>6,343,402</u>	<u>-</u>	<u>6,343,402</u>
Total Noncurrent Assets	<u>8,376,187</u>	<u>28,414</u>	<u>8,404,601</u>
Total Assets	<u>10,605,827</u>	<u>28,414</u>	<u>10,634,241</u>
Deferred Outflows of Resources			
Pension Related	24,728	-	24,728
Total Deferred Outflows of Resources	<u>24,728</u>	<u>-</u>	<u>24,728</u>
Liabilities			
Current Liabilities (Payable From Current Assets):			
Accounts Payable	73,043	-	73,043
Other Accrued Liabilities	18,209	-	18,209
Intergovernmental Note Payable	12,500	-	12,500
Due To Other Funds	351,984	-	351,984
Total Current Liabilities (Payable From Current Assets)	<u>455,736</u>	<u>-</u>	<u>455,736</u>
Current Liabilities (Payable From Restricted Assets):			
Customer Deposits	147,573	-	147,573
Bonds Payable	145,563	-	145,563
Due To Other Funds	-	25,629	25,629
Total Current Liabilities (Payable From Restricted Assets)	<u>293,136</u>	<u>25,629</u>	<u>318,765</u>
Long Term Liabilities:			
Bonds Payable	1,845,820	-	1,845,820
Net Pension Liability	110,647	-	110,647
Intergovernmental Note Payable	92,708	-	92,708
Total Long Term Liabilities	<u>2,049,175</u>	<u>-</u>	<u>2,049,175</u>
Total Liabilities	<u>2,798,047</u>	<u>25,629</u>	<u>2,823,676</u>
Deferred Inflows of Resources			
Pension Related	27,675	-	27,675
Lease Related	1,849,311	-	1,849,311
Total Deferred Inflows of Resources	<u>1,876,986</u>	<u>-</u>	<u>1,876,986</u>
Net Position			
Net Investment in Capital Assets	4,417,196	-	4,417,196
Restricted for:			
Capital Projects and Debt Service	14,700	-	14,700
Housing Activities	-	400	400
Unrestricted	1,523,626	2,385	1,526,011
Total Net Position	<u>\$ 5,955,522</u>	<u>\$ 2,785</u>	<u>\$ 5,958,307</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, 2023

	<u>Utility Fund</u>	<u>Housing Assistance Fund</u>	<u>Total Enterprise Funds</u>
Operating Revenues			
Gas Sales	\$ 1,143,329	\$ -	\$ 1,143,329
Less Cost of Gas Sold	(213,802)	-	(213,802)
Gross Profit on Gas Sales	929,527	-	929,527
Water Sales	676,650	-	676,650
Sewer Service Charges	586,749	-	586,749
Intergovernmental - Pension Paid by Others	5,150	-	5,150
HUD Contributions	-	455,230	455,230
Lease Rental Income	143,172	-	143,172
Other	119,303	-	119,303
Total Operating Revenues	<u>2,460,551</u>	<u>455,230</u>	<u>2,915,781</u>
Operating Expenses			
Bad Debts	2,831	-	2,831
Cathodic Protection	11,168	-	11,168
Depreciation	269,868	-	269,868
Employee Benefits	54,193	15,242	69,435
Housing and Utility Assistance	-	401,802	401,802
Insurance	6,756	201	6,957
Other	37,638	13,775	51,413
Professional Fees	102,890	-	102,890
Repairs and Maintenance	727,709	-	727,709
Salaries and Wages	130,503	42,661	173,164
Supplies	43,147	-	43,147
Utilities	158,749	-	158,749
Water Treatment	151,252	-	151,252
Total Operating Expenses	<u>1,696,704</u>	<u>473,681</u>	<u>2,170,385</u>
Operating Income (Loss)	<u>763,847</u>	<u>(18,451)</u>	<u>745,396</u>
Nonoperating Revenues (Expenses)			
Gain (Loss) on Sale of Assets	882	-	882
Grants - Federal	320,064	-	320,064
Interest Income	73,947	81	74,028
Interest Expense	(86,265)	-	(86,265)
Total Nonoperating Revenues (Expenses)	<u>308,628</u>	<u>81</u>	<u>308,709</u>
Income (Loss) Before Contributions and Transfers	<u>1,072,475</u>	<u>(18,370)</u>	<u>1,054,105</u>
Contributions and Transfers			
Operating Transfers In	-	35,000	35,000
Operating Transfers Out	(111,942)	-	(111,942)
Change in Net Position	<u>960,533</u>	<u>16,630</u>	<u>977,163</u>
Total Net Position, Beginning	5,027,566	(13,845)	5,013,721
Prior Period Adjustment	(32,577)	-	(32,577)
Total Adjusted Net Position, Beginning (Restated)	<u>4,994,989</u>	<u>(13,845)</u>	<u>4,981,144</u>
Total Net Position, Ending	<u>\$ 5,955,522</u>	<u>\$ 2,785</u>	<u>\$ 5,958,307</u>

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

TOWN OF KENTWOOD
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Utility Fund</u>	<u>Housing Assistance Fund</u>	<u>Total Enterprise Funds</u>
Cash Flows From Operating Activities			
Received From Customers	\$ 2,415,532	\$ -	\$ 2,415,532
Received From the Department of Housing and Urban Development	-	455,230	455,230
Received for Meter Deposit Fees	3,491	-	3,491
Other Receipts	124,157	-	124,157
Received for (Payments for) Interfund Services	(323,001)	6,933	(316,068)
Payments for Operations	(1,463,889)	(415,778)	(1,879,667)
Payments to Employees	(201,446)	(57,903)	(259,349)
Net Cash Provided (Used) by Operating Activities	<u>554,844</u>	<u>(11,518)</u>	<u>543,326</u>
Cash Flows From Noncapital Financing Activities			
Transfers From (To) Other Funds	(111,942)	35,000	(76,942)
Lease Interest Received	59,723	-	59,723
Principal Proceeds from (Repayments for) Note Payable	(12,500)	-	(12,500)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(64,719)</u>	<u>35,000</u>	<u>(29,719)</u>
Cash Flows From Capital and Related Financing Activities			
Proceeds from Sale of Capital Acquisitions	18,686	-	18,686
(Payments for) Capital Acquisitions	(373,031)	-	(373,031)
Principal Proceeds from (Repayments for) Long Term Debt	(139,606)	-	(139,606)
Interest Payments for Long Term Debt	(83,876)	-	(83,876)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(577,827)</u>	<u>-</u>	<u>(577,827)</u>
Cash Flows From Investing Activities			
Receipt of Interest	14,499	81	14,580
Net Cash Provided (Used) by Investing Activities	<u>14,499</u>	<u>81</u>	<u>14,580</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	(73,203)	23,563	(49,640)
Cash and Cash Equivalents, Beginning of Year	757,215	4,851	762,066
Cash and Cash Equivalents, End of Year	<u>\$ 684,012</u>	<u>\$ 28,414</u>	<u>\$ 712,426</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:			
Cash and Cash Equivalents, Unrestricted	\$ 456,562	\$ -	\$ 456,562
Cash and Cash Equivalents, Restricted	227,450	28,414	255,864
Total Cash and Cash Equivalents	<u>\$ 684,012</u>	<u>\$ 28,414</u>	<u>\$ 712,426</u>

(Continued)

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

TOWN OF KENTWOOD

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

	<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)	\$ 763,847	\$ (18,451)	\$ 745,396
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	269,868	-	269,868
(Increase) decrease in Accounts Receivable	(100,386)	-	(100,386)
(Increase) decrease in Other Receivable	(3,921)	-	(3,921)
(Increase) decrease in Inventory	4,061	-	4,061
(Increase) decrease in Prepaid Insurance	(34)	-	(34)
(Increase) decrease in Noncurrent Receivables	112,815	-	112,815
(Increase) decrease in Deferred Outflows of Resources	16,884	-	16,884
(Increase) decrease in Due (to) and from Other Funds	(323,001)	6,933	(316,068)
Increase (decrease) in Accounts Payable	(11,974)	-	(11,974)
Increase (decrease) in Compensated Absences	(3,039)	-	(3,039)
Increase (decrease) in Accrued Expenses	(44,543)	-	(44,543)
Increase (decrease) in Deferred Inflows of Resources	(129,224)	-	(129,224)
Increase (decrease) in Customer Deposits	3,491	-	3,491
Net Cash Provided (Used) by Operating Activities	<u>\$ 554,844</u>	<u>\$ (11,518)</u>	<u>\$ 543,326</u>

Noncash Capital and Financing Activities:

Capital Assets with net book value of \$17,804 were disposed of for cash receipts of \$18,686. The difference of \$882 is recorded as a gain on the disposal.

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

DECEMBER 31, 2023

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.

Governmental Accounting Standards Board (GASB) Statement No. 14, as amended, establishes criteria for determining the reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, as amended, the Town of Livingston is considered a primary government, since it is a local government that has a separately elected governing body. Under provisions of this statement, the Town is not considered a component unit of another government nor are there any component units of the Town.

1. Summary of Significant Accounting Policies

A. Basis of Presentation

These financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net position (or balance sheet), and a statement of activities. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements, some of which are 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 requires 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*, 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 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 Note 1K— Net Position and Fund Balance.

TOWN OF KENTWOOD

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

At December 31, 2023, the Town had deferred inflows of resources of \$7,090 recorded in the General Fund and \$ 5,113 in the Recreation Ad Valorem Special Revenue Fund related to ad valorem taxes not collected within the period of availability

At December 31, 2023, the Town had the following deferred outflows and deferred inflows of resources recorded in the Enterprise Fund: deferred outflows of resources related to pension of \$24,728; deferred inflows of resources of \$27,675 related to pension and \$1,849,311 related to leases.

At December 31, 2023, the Town also had the following deferred outflows and deferred inflows of resources recorded in the government-wide statement of net position: deferred outflows of resources related to pension \$458,995; deferred inflows of resources of \$84,288 related to pension.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, 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 1J – Other Long-Term Obligations

B. 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.

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.

C. 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.

TOWN OF KENTWOOD

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

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.

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.

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.

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.

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, 2023, 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, 2023, the Town had

TOWN OF KENTWOOD

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

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, 2023, 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, 2023, the Town's Enterprise Funds were the Utility Fund and the Housing Assistance Fund, both Major Funds.

D. 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 value, except nonparticipating investment contracts which are reported at cost, if any.

E. 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:

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	<u>Authorized</u>	<u>Levied</u>	<u>Expiration Date</u>
General Corporate Purposes	6.34 mills	6.32 mills	None
Fire Protection	3.00 mills	2.98 mills	December 31, 2036
Police Protection	3.00 mills	2.98 mills	December 31, 2036
Recreation	8.90 mills	8.90 mills	December 31, 2036

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. Subsequent to year end, the tax was renewed and expires June 30, 2044.**

F. 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.

G. 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. Additionally, certain funds are restricted by grantors/contributors. Finally, funds held for customer's meter deposits are also classified as restricted assets.

H. 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

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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 historical cost or acquisition 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. The Town does not capitalize interest during the construction period on a prospective basis 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:

Description	Estimated Lives
Buildings & Improvements	10 - 40 Years
Vehicles and Equipment	5 - 20 Years
Infrastructure	10 - 20 Years
Gas System	5 - 33 Years
Water System	5 - 33 Years
Sewer System	5 - 33 Years

I. 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:

	Minimum Years of Service		
	0 to 1	2 to 6	7+
Vacation Leave - Days Earned per Year	5	10	15
Sick Leave - Days Earned per Year	12	12	12
	17	22	27

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.

The cost of leave privileges is computed in accordance with GASB Codification Section C60. As such, sick leave is recognized as a current year expenditure when leave is taken.

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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.

J. Other 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 had no bond issuance costs in the year ending December 31, 2023.

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.

K. Net Position and Fund Balance

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. Net position should be reported as restricted when constraints placed on net position use are either: (a) Externally imposed by creditors (such as through debt covenants), grantors,

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contributors, or laws or regulations of other governments or (b) Imposed by law through constitutional provisions or enabling legislation.

- **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. 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.
- **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. Assigned fund balance includes (a) all remaining amounts (except for negative balances,) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose 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.

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.

L. Comparative Data/Reclassifications

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.

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M. 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.

N. 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.

O. 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.

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

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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).

The General Fund and Special Revenue Funds had no actual expenditures and other uses over budgeted amounts nor any actual revenues and other sources below budget amounts resulting in unfavorable variances greater than five percent in accordance with the Local Government Budget Act for the fiscal year ended December 31, 2023.

3. Cash and Cash Equivalents

At December 31, 2023, the Town has cash and cash equivalents (book balances) as follows:

	<u>December 31, 2023</u>
Cash on Hand	\$ 798
Demand Deposits	1,453,874
Time & Savings Accounts	120,007
Louisiana Asset Management Pool (LAMP)	2,113,331
Total Cash and Cash Equivalents	<u>\$ 3,688,010</u>

The cash and cash equivalents, other than LAMP, are stated at cost, which approximates market. The deposit in LAMP is stated at fair value. 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, 2023, the Town has \$1,615,780 in deposits (collected bank balances) other than LAMP, consisting of \$1,523,580 in demand deposits within two banks and \$92,200 in time and savings deposits at one bank. The demand deposits in the first bank consist of \$1,112,988 in demand deposits for the Town of Kentwood and \$6,300 in demand deposits for the Kentwood Volunteer Fire Department. These demand deposits are secured from risk by federal deposit insurance of \$250,000 and remaining \$869,289 are secured by pledged securities. The \$869,289 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 \$404,291 of demand deposits in the second bank are secured from risk by \$250,000 of federal deposit insurance and the remaining \$154,291 are secured by pledged securities. The \$154,291 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 \$92,200 in time and savings deposits are secured from risk by the Trust Department of the respective bank.

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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

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

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, 2023, other than deposits in LAMP which are carried as cash and cash equivalents.

LAMP is administered by LAMP, Inc., a non-profit organized under the laws of the State of Louisiana. Only local government entities 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 LSA-R.S. 33:2955.

GASB Statement 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 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 is 53 days (from LAMP's monthly Portfolio Holding) as of December 31, 2023.
5. Foreign currency risk: Not applicable.

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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 offices at 800-249-5267.

5. Receivables

Major receivables balances for the governmental activities include sales taxes, franchise taxes, ad valorem taxes, and other similar intergovernmental revenues. Business-type activities report utilities earnings as their major receivable. In the governmental funds these revenue accruals are limited to those that are both measurable and available. Utility accounts receivable comprise the majority of business-type activities and 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, 2023 consist of the following:

	<u>General Fund</u>	<u>Volunteer Fire Department</u>	<u>Recreation Ad Valorem Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Receivables:				
Taxes:				
Ad Valorem	\$ 59,980	\$ -	\$ 28,603	\$ 88,583
Public Utility Franchise	13,266	-	-	13,266
Intergovernmental:				
Tangipahoa Parish School Board, Sales Tax	108,226	-	-	108,226
Tangipahoa Parish School Board, School Officer	28,076	-	-	28,076
State of Louisiana, Beer Tax	1,726	-	-	1,726
FEMA Receivable	38,784	-	-	38,784
Tangipahoa Parish Council	-	233,149	-	233,149
Tangipahoa Parish Council-Cash	-	1,026,142	-	1,026,142
Other	-	747	-	747
Other Receivables	11,376	-	-	11,376
Total Receivables	<u>\$ 261,434</u>	<u>\$ 1,260,038</u>	<u>\$ 28,603</u>	<u>\$ 1,550,075</u>

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The Enterprise Funds receivables at December 31, 2023 consist of the following:

Receivables:	<u>Utility Fund</u>
Accounts Receivable:	
Current	\$ 322,240
31 - 60 Days	44,284
61 - 90 Days	30,033
Over 90 Days	<u>18,626</u>
Subtotal	415,183
Less Allowance for Bad Debt	<u>28,732</u>
Accounts Receivables, Net	386,451
Accrued Billings	<u>45,236</u>
Total Accounts Receivable	<u><u>431,687</u></u>
Intergovernmental Receivables:	
Due from Water Sector Program Grant	320,064
Lease Receivable	112,814
Other Receivables:	
Credit Card Receivable	1,515
Lease Interest Receivable	<u>4,827</u>
Total Receivables	<u><u>\$ 870,907</u></u>

6. Leases

During the year ending December 31, 2022, the Town adopted GASB Statement No 87, *Leases*. The result of the implementation was recognition in the Utility Fund and Business-type Activities of a lease receivable along with a deferred inflow of resources at the initial value of the lease receivable (plus the amount of any payments received at or before the commencement of the lease term that relate to future periods). The lease receivable was measured at the present value of the lease payments expected to be received during the lease term (less any provision for estimated uncollectible amounts). Under GASB No 87, the Town recognizes the deferred inflow of resources as inflows of resources (i.e. revenue) over the term of the lease.

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The following is a summary of Town's leases for the year ending December 31, 2023 consist of the following:

	Lease Receivable End of Year	Receivable Within One Year
Business-Type Activities		
In 2021, the Town entered into a lease agreement to lease a certain tract of land along with all buildings and improvements located thereon. In 2022, the Town entered into an amendment to the lease agreement to include additional expansion space in the lease (now collectively referred to as the nursing home lease). The lease was to begin on the date that tenant improvements were substantially complete and end 18 months thereafter. However, the lease included 7 options to extend the term for 2 year periods. Rental payments for the last 12 months of the initial term are \$13,800. The monthly rental payments for each renewal term increases 2% from the prior term. Lease payments began in December 2021. GASB No. 87 was adopted for this lease as of January 1, 2022.	1,918,149	112,814
Subtotal Business-Type Activities	1,918,149	112,814
Total	\$ 1,918,149	\$ 112,814

At December 31, 2023, the deferred inflow of resources related to this lease is \$1,849,311.

The following is a summary of Town's inflows of resources recognized for the year ending December 31, 2023 from leases:

	Business-Type Activities
Lease-related Revenue	
Lease Revenue	
Building	\$ 143,172
Total Lease Revenue	143,172
Interest Revenue	59,448
Total	\$ 202,620

The following is future payments of the lease included in the measurement of the lease receivable:

Year Ending	Principal	Interest	Total
12/31			
2024	\$ 112,814	56,379	\$ 169,193
2025	119,413	52,877	172,290
2026	123,357	49,221	172,578
2027	130,341	45,395	175,736
2028	134,625	41,404	176,029
2029 to 2033	770,523	140,746	911,269
2034 to 2038	527,076	24,320	551,396
	\$ 1,918,149	\$ 410,342	\$ 2,328,491

TOWN OF KENTWOOD

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7. Interfund Receivables/Payables

The following is a detailed list of interfund balances reported in the fund financial statements on December 31, 2023:

Interfund Balances	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund		
Volunteer Fire Department	\$ 47,183	\$ 882
Louisiana Housing Finance Authority (LHFA)	3,282	-
Recreation Ad Valorem	144,118	187,970
Recreation Debt Service Fund	87,921	-
Recreation Capital Project	-	140,818
Utility Fund	351,984	888,095
Housing Assistance Fund	25,629	-
Special Revenue Funds		
Volunteer Fire Department		
General Fund	882	47,183
Louisiana Housing Finance Authority (LHFA)		
General Fund	-	3,282
Recreation Ad Valorem		
General Fund	187,970	144,118
Recreation Debt Service Fund	109,374	-
Recreation Capital Project	-	103,812
Capital Projects Funds		
Recreation		
General Fund	140,818	-
Recreation Ad Valorem	103,812	-
Debt Service Fund		
General Fund	-	87,921
Recreation Ad Valorem	-	109,374
Proprietary Funds		
Utility Fund		
General Fund	888,095	351,984
Housing Assistance Fund		
General Fund	-	25,629
Total Interfund Balances	<u>\$ 2,091,068</u>	<u>\$ 2,091,068</u>

The balances due to the General Fund represent primarily payroll and sanitation fees due to the general fund as well as other payables paid by the general fund. The balances due from the general fund are primarily related to deposits made in the general fund and owed to other funds. The interfund balances are repaid generally on a monthly basis.

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8. Restricted Assets

Total restricted assets for the Town of Kentwood at December 31, 2023 were as follows:

	<u>December 31, 2023</u>
Restricted Cash and Cash Equivalents	
Customer Deposits	\$ 162,003
Water Construction Account	65,447
Housing Assistance Account	28,414
LHFA Grant Account	114,058
Industrial Development	369,640
Bond Sinking Account	28,935
Bond Reserve Account	<u>91,072</u>
Total Restricted Assets	<u>\$ 859,569</u>

9. Capital Assets

During the year ending December 31, 2023, the Town adopted GASB Statement No 96, Subscription-Based Information Technology Arrangements (SBITAs). There result of implementation was the addition of SBITA greater than 12 months recorded as a right-of-use asset, a subscription asset, categorized as a capital asset, along with a subscription payable in the governmental activities. The subscription liability is measured at the present value of payments expected to be made during the subscription term. The subscription asset is measured at the initial measurement of the lease liability, plus any payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term and capitalizable initial implementation costs, less any SBITA vendor incentives. The subscription asset is amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. The Town uses the straight-line method for amortizing subscription assets.

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Capital assets and depreciation and amortization activity as of and for the year ended December 31, 2023 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
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	3,179,917	88,510	-	3,268,427
Vehicles and Equipment	1,339,860	52,797	(157,559)	1,235,098
Infrastructure	48,624	-	-	48,624
Total Capital Assets Being Depreciated	<u>4,568,401</u>	<u>141,307</u>	<u>(157,559)</u>	<u>4,552,149</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	1,347,505	87,394	-	1,434,899
Vehicles and Equipment	1,133,743	41,299	(157,559)	1,017,483
Infrastructure	37,269	1,953	-	39,222
Total Accumulated Depreciation	<u>2,518,517</u>	<u>130,646</u>	<u>(157,559)</u>	<u>2,491,604</u>
Total Capital Assets Being Depreciated, Net	<u>2,049,884</u>	<u>10,661</u>	<u>-</u>	<u>2,060,545</u>
Subscription Assets	-	10,200	-	10,200
Less Accumulated Amortization for:				
Subscription Assets	-	3,825	-	3,825
Total Subscription Assets Being Amortized, Net	<u>-</u>	<u>6,375</u>	<u>-</u>	<u>6,375</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 2,681,010</u>	<u>\$ 17,036</u>	<u>\$ -</u>	<u>\$ 2,698,046</u>

Depreciation was charged to governmental functions as follows:

General Government	\$ 22,017
Public Safety - Police Protection	15,834
Public Safety - Fire Protection	16,199
Public Works - Streets and Sanitation	8,309
Recreation	60,104
Economic Development	8,183
	<u>\$ 130,646</u>

Amortization was charged to governmental functions as follows:

General Government	\$ 3,825
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General government incurred capital outlay costs of 88,510 in building improvements. The police department purchased equipment of \$24,513 consisting primarily of safety vests and tasers while the fire department purchased equipment of \$11,675 consisting of bunker gear. These increases were offset by the sale of several pieces of equipment and vehicles.

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. During 2023, capital expenditures in the Volunteer Fire Department Fund of \$43,499 were incurred and the assets subsequently transferred to the Tangipahoa Parish Fire Protection District Number 2. As such, these assets are not capitalized in the governmental activity assets listed above.

TOWN OF KENTWOOD

NOTES TO THE FINANCIAL STATEMENTS

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Capital assets and depreciation activity as of and for the year ended December 31, 2023 for business-type activities is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business - Type Activities Capital Assets:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,622,600	\$ -	\$ -	\$ 1,622,600
Construction in Progress	-	184,812	-	184,812
Total Capital Assets Not Being Depreciated	<u>1,622,600</u>	<u>184,812</u>	<u>-</u>	<u>1,807,412</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	619,898	-	-	619,898
Vehicles and Equipment	345,660	155,396	(39,712)	461,344
Gas Utility System	809,828	-	-	809,828
Water Utility System	5,329,270	32,822	-	5,362,092
Sewer Utility System	4,740,421	-	-	4,740,421
Total Capital Assets Being Depreciated	<u>11,845,077</u>	<u>188,218</u>	<u>(39,712)</u>	<u>11,993,583</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	105,614	16,850	-	122,464
Vehicles and Equipment	250,693	27,544	(21,909)	256,328
Gas Utility System	737,714	5,619	-	743,333
Water Utility System	2,279,084	130,062	-	2,409,147
Sewer Utility System	3,836,529	89,793	-	3,926,321
Total Accumulated Depreciation	<u>7,209,634</u>	<u>269,868</u>	<u>(21,909)</u>	<u>7,457,593</u>
Total Capital Assets Being Depreciated, Net	<u>4,635,443</u>	<u>(81,650)</u>	<u>(17,803)</u>	<u>4,535,990</u>
Total Business - Type Activities Capital Assets, Net	<u>\$ 6,258,043</u>	<u>\$ 103,162</u>	<u>\$ (17,803)</u>	<u>\$ 6,343,402</u>

The most significant increase related to 3 sewer construction projects in business-type activities totaling \$184,812 at December 31, 2023. This increase was partially offset by the complete write off of previously purchased equipment not placed into service and disposed of in the current year.

TOWN OF KENTWOOD

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10. Interfund Transfers

The following is a detailed list of interfund transfers reported in the fund financial statements on December 31, 2023:

Interfund Transfers	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Utility Fund	\$ 111,942	\$ -
Housing Assistance Fund	-	35,000
Proprietary Funds		
Utility Fund		
General Fund	-	111,942
Housing Assistance Fund		
General Fund	35,000	-
Total Interfund Transfers	<u>\$ 146,942</u>	<u>\$ 146,942</u>

The reason for the interfund transfers was to provide for budgeted expenditures of the General Fund.

11. Accounts, Salaries, and Other Payables

The Governmental Fund payables at December 31, 2023 are as follows:

	<u>General Fund</u>	<u>Volunteer Fire Department</u>	<u>LHFA Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Governmental Funds Payable				
Accounts	\$ 34,240	\$ 30,991	\$ -	\$ 65,231
Other Accrued Liabilities:				
Accrued Salaries	23,928	5,723	-	29,651
Payroll Taxes	12,552	-	-	12,552
Due to Other Governments				
State-Unclaimed Property	2,585	-	-	2,585
Retirement Payable	23,897	-	-	23,897
Other Accrued Expenses	3,977	-	1,300	5,277
Total Governmental Funds Payable	<u>\$ 101,179</u>	<u>\$ 36,714</u>	<u>\$ 1,300</u>	<u>\$ 139,193</u>

The Enterprise Fund payables at December 31, 2023 are as follows:

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Enterprise Funds Payable	<u>Utility Fund</u>
Accounts	\$ 73,043
Due to Other Governments	
State-Unclaimed Property	2,975
Interest	6,104
Salaries Payable	4,169
Vacation Payable	4,961
Total Enterprise Funds Payable	<u><u>\$ 91,252</u></u>

12. Short-Term Debt

The Town had no short-term debt outstanding at December 31, 2023, other than the current portion of long-term debt.

13. Long-Term Obligations

During the year ending December 31, 2023, the Town adopted GASB Statement No 96, Subscription-Based Information Technology Arrangements (SBITAs). The result of implementation was the addition of SBITA greater than 12 months recorded as a right-of-use asset, a subscription asset, categorized as a capital asset, along with a subscription payable in the governmental activities. The subscription liability is measured at the present value of payments expected to be made during the subscription term. The subscription liability is reduced as payments are made on the subscription.

The following is a summary of long-term obligation transactions for the year ended December 31, 2023:

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		Total Long-Term Obligations
	<u>Subscriptions Payable</u>	<u>Notes Payable</u>	<u>Rev Bonds / Cert. of Indebt.</u>	<u>Notes Payable</u>	<u>Rev Bonds / Cert. of Indebt.</u>	
Beginning Balance	\$ -	\$ 88,882	\$ 975,000	\$ 117,708	\$ 2,130,989	\$ 3,312,579
Additions	14,038	-	-	-	-	14,038
Deletions	(7,545)	(16,441)	(50,000)	(12,500)	(139,606)	(226,092)
Ending Balance	<u>6,493</u>	<u>72,441</u>	<u>925,000</u>	<u>105,208</u>	<u>1,991,383</u>	<u>3,100,525</u>
Plus Unamortized Premium	-	-	5,514	-	-	5,514
Total Ending Balance	<u><u>\$ 6,493</u></u>	<u><u>\$ 72,441</u></u>	<u><u>\$ 930,514</u></u>	<u><u>\$ 105,208</u></u>	<u><u>\$ 1,991,383</u></u>	<u><u>\$ 3,106,039</u></u>

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:

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	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	<u>Subscriptions Payable</u>	<u>Notes Payable</u>	<u>Rev Bonds / Cert. of Indebt.</u>	<u>Notes Payable</u>	<u>Rev Bonds / Cert. of Indebt.</u>	<u>Total Long-Term Obligations</u>
Current Portion	\$ 3,838	\$ 17,083	\$ 55,000	\$ 12,500	\$ 145,563	\$ 233,984
Long-Term Portion	2,655	55,358	870,000	92,708	1,845,820	2,866,541
	<u>6,493</u>	<u>72,441</u>	<u>925,000</u>	<u>105,208</u>	<u>1,991,383</u>	<u>3,100,525</u>
Unamortized Premium	-	-	5,514	-	-	5,514
	<u>\$ 6,493</u>	<u>\$ 72,441</u>	<u>\$ 930,514</u>	<u>\$ 105,208</u>	<u>\$ 1,991,383</u>	<u>\$ 3,106,039</u>

The general fund or debt service fund liquidates the obligations in the governmental activities and the utility fund liquidates the obligations in the business-type activities.

At December 31, 2023, the Town also has net pension liability of \$959,709 for governmental activities, and net pension liability of \$110,647 for business-type activities, a total decrease of \$146,043.

Bonds Payable as of December 31, 2023 are as follows:

	<u>Bonds Payable End of Year</u>	<u>Due Within One Year</u>
Business Type Activities:		
\$ 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 12/15/2034 interest at 4.186%	\$ 1,991,383	\$ 145,563
This issue is secured by the income and revenues derived from the operation of the Town's Utility System.		
Governmental Activities:		
\$ 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.		
	<u>925,000</u>	<u>55,000</u>
	<u>\$ 2,916,383</u>	<u>\$ 200,563</u>

Notes Payable as of December 31, 2023 are as follows:

TOWN OF KENTWOOD

NOTES TO THE FINANCIAL STATEMENTS

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	Notes Payable End of Year	Due Within One Year
Business Type Activities:		
During 2017, the Town entered into an Intergovernmental Agreement with the Louisiana Department of Transportation and Development (DOTD) for work on existing sewer facilities. DOTD shall initially fund all costs, including engineering costs, incurred to complete the work. The Town shall reimburse DOTD for fifty percent (50%) of all costs to complete the work through prorated deductions from monthly utility service invoices sent to DOTD. Total costs to be repaid totaled \$125,000 through 2022. Repayment through utility deductions began in 2022. This agreement is recorded within the business-type activities as a note payable.	\$ 105,208	\$ 12,500
Governmental Activities:		
The Town entered into a purchase/finance agreement to purchase a 2015 Freightliner fire truck for an amount of \$188,235.12. The purchase 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 agreement is recorded within the governmental activities as a note payable.	\$ 72,441	\$ 17,083
	\$ 177,649	\$ 29,583

Subscriptions Payable as of December 31, 2023 are as follows:

	Subscriptions Payable End of Year	Due Within One Year
Governmental Activities:		
In 2023, the Town Adopted GASB 96, Subscription-Based Information Technology Arrangements (SBITAs) and identified an SBITA with a vendor for its communication system. The Town entered into the arrangement in 2022 and implemented GASB 98 1/1/2023. Upon implementation of GASB 96, the agreement included 32 remaining monthly payments of \$337.60 for the SBITA. This SBITA is recorded in the governmental activities as a subscription payable.	\$ 6,493	\$ 3,838
	\$ 6,493	\$ 3,838

Subscription expense for the year ending December 31, 2023 is as follows:

Subscription Expense	Governmental Activities
Amortization expense by class of underlying asset	
SBITA - GASB 96	3,825
Total amortization expense	3,825
Interest on subscription liabilities	369
Variable subscription expense	-
Total	4,194

The annual requirements to amortize all debt outstanding at December 31, 2023, including interest payments of \$761,026 are as follows:

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Year Ending 12/31	Utilities Revenue Certificates of Indebtedness, Series 2014 - \$3,051,608			DOTD Note Payable -\$125,000		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 145,563	\$ 80,552	\$ 226,115	\$ 12,500	\$ -	\$ 12,500
2025	151,775	74,340	226,115	12,500	-	12,500
2026	158,251	67,864	226,115	12,500	-	12,500
2027	165,004	61,111	226,115	12,500	-	12,500
2028	172,045	54,070	226,115	12,500	-	12,500
2029 to 2033	976,821	153,754	1,130,575	42,708	-	42,708
2034 to 2038	221,924	5,046	226,970	-	-	-
	<u>\$ 1,991,383</u>	<u>\$ 496,737</u>	<u>\$ 2,488,120</u>	<u>\$ 105,208</u>	<u>\$ -</u>	<u>\$ 105,208</u>

Year Ending 12/31	Total Business Type Activities		
	Principal	Interest	Total
2024	\$ 158,063	\$ 80,552	\$ 238,615
2025	164,275	74,340	238,615
2026	170,751	67,864	238,615
2027	177,504	61,111	238,615
2028	184,545	54,070	238,615
2029 to 2033	1,019,529	153,754	1,173,283
2034 to 2038	221,924	5,046	226,970
	<u>\$ 2,096,591</u>	<u>\$ 496,737</u>	<u>\$ 2,593,328</u>

Year Ending 12/31	Revenue Bonds, Series 2017 - \$1,200,000			Note Payable - Fire Truck - \$188,235		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 55,000	\$ 31,074	\$ 86,074	\$ 17,083	\$ 2,830	\$ 19,913
2025	55,000	29,616	84,616	17,750	2,163	19,913
2026	55,000	28,159	83,159	18,444	1,469	19,913
2027	60,000	26,500	86,500	19,164	749	19,913
2028	60,000	24,640	84,640	-	-	-
2029 to 2033	330,000	91,630	421,630	-	-	-
2034 to 2038	310,000	25,200	335,200	-	-	-
	<u>\$ 925,000</u>	<u>\$ 256,819</u>	<u>\$ 1,181,819</u>	<u>\$ 72,441</u>	<u>\$ 7,211</u>	<u>\$ 79,652</u>

Year Ending 12/31	Subscriptions			Total Governmental Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 3,838	\$ 214	\$ 4,052	\$ 75,921	\$ 34,118	\$ 110,039
2025	2,655	45	2,700	75,405	31,824	107,229
2026	-	-	-	73,444	29,628	103,072
2027	-	-	-	79,164	27,249	106,413
2028	-	-	-	60,000	24,640	84,640
2029 to 2033	-	-	-	330,000	91,630	421,630
2034 to 2038	-	-	-	310,000	25,200	335,200
	<u>\$ 6,493</u>	<u>\$ 259</u>	<u>\$ 6,752</u>	<u>\$ 1,003,934</u>	<u>\$ 264,289</u>	<u>\$ 1,268,223</u>

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

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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 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 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 \$2,406,728.

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.

Per the debt requirements, 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, 2023, 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

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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.

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, 2023 the Sinking Fund was fully-funded at \$28,935.

Series 2017 Revenue Bonds also established a Reserve Fund. This fund was initially funded with proceeds of the bonds. At December 31, 2023 the Reserve Fund was fully-funded at \$91,072.

Payments on the Series 2017 bond began March 2018. The gross recreation ad valorem revenues recognized during the current year were \$123,132.

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 is the administrator of a cost-sharing, multiple-employer public employee retirement systems (PERS), and is controlled and administered by a separate board of trustees. 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.

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The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Any person eligible for membership whose first employment making him eligible for membership in the System occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of the System as a condition of employment. All employees of the Town 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.

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:

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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 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 has issued a stand-alone audit report on its financial statements for the year ended June 30, 2023. Access to the report can be found on the System's website, www.mersla.com, or on the Louisiana Legislative Auditor's website, www.la.la.gov.

Funding Policy. . Contributions for all members are established by statute. 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. For the year ended June 30, 2023 the rate was 15.5 percent of member's earnings. Contributions to the System also include one-fourth of

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one percent of the ad valorem taxes collected within the respective parishes, except Orleans. 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 this system (the Municipal Employees' Retirement System) and the Employees' Retirement System of the City of Baton Rouge and Parish of East 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 in the amount of \$13,919.

The Town of Kentwood's contributions to the System under Plan B for the years ending December 31, 2023 and 2022 were \$57,911, and \$67,556, respectively, equal to or greater than 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, 2023, the Town reported a liability of \$350,398 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2023 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, 2023, the Town's proportion was 0.436981%, which was a decrease of 0.098382% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Town recognized pension expense for the MERS System of \$30,950 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At December 31, 2023, 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	\$ 5,035	\$ (123)
Changes of Assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	45,452	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	108	(48,158)
Employer contributions subsequent to the measurement date	30,160	-
Total	<u>\$ 80,755</u>	<u>\$ (48,281)</u>

The Town reported a total of \$30,160 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2023 which will be recognized as a reduction in net pension liability in the year ended December 31, 2024.

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

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<u>Year</u>	
2024	\$ (10,175)
2025	\$ (15,304)
2026	\$ 29,721
2027	\$ (1,928)
	<u>\$ 2,314</u>

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 is as follows:

Valuation Date	June 30, 2023
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.

Discount Rate. 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.

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, 2023 are summarized in the following table:

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Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	56%	2.44%
Public Fixed Income	29%	1.26%
Alternatives	15%	0.65%
Totals	100%	4.35%
Inflation		2.50%
Expected Arithmetic Nominal Rate		6.85%

The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2023, which was no change from the discount rate used to measure the total pension liability for the year ended of June 30, 2022. 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 and 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 provided 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 earnings 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, 2023:

	1% Decrease	Current Discount Rate	1% Increase
Rates	5.850%	6.850%	7.850%
Town of Kentwood Share of NPL	\$ 495,115	\$ 350,398	\$ 227,991

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

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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 issued a stand-alone audit report on its financial statements for the year ended June 30, 2023. Access to the audit report can be found on the System's website: www.lampers.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

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, 2023, the employer and employee contribution rates for members hired prior to January 1, 2013 and Hazardous Duty

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members hired after January 1, 2013 were 31.25% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 31.255% 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 34% 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, 2023. During the year ending December 31, 2023, the Town recognized revenue as a result of support received from non-employer contributing entities of \$7,661 for its participation in MPERS.

The Town of Kentwood contributions to the System under Plan B for the years ending December 31, 2023 and 2022 were \$44,787 and \$25,637, 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, 2023, the Town reported a liability of \$350,926 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2023 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, 2023, the Town's proportion was 0.033216%, which was an increase of 0.005831% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Town recognized pension expense for the MPERS System of \$55,631 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At December 31, 2023, 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	\$ 24,719	\$ (147)
Changes of Assumptions	5,856	-
Net difference between projected and actual earnings on pension plan investments	37,885	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	58,560	(8,182)
Employer contributions subsequent to the measurement date	25,374	-
Total	\$ 152,394	\$ (8,329)

The Town reported a total of \$25,374 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2023 which will be recognized as a reduction in net pension liability in the year ended December 31, 2024.

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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>	
2024	\$ 52,948
2025	\$ 17,941
2026	\$ 49,681
2027	\$ (1,879)
	<u>\$ 118,691</u>

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 is as follows:

Valuation Date	June 30, 2023
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	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. 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. 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.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The

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present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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, 2023 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	52.00%	3.29%
Fixed Income	34.00%	1.12%
Alternatives	14.00%	0.95%
Other	0.00%	0.00%
Totals	100.00%	5.36%
Inflation		2.54%
Expected Arithmetic Nominal Rate		7.90%

The discount rate used to measure the total pension liability was 6.75% for the year ended June 30, 2023, which was no change from the discount rate used to measure the total pension liability for the year ended of June 30, 2022. 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 6.75%, 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, 2023:

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	<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	\$ 493,781	\$ 350,926	\$ 231,590

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.

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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.

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 issued a stand-alone audit report on its financial statements for the year ended June 30, 2023. Access to the audit report can be found on the System's website: www.lampers.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

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 35.25 percent of annual covered salary for the plan years ending in 2023 and 29.75 percent for 2022. 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, 2023. During the year ending December 31, 2023, the Town recognized revenue as a result of support received from non-employer contributing entities of \$16,557 for its participation in FRS.

The Town of Kentwood contributions to the System under Plan B for the years ending December 31, 2023 and 2022 were \$41,700 and \$58,167, respectively. Contributions for the year ending December 31,

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2022 were \$497 below the required contributions for the year while contributions for the year ending December 31, 2023 were equal to the required contributions for the year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2023, the Town reported a liability of \$369,032 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2023 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, 2023, the Town's proportion was 0.056541%, which was decrease of -0.009608% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Town recognized pension expense for the FRS System of \$99,963 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At December 31, 2023, 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	\$ 11,522.00	\$ (12,643)
Changes of Assumptions	22,330	-
Net difference between projected and actual earnings on pension plan investments	50,018	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	137,881	(42,710)
Employer contributions subsequent to the measurement date	28,820	-
Total	\$ 250,571	\$ (55,353)

The Town reported a total of \$28,820 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2023 which will be recognized as a reduction in net pension liability in the year ended December 31, 2024.

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>		
2024	\$	44,355
2025	\$	34,048
2026	\$	72,621
2027	\$	17,580
2028	\$	3,220
2029	\$	(5,426)
	\$	166,398

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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, 2023 is as follows:

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.90% per annum (net of investment expenses, including inflation)
Expected Remaining Service Lives	7 years
Inflation Rate	2.50% per annum (decreased from 2.70% in 2018)
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.

For the June 30, 2023 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 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. 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.

The June 30, 2023, 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 as of January 2022 and the Curran Actuarial Consulting average study for 2023. The consultant's 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

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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, 2023.

Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2023 are summarized in the following table:

	Asset Type	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	U.S. Equity	29.50%	6.24%
	Non-U.S. Equity	11.50%	6.49%
	Global Equity	10.00%	6.49%
	Emerging Market Equity	5.00%	8.37%
Fixed Income	U.S. Core Fixed Income	20.00%	1.89%
	U.S. TIPS	2.00%	1.72%
	Emerging Market Debt	2.00%	4.30%
	Multisector Fixed Income	2.00%	***
Multi-Asset Strategies	Global Tactical Asset Allocation	0.00%	4.02%
	Risk Parity	0.00%	0.00%
Alternatives	Private Equity/Private Debt	9.00%	9.57%
	Real Estate	6.00%	4.41%
	Real Assets	3.00%	5.62%
		<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.

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, 2023:

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

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
Rates	5.90%	6.90%	7.90%
Town of Kentwood Share of NPL	\$ 569,306	\$ 369,032	\$ 201,995

16. Restricted Fund Balances/Net Position

TOWN OF KENTWOOD

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At December 31, 2023, the General Fund had \$39,174 non-spendable fund balance, representing the value of prepaid insurance at fiscal year-end. The General Fund also had \$369,640 at fiscal year-end recorded as restricted fund balance. The Town of Kentwood sold its interest in a building on April 13, 2000, restricting proceeds of the sale per terms of the original bond issue.

At December 31, 2023, the Volunteer Fire Department had \$27,423 non-spendable fund balance, representing the value of prepaid expenses at fiscal year-end, with the remaining fund balance assigned for specific use in fire protection.

At December 31, 2023, the LHFA special revenue fund had \$1,418 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, 2023, the Recreation Ad Valorem special revenue fund had \$383,942 in fund balance restricted for specific use for operations and improvements for recreation.

At December 31, 2023, the Recreation Debt Service Fund had no assigned fund balance and instead recorded negative unassigned fund balance.

At December 31, 2023, 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, 2023, the Utility Fund had \$14,700 in net position restricted for repayment of customer deposits and the Housing Assistance Fund had \$400 in net position 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.

18. Contingent Liabilities

At December 31, 2023, 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, 2023, 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 \$82,970 of on behalf payments as revenue and as expenditure in the General Fund.

20. LHFA Grant Revenue and Commitment

TOWN OF KENTWOOD

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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, 2017 through December 31, 2020, signed on November 28, 2016, with the Tangipahoa Parish Fire Protection District No. 2 are as follows:

- 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

TOWN OF KENTWOOD

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

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 \$260,000 for the year ending December 31, 2017, which shall be deducted from the District's individual account in the month of January 2017, 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, 2023, 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 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 the total reimbursement due the Town of Kentwood for salaries shall not exceed two-hundred fifty thousand dollars (\$250,000).

22. Commitments

TOWN OF KENTWOOD

NOTES TO THE FINANCIAL STATEMENTS

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During the year ending December 31, 2023, the town entered into agreements for professional services on three sewer projects with a total contact fees of \$315,361. At December 31, 2023 a total of \$184,812 has been incurred on the contracts and capitalized in construction in progress. The remaining commitment on the contracts is \$130,549.

23. Prior Period Adjustments

During the year ended December 31, 2023, the Town restated its financial statements for the year ending December 31, 2022 and 2021 to correct misstatements. The Town restated its 2022 financial statements to correct its compensated absences liability and expense. The Town restated its 2021 financial statements to correct intergovernmental receivables and repairs and maintenance expense. This 2021 adjustment also restated the intergovernmental receivable in the 2022 financial statements. The adjustments to restate the prior year financial statements are reflected in the current year as prior period adjustments to beginning fund balance and net position, as applicable. The adjustments to restate the 2022 financial statements are also presented in 2022 comparative totals while the adjustments to restate the 2021 financial statements are reflected in prior period adjustment in the 2022 comparative totals. The following is a summary of the adjustments recorded to restate the prior year financial statements:

General Fund	2023
Beginning Fund Balance, Before Prior Period Adjustments	\$ 1,528,663
Adjustment to correct compensated absences	34,920
Beginning Fund Balance, After Prior Period Adjustments	<u>\$ 1,563,583</u>
	2022
Change in Fund Balance, Before Prior Period Adjustments	\$ 456,627
Adjustment to correct compensated absences	34,920
Change in Fund Balance, After Prior Period Adjustments	<u>\$ 491,547</u>
	2023
Beginning Fund Balance, Before Prior Period Adjustments	\$ 933,973
Adjustment to correct compensated absences	6,214
Beginning Fund Balance, After Prior Period Adjustments	<u>\$ 940,187</u>
	2022
Change in Fund Balance, Before Prior Period Adjustments	\$ 130,951
Adjustment to correct compensated absences	6,214
Change in Fund Balance, After Prior Period Adjustments	<u>\$ 137,165</u>

TOWN OF KENTWOOD

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

Utility Fund	<u>2023</u>	<u>2022</u>
Beginning Net Position, Before Prior Period Adjustments	\$ 5,027,566	\$ 4,910,827
Adjustment to correct intergovernmental receivable	<u>(32,577)</u>	<u>(32,577)</u>
Beginning Net Position, After Prior Period Adjustments	<u>\$ 4,994,989</u>	<u>\$ 4,878,250</u>
	<u>2022</u>	<u>2021</u>
Change in Net Position, Before Prior Period Adjustments	\$ 116,739	\$ (270,179)
Adjustment to correct intergovernmental receivable	<u>-</u>	<u>(32,577)</u>
Change in Net Position, After Prior Period Adjustments	<u>\$ 116,739</u>	<u>\$ (302,756)</u>
	Business-Type Activities	
	<u>2023</u>	<u>2022</u>
Beginning Net Position, Before Prior Period Adjustments	\$ 5,013,721	\$ 4,931,077
Adjustment to correct intergovernmental receivable	<u>(32,577)</u>	<u>(32,577)</u>
Beginning Net Position, After Prior Period Adjustments	<u>\$ 4,981,144</u>	<u>\$ 4,898,500</u>
	<u>2022</u>	<u>2021</u>
Change in Net Position, Before Prior Period Adjustments	\$ 82,644	\$ (269,182)
Adjustment to correct intergovernmental receivable	<u>-</u>	<u>(32,577)</u>
Change in Net Position, After Prior Period Adjustments	<u>\$ 82,644</u>	<u>\$ (301,759)</u>

22. Subsequent Events

Subsequent to year end, the 1% sales tax discussed in Note 1E was renewed and now expires June 30, 2044. Subsequent events have been evaluated by management through August 26, 2024, 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, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Revenues				
Taxes	\$ 1,511,000	\$ 1,565,465	\$ 1,514,626	\$ (50,839)
Licenses and Permits	196,500	195,350	196,802	1,452
Intergovernmental	15,400	929,600	922,286	(7,314)
Charges for Services	27,500	61,900	86,638	24,738
Fines and Forfeitures	7,900	26,000	5,361	(20,639)
Sanitation Fees	94,900	97,000	97,677	677
Interest	1,200	70,000	98,155	28,155
Donations	3,500	4,400	-	(4,400)
On Behalf Payments - Supplemental Pay	87,900	110,000	82,970	(27,030)
Miscellaneous	8,800	6,821	9,055	2,234
Total Revenues	<u>1,954,600</u>	<u>3,066,536</u>	<u>3,013,570</u>	<u>(52,966)</u>
Expenditures				
General Government	920,900	1,175,020	975,010	200,010
Public Safety:				
Police	750,600	980,782	869,539	111,243
Fire	154,195	132,275	82,739	49,536
Public Works - Streets and Sanitation	449,200	540,600	499,627	40,973
Health and Welfare	6,700	6,700	6,594	106
Recreation	-	14,000	12,003	1,997
Capital Outlays	334,913	44,000	151,507	(107,507)
Debt Service				
Principal	15,825	16,441	20,148	(3,707)
Interest	4,100	3,472	3,816	(344)
Total Expenditures	<u>2,636,433</u>	<u>2,913,290</u>	<u>2,620,983</u>	<u>292,307</u>
Excess Revenues (Expenditures)	<u>(681,833)</u>	<u>153,246</u>	<u>392,587</u>	<u>239,341</u>
Other Financing Sources (Uses)				
Operating Transfers In	645,300	112,000	111,942	(58)
Operating Transfers (Out)	(32,500)	(35,000)	(35,000)	-
Sale of Fixed Assets	-	17,000	17,000	-
Lease Proceeds	170,000	-	-	-
Subscription Proceeds	-	-	10,200	10,200
Total Other Financing Sources (Uses)	<u>782,800</u>	<u>94,000</u>	<u>104,142</u>	<u>10,142</u>
Net Change in Fund Balances	<u>100,967</u>	<u>247,246</u>	<u>496,729</u>	<u>249,483</u>
Fund Balances, Beginning	1,339,196	1,528,663	1,528,663	-
Prior Period Adjustments	-	-	34,920	34,920
Fund Balances, Beginning (Restated)	1,339,196	1,528,663	1,563,583	34,920
Fund Balances, Ending	<u>\$ 1,440,163</u>	<u>\$ 1,775,909</u>	<u>\$ 2,060,312</u>	<u>\$ 284,403</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, 2023

Revenues	Budgeted Amounts		Actual Amounts GAAP Basis	Variance
	Original	Final		Favorable (Unfavorable)
Taxes				
Ad Valorem	\$ 167,700	\$ 228,000	\$ 182,497	\$ (45,503)
Sales Taxes	1,271,400	1,269,000	1,266,659	(2,341)
Franchise Taxes	63,100	58,000	55,777	(2,223)
Alcoholic Beverage Taxes	8,800	8,800	8,028	(772)
Chain Store Taxes	-	1,665	1,665	-
Total Taxes	<u>1,511,000</u>	<u>1,565,465</u>	<u>1,514,626</u>	<u>(50,839)</u>
Licenses and Permits				
Business Privilege and Insurance License	186,400	182,250	181,799	(451)
Building Permits	3,000	3,400	3,356	(44)
Electric Permits	4,600	4,400	4,450	50
Liquor Licenses	2,500	5,300	7,197	1,897
Total Licenses and Permits	<u>196,500</u>	<u>195,350</u>	<u>196,802</u>	<u>1,452</u>
Intergovernmental				
Federal Grants				
ARPA	-	901,600	901,694	94
State Grants				
LGAP Grant	-	10,000	-	(10,000)
LGAP Grants	-	-	4,270	4,270
Other				
Fire District Reimbursement	15,400	18,000	16,322	(1,678)
Total Intergovernmental	<u>15,400</u>	<u>929,600</u>	<u>922,286</u>	<u>(7,314)</u>
Miscellaneous Revenues				
Charges for Services	27,500	61,900	86,638	24,738
Fines and Forfeitures	7,900	26,000	5,361	(20,639)
Sanitation Fees	94,900	97,000	97,677	677
Interest	1,200	70,000	98,155	28,155
Donations	3,500	4,400	-	(4,400)
On Behalf Payments - Supplemental Pay	87,900	110,000	82,970	(27,030)
Miscellaneous Receipts	8,800	6,821	9,055	2,234
Total Miscellaneous Revenues	<u>231,700</u>	<u>376,121</u>	<u>379,856</u>	<u>3,735</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 (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

Expenditures	Budgeted Amounts		Actual Amounts GAAP Basis	Variance
	Original	Final		Favorable (Unfavorable)
General Government				
Salaries				
Mayor and Aldermen	73,700	73,700	72,991	709
Clerical	153,800	130,000	128,399	1,601
Janitorial	27,900	27,900	23,709	4,191
Museum	5,400	6,000	5,260	740
Attorney	5,300	5,300	5,200	100
Benefits				
Health Insurance	122,500	124,000	117,281	6,719
Retirement	36,000	36,000	26,394	9,606
Payroll Taxes	64,300	80,000	70,060	9,940
General and Administrative	400	1,500	1,136	364
Insurance	162,600	199,000	160,324	38,676
Other Operating				
Aldermen Travel	5,400	4,000	3,735	265
Assessor Tax Roll	2,000	2,000	1,532	468
Computer Expense	10,000	10,000	8,354	1,646
Coroner's Fees	2,700	1,500	750	750
Council on Aging	2,400	2,400	2,400	-
Dues and Subscription	6,600	6,600	4,727	1,873
Mayor's Expense	800	3,000	2,578	422
Meeting and Travel Expense	4,000	9,500	8,330	1,170
Miscellaneous	80,800	70,100	65,545	4,555
Museum	1,000	-	-	-
Promotion	100	-	-	-
Uniforms	200	1,200	112	1,088
Zoning	1,000	20	19	1
Professional Fees	58,900	220,000	202,125	17,875
Rent - Community Center	200	-	-	-
Repairs and Maintenance				
City Hall	6,000	15,000	5,095	9,905
Civic Center	1,500	25,000	5,347	19,653
Community Center	1,100	-	-	-
Council on Aging	700	2,000	1,907	93
Health Unit	0	-	-	-
Martin Luther King Park	7,000	37,000	(8,800)	45,800
Museum	200	2,500	1,830	670
Supplies	22,900	22,900	13,447	9,453
Telephone	20,200	20,200	12,378	7,822
Utilities				
City Hall	7,300	8,000	6,138	1,862
Civic Center	8,800	8,800	7,967	833
Commodity Center	1,300	-	-	-
Council on Aging	7,200	8,100	7,644	456
Health Unit	100	3,500	2,994	506
Martin Luther King Park	1,000	700	650	50
Museum	7,600	7,600	7,452	148
Total General Government	920,900	1,175,020	975,010	200,010

(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 (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

	<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	511,400	625,200	578,088	47,112
Benefits - Retirement	108,100	145,600	142,676	2,924
Fuel	50,000	50,000	43,414	6,586
General and Administrative	9,500	7,500	7,354	146
Insurance - Workers Compensation	11,300	33,300	8,704	24,596
Other operating				
Court Attendance	200	200	100	100
Housing Prisoners	-	150	156	(6)
Miscellaneous	1,300	11,532	11,948	(416)
Office Expense	3,500	3,500	2,571	929
Schools and Seminars	4,000	11,800	11,790	10
Uniforms	4,000	15,000	14,588	412
Repairs and Maintenance	37,300	45,000	36,608	8,392
Supplies	6,000	30,000	9,826	20,174
Telephone	4,000	2,000	1,716	284
Total Police	<u>750,600</u>	<u>980,782</u>	<u>869,539</u>	<u>111,243</u>
Fire				
Salaries	102,920	87,000	62,251	24,749
Fuel	800	2,164	202	1,962
General and Administrative	-	1,000	-	1,000
Insurance - Workers Compensation	7,000	7,500	4,177	3,323
Other operating	18,475	19,611	10,881	8,730
Repairs and Maintenance - Fire Truck	20,000	10,000	5,228	4,772
Telephone	5,000	5,000	-	5,000
Total Fire	<u>154,195</u>	<u>132,275</u>	<u>82,739</u>	<u>49,536</u>
Total Public Safety	<u>904,795</u>	<u>1,113,057</u>	<u>952,278</u>	<u>160,779</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 (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance
	Original	Final		Favorable (Unfavorable)
Public Works - Streets and Sanitation				
Salaries	29,000	75,000	74,654	346
Benefits	20,400	24,500	22,267	2,233
Fuel	7,700	16,000	13,477	2,523
Garbage Collection	257,500	258,000	254,271	3,729
Insurance - Workers Compensation	6,400	10,500	2,422	8,078
Other operating	43,800	10,000	6,119	3,881
Repairs and Maintenance				
Cemetery	-	-	-	-
Equipment	17,000	15,000	9,207	5,793
Street and Bridge	300	600	395	205
Street Light	-	-	-	-
Tree	-	-	-	-
Supplies	-	6,000	3,107	2,893
Utilities - Street Lights	67,100	125,000	113,708	11,292
Total Public Works - Streets and Sanitation	449,200	540,600	499,627	40,973
Health and Welfare				
Other operating	6,700	6,700	6,594	106
Total Health and Welfare	6,700	6,700	6,594	106
Recreation				
Other operating	-	7,000	6,121	879
Utilities	-	7,000	5,882	1,118
Total Recreation	-	14,000	12,003	1,997
Capital Outlays				
General Government	15,000	10,000	100,330	(90,330)
Public Safety - Police Protection	120,000	10,000	28,783	(18,783)
Public Safety - Fire Protection	99,913	12,000	11,675	325
Public Works - Streets and Sanitation	100,000	12,000	10,719	1,281
Total Capital Outlays	334,913	44,000	151,507	(107,507)
Debt Service				
Principal	15,825	16,441	20,148	(3,707)
Interest	4,100	3,472	3,816	(344)
Total Debt Service	19,925	19,913	23,964	(4,051)
Excess Revenues (Expenditures)	(681,833)	153,246	392,587	239,341
Other Financing Sources (Uses)				
Operating Transfers In	645,300	112,000	111,942	(58)
Operating Transfers (Out)	(32,500)	(35,000)	(35,000)	-
Sale of Fixed Assets	-	17,000	17,000	-
Lease Proceeds	170,000	-	-	-
Subscription Proceeds	-	-	10,200	10,200
Total Other Financing Sources (Uses)	782,800	94,000	104,142	10,142
Net Change in Fund Balances	100,967	247,246	496,729	249,483
Fund Balances, Beginning	1,339,196	1,528,663	1,528,663	-
Prior Period Adjustments	-	-	34,920	34,920
Fund Balances, Beginning				
After Prior Period Adjustments	1,339,196	1,528,663	1,563,583	34,920
Fund Balances, Ending	\$ 1,440,163	\$ 1,775,909	\$ 2,060,312	\$ 284,403

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Revenues				
Ad Valorem Taxes	\$ 630,000	\$ 685,000	\$ 687,857	\$ 2,857
Intergovernmental				
Ad Valorem Taxes-Village of Tangipahoa	8,200	-	-	-
Fire Insurance Rebate	36,000	58,000	58,130	130
Federal Grant - FEMA	-	-	-	-
State Grant - LA Forestry	5,000	5,800	5,838	38
State Revenue Sharing	-	52,000	52,482	482
Interest	5,000	50,000	56,066	6,066
Miscellaneous	-	12,000	10,439	(1,561)
Total Revenues	<u>684,200</u>	<u>862,800</u>	<u>870,812</u>	<u>8,012</u>
Expenditures				
Public Safety:				
Fire				
Salaries				
Fire Chief	8,000	8,000	-	8,000
Firefighters	250,000	200,000	194,411	5,589
Maintenance	-	-	-	-
Benefits	145,500	140,000	105,510	34,490
Payroll Taxes	20,000	15,000	14,135	865
Fuel	-	22,000	22,556	(556)
Insurance	83,000	89,000	82,529	6,471
Other Operating				
Dues and Subscriptions	5,300	5,300	4,746	554
Office	2,500	2,500	1,846	654
Miscellaneous	500	6,600	823	5,777
Public Education	7,000	7,000	-	7,000
Training and Tuition	3,000	3,000	1,928	1,072
Volunteer Firemen Expense	5,000	10,000	9,072	928
Professional Fees	7,000	8,500	8,320	180
Repairs and Maintenance	60,000	70,000	59,355	10,645
Supplies	32,500	41,700	59,340	(17,640)
Telephone	-	10,375	10,535	(160)
Utilities	25,000	20,500	17,363	3,137
Total Public Safety - Fire	<u>654,300</u>	<u>659,475</u>	<u>592,469</u>	<u>67,006</u>
Capital Outlays - Fire Protection	-	50,000	43,499	6,501
Total Expenditures	<u>654,300</u>	<u>709,475</u>	<u>635,968</u>	<u>73,507</u>
Excess Revenues (Expenditures)	<u>29,900</u>	<u>153,325</u>	<u>234,844</u>	<u>81,519</u>
Other Financing Sources (Uses)				
Proceeds from Insurance Settlement	1,000	35,000	37,595	2,595
Total Other Financing Sources (Uses)	<u>1,000</u>	<u>35,000</u>	<u>37,595</u>	<u>2,595</u>
Net Change in Fund Balances	<u>30,900</u>	<u>188,325</u>	<u>272,439</u>	<u>84,114</u>
Fund Balances, Beginning	898,629	933,973	933,973	-
Prior Period Adjustments	-	-	6,214	6,214
Fund Balances, Beginning (Restated)	898,629	933,973	940,187	6,214
Fund Balances, Ending	<u>\$ 929,529</u>	<u>\$ 1,122,298</u>	<u>\$ 1,212,626</u>	<u>\$ 90,328</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, 2023

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Rental Income	\$ 8,500	\$ 8,600	\$ 8,600	\$ -
Interest	300	300	314	14
Total Revenues	<u>8,800</u>	<u>8,900</u>	<u>8,914</u>	<u>14</u>
Expenditures				
Insurance	5,300	5,300	4,807	493
Repairs and Maintenance	9,400	9,400	5,321	4,079
Utilities	-	-	560	(560)
Total Expenditures	<u>14,700</u>	<u>14,700</u>	<u>10,688</u>	<u>4,012</u>
Excess Revenues (Expenditures)	<u>(5,900)</u>	<u>(5,800)</u>	<u>(1,774)</u>	<u>4,026</u>
Net Change in Fund Balances	<u>(5,900)</u>	<u>(5,800)</u>	<u>(1,774)</u>	<u>4,026</u>
Fund Balances, Beginning	<u>110,764</u>	<u>112,668</u>	<u>112,668</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 104,864</u>	<u>\$ 106,868</u>	<u>\$ 110,894</u>	<u>\$ 4,026</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, 2023

	<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>
Revenues				
Ad Valorem Taxes	\$ 112,000	\$ 120,000	\$ 123,132	\$ 3,132
Federal Grant	-	-	-	-
Interest	-	2,800	1,056	(1,744)
Miscellaneous	900	900	-	(900)
Total Revenues	<u>112,900</u>	<u>123,700</u>	<u>124,188</u>	<u>488</u>
Expenditures				
Recreation	63,000	22,200	10,411	11,789
Capital Outlays	111,500	-	-	-
Debt Service				
Principal	84,200	82,328	-	82,328
Interest	-	-	-	-
Total Expenditures	<u>258,700</u>	<u>104,528</u>	<u>10,411</u>	<u>94,117</u>
Excess Revenues (Expenditures)	<u>(145,800)</u>	<u>19,172</u>	<u>113,777</u>	<u>94,605</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>(145,800)</u>	<u>19,172</u>	<u>113,777</u>	<u>94,605</u>
Fund Balances, Beginning	<u>148,788</u>	<u>270,165</u>	<u>270,165</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 2,988</u>	<u>\$ 289,337</u>	<u>\$ 383,942</u>	<u>\$ 94,605</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 Payroll	Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.765597%	\$ 520,336	\$ 533,117	97.602590%	68.713552%
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	75.757348%	79.136289%
2022	0.535363%	\$ 470,040	\$ 427,161	110.038143%	69.555565%
2023	0.436981%	\$ 350,398	\$ 375,071	93.421779%	73.253562%

* 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 Payroll	Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.019332%	\$ 151,446	\$ 53,981	280.554269%	70.7303%
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	\$ 75,453	264.788676%	70.9450%
2021	0.029554%	\$ 157,539	\$ 90,289	174.483049%	84.0881%
2022	0.027385%	\$ 279,923	\$ 84,542	331.105759%	70.7991%
2023	0.033216%	\$ 350,926	\$ 112,526	311.862147%	71.3030%

* 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 Payroll	Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.012393%	\$ 66,886	\$ 26,338	253.952464%	72.45%
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	140.966967%	86.78%
2022	0.066149%	\$ 466,436	\$ 169,650	274.940414%	74.68%
2023	0.056541%	\$ 369,032	\$ 153,380	240.599817%	77.69%

* 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, 2023

Municipal Employees' Retirement System

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2015	\$ 52,504	\$ 52,504	\$ -	\$ 559,837	9.3784%
2016	61,823	61,823	-	610,624	10.1246%
2017	71,707	71,707	-	622,325	11.5224%
2018	69,767	69,767	-	511,342	13.6439%
2019	60,814	60,814	-	440,096	13.8183%
2020	62,534	62,534	-	457,198	13.6777%
2021	67,920	67,920	-	438,971	15.4725%
2022	60,932	67,556	(6,624)	393,111	17.1850%
2023	57,408	57,911	(503)	370,374	15.6358%

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, 2023

Municipal Police Employees' Retirement System

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2015	\$ 12,884	\$ 12,884	\$ -	\$ 51,163	25.1823%
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	-	66,770	37.4539%
2021	31,464	31,464	-	99,305	31.6842%
2022	25,637	25,637	-	83,635	30.6536%
2023	44,787	44,787	-	136,917	32.7111%

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, 2023

State of Louisiana Firefighters' Retirement System

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2015	\$ 7,667	\$ 7,667	\$ -	\$ 32,449	23.6278%
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%
2022	57,670	58,167	(497)	172,178	33.7830%
2023	41,700	41,700	-	125,413	33.2501%

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, 2023

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
2015	2015	7.500%	7.500%	2.875%	4	5.00%
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
2022	2022	6.850%	6.850%	2.500%	3	7.40% for 1-4 years of service; 4.90% for more than 4 years of service
2023	2023	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
2015	2015	RP-2000 Healthy Annuitant Table set forward 2 years for males and set forward 1 year for females for healthy annuitants; RP-2000 Employees Table set back 2 years for both males and females for active employees; RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females for disabled annuitants.
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.
2022	2022	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.
2023	2023	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, 2023

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
2015	2015	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
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
2022	2022	6.750%	6.750%	2.500%	4	12.30% for 1-2 years of service; 4.70% for over 2 years of service
2023	2023	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
2015	2015	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.
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	Pub-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	Pub-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.
2022	2022	Pub-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.
2023	2023	Pub-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, 2023

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
2015	2015	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
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
2022	2022	6.900%	6.900%	2.500%	7	14.10% in first two years of service; 5.20% with 3 or more years of service
2023	2023	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
2015	2015	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.
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.
2022	2022	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.
2023	2023	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 NET POSITION
PROPRIETARY FUND TYPE - UTILITY FUND

AS OF DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2022)

	Utility Fund	
	2023	2022 Restated
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 456,562	\$ 537,699
Receivables, Net		
Accounts	431,687	331,301
Intergovernmental	320,064	-
Lease Receivable	112,814	109,189
Other	6,342	6,321
Due From Other Funds	888,095	821,570
Inventory	13,131	17,192
Prepaid Insurance	945	911
Total Current Assets	<u>2,229,640</u>	<u>1,824,183</u>
Noncurrent Assets:		
Restricted Assets:		
Restricted Cash and Cash Equivalents	227,450	219,516
Total Restricted Assets	<u>227,450</u>	<u>219,516</u>
Receivables:		
Lease Receivable	1,805,335	1,918,150
Total Receivables	<u>1,805,335</u>	<u>1,918,150</u>
Property, Plant, and Equipment		
Land	1,622,600	1,622,600
Construction in Progress	184,812	-
Property, Plant and Equipment, Net	4,535,990	4,635,443
Total Property, Plant, and Equipment	<u>6,343,402</u>	<u>6,258,043</u>
Total Noncurrent Assets	<u>8,376,187</u>	<u>6,477,559</u>
Total Assets	<u>10,605,827</u>	<u>10,219,892</u>
Deferred Outflows of Resources		
Pension Related	24,728	41,612
Total Deferred Outflows of Resources	<u>24,728</u>	<u>41,612</u>
Liabilities		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	73,043	85,017
Other Accrued Payables	18,209	19,134
Intergovernmental Note Payable	12,500	12,500
Due To Other Funds	351,984	608,460
Total Current Liabilities (Payable From Current Assets)	<u>455,736</u>	<u>725,111</u>
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits	147,573	144,082
Revenue Bonds Payable	145,563	133,892
Total Current Liabilities (Payable From Restricted Assets)	<u>293,136</u>	<u>277,974</u>
Long Term Liabilities:		
Bonds Payable	1,845,820	1,997,097
Net Pension Liability	110,647	154,915
Intergovernmental Note Payable	92,708	105,208
Total Long Term Liabilities	<u>2,049,175</u>	<u>2,257,220</u>
Total Liabilities	<u>2,798,047</u>	<u>3,260,305</u>
Deferred Inflows of Resources		
Pension Related	27,675	13,727
Lease Related	1,849,311	1,992,483
Total Deferred Inflows of Resources	<u>1,876,986</u>	<u>2,006,210</u>
Net Position		
Net Investment in Capital Assets	4,417,196	4,192,231
Restricted for:		
Capital Projects and Debt Service	14,700	10,257
Unrestricted	1,523,626	792,501
Total Net Position	<u>\$ 5,955,522</u>	<u>\$ 4,994,989</u>

See independent auditor's report.

TOWN OF KENTWOOD

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITIONPROPRIETARY FUND TYPE - UTILITY FUND

FOR THE YEAR ENDED DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

	Utility Fund	
	2023	2022 Restated
Operating Revenues		
Gas Sales	\$ 1,143,329	\$ 905,926
Less Cost of Gas Sold	(213,802)	(418,341)
Gross Profit on Gas Sales	929,527	487,585
Water Sales	676,650	651,955
Sewer Service Charges	586,749	575,680
Intergovernmental -Pension Paid by Others	5,150	5,446
Lease Rental Income	143,172	143,172
Other	119,303	92,636
Total Operating Revenues	2,460,551	1,956,474
Operating Expenses		
Bad Debts	2,831	7,864
Cathodic Protection	11,168	8,274
Depreciation	269,868	259,995
Employee Benefits	54,193	77,079
Insurance - Workers Compensation	6,756	7,837
Other	37,638	53,966
Professional Fees	102,890	26,861
Repairs and Maintenance	727,709	129,100
Salaries and Wages	130,503	148,177
Supplies	43,147	10,731
Utilities	158,749	188,500
Water Treatment	151,252	138,661
Total Operating Expenses	1,696,704	1,057,045
Operating Income (Loss)	763,847	899,429
Nonoperating Revenues (Expenses)		
Gain (Loss) on Sale of Assets	882	(112,549)
Grants - Federal	320,064	-
Interest Income	73,947	68,263
Interest Expense	(86,265)	(99,516)
Total Nonoperating Revenues (Expenses)	308,628	(143,802)
Income (Loss) Before Transfers	1,072,475	755,627
Contributions and Transfers		
Operating Transfers Out	(111,942)	(638,888)
Change in Net Position	960,533	116,739
Total Net Position, Beginning	5,027,566	4,871,364
Prior Period Adjustment	(32,577)	6,886
Total Net Position, Beginning - Restated	4,994,989	4,878,250
Total Net Position, Ending	\$ 5,955,522	\$ 4,994,989

See independent auditor's report.

TOWN OF KENTWOOD
SCHEDULE OF CASH FLOWS
PROPRIETARY FUND TYPE - UTILITY FUND

FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

	Utility Fund	
	2023	2022
Cash Flows From Operating Activities		
Received From Customers	\$ 2,415,532	\$ 2,272,671
Received for Meter Deposit Fees	3,491	1,242
Other Receipts	124,157	186,600
Received (Payments) for Interfund Services	(323,001)	(342,550)
Payments for Operations	(1,463,889)	(975,916)
Payments to Employees	(201,446)	(224,142)
Net Cash Provided (Used) by Operating Activities	<u>554,844</u>	<u>917,905</u>
Cash Flows From Noncapital Financing Activities		
Transfers From (To) Other Funds	(111,942)	(638,888)
Lease Interest Received	59,723	57,560
Principal Proceeds from (Repayments for) Note Payable	(12,500)	80,595
Net Cash (Used) by Noncapital Financing Activities	<u>(64,719)</u>	<u>(500,733)</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds from Sale of Capital Acquisitions	18,686	21,951
(Payments for) Capital Acquisitions	(373,031)	(84,209)
Principal Proceeds from (Repayments for) Long Term Debt	(139,606)	(133,893)
Interest Payments for Long Term Debt	(83,876)	(95,801)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(577,827)</u>	<u>(291,952)</u>
Cash Flows From Investing Activities		
Receipt of Interest	14,499	5,600
Net Cash Provided by Investing Activities	<u>14,499</u>	<u>5,600</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	(73,203)	130,820
Cash and Cash Equivalents, Beginning of Year	757,215	626,395
Cash and Cash Equivalents, End of Year	<u>\$ 684,012</u>	<u>\$ 757,215</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and Cash Equivalents, Unrestricted	\$ 456,562	\$ 537,699
Cash and Cash Equivalents, Restricted	227,450	219,516
Total Cash and Cash Equivalents	<u>\$ 684,012</u>	<u>\$ 757,215</u>

(Continued)

See independent auditor's report.

TOWN OF KENTWOOD
SCHEDULE OF CASH FLOWS
PROPRIETARY FUND TYPE - UTILITY FUND (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

	<u>Utility Fund</u>	
	<u>2023</u>	<u>2022</u> Restated
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ 763,847	\$ 899,429
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	269,868	259,995
(Increase) decrease in Accounts Receivable	(100,386)	20,110
(Increase) decrease in Other Receivable	(3,921)	(9,987)
(Increase) decrease in Inventory	4,061	11,425
(Increase) decrease in Prepaid Insurance	(34)	(24)
(Increase) decrease in Noncurrent Receivables	112,815	(1,918,150)
(Increase) decrease in Deferred Outflows of Resources	16,884	(12,962)
(Increase) decrease in Due (to) and from Other Funds	(323,001)	(342,550)
Increase (decrease) in Accounts Payable	(11,974)	2,818
Increase (decrease) in Compensated Absences	(3,039)	(4,009)
Increase (decrease) in Accrued Expenses	(44,543)	56,156
Increase (decrease) in Deferred Inflows of Resources	(129,224)	1,954,412
Increase (decrease) in Customer Deposits	3,491	1,242
Net Cash Provided (Used) by Operating Activities	<u>\$ 554,844</u>	<u>\$ 917,905</u>

See independent auditor's report.

TOWN OF KENTWOOD

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE, UTILITY FUND

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Nursing Home Property</u>	<u>Total</u>
Operating Revenues					
Gas Sales	\$ 1,143,329	\$ -	\$ -	\$ -	\$ 1,143,329
Less Cost of Gas Sold	(213,802)	-	-	-	(213,802)
Gross Profit on Gas Sales	929,527	-	-	-	929,527
Water Sales	-	676,650	-	-	676,650
Sewer Service Charges	-	-	586,749	-	586,749
Intergovernmental - Pension Paid by Others	2,140	1,827	1,183	-	5,150
Lease Rental Income	-	-	-	143,172	143,172
Other	51,380	44,050	23,873	-	119,303
Total Operating Revenues	<u>983,047</u>	<u>722,527</u>	<u>611,805</u>	<u>143,172</u>	<u>2,460,551</u>
Operating Expenses					
Bad Debts	760	759	759	553	2,831
Catholic Protection	11,168	-	-	-	11,168
Depreciation	13,848	138,291	98,021	19,708	269,868
Employee Benefits	15,515	21,325	17,353	-	54,193
Insurance - Workers Compensation	2,012	2,867	1,877	-	6,756
Other	17,378	17,602	674	1,984	37,638
Professional Fees	20,307	24,443	56,385	1,755	102,890
Repairs and Maintenance	27,266	95,466	530,633	74,344	727,709
Salaries and Wages	37,936	46,567	46,000	-	130,503
Supplies	10,592	29,183	3,372	-	43,147
Utilities	-	75,679	32,924	50,146	158,749
Water Treatment	-	151,252	-	-	151,252
Total Operating Expenses	<u>156,782</u>	<u>603,434</u>	<u>787,998</u>	<u>148,490</u>	<u>1,696,704</u>
Operating Income (Loss)	<u>826,265</u>	<u>119,093</u>	<u>(176,193)</u>	<u>(5,318)</u>	<u>763,847</u>
Nonoperating Revenues (Expenses)					
Gain (Loss) on Sale of Capital Assets	882	-	-	-	882
Grants - Federal	-	320,064	-	-	320,064
Interest Income	5,602	4,879	3,317	60,149	73,947
Interest Expense	-	(86,265)	-	-	(86,265)
Total Nonoperating Revenues (Expenses)	<u>6,484</u>	<u>238,678</u>	<u>3,317</u>	<u>60,149</u>	<u>308,628</u>
Income (Loss) Before Transfers	<u>832,749</u>	<u>357,771</u>	<u>(172,876)</u>	<u>54,831</u>	<u>1,072,475</u>
Contributions and Transfers					
Operating Transfers Out	(44,806)	(44,757)	(22,379)	-	(111,942)
Change in Net Position	<u>787,943</u>	<u>313,014</u>	<u>(195,255)</u>	<u>54,831</u>	<u>960,533</u>
Total Net Position, Beginning					5,027,566
Prior Period Adjustment					(32,577)
Total Net Position, Beginning, Restated					<u>4,994,989</u>
Total Net Position, Ending					<u>\$ 5,955,522</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, GAS UTILITY SYSTEM

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Gas Sales	\$ 1,150,000	\$ 1,143,329	\$ (6,671)
Less Cost of Gas Sold	<u>(325,000)</u>	<u>(213,802)</u>	<u>111,198</u>
Gross Profit on Gas Sales	825,000	929,527	104,527
Intergovernmental - Pension Paid by Others	2,500	2,140	(360)
Other:			
Bad Debt Recoveries	500	-	(500)
Miscellaneous	22,300	27,507	5,207
Penalties	33,000	23,873	(9,127)
Total Operating Revenues	<u>883,300</u>	<u>983,047</u>	<u>99,747</u>
Operating Expenses			
Bad Debts	2,500	760	1,740
Cathodic Protection	13,000	11,168	1,832
Depreciation	15,000	13,848	1,152
Employee Benefits:			
Health Insurance	15,000	9,235	5,765
Life Insurance	400	62	338
Payroll Taxes	5,100	3,219	1,881
Retirement	6,000	2,999	3,001
Insurance	4,000	2,012	1,988
Other:			
Computer Expenses	1,000	-	1,000
Drug Testing	500	28	472
Gas Leak Survey	3,500	2,839	661
Gas Operator Certification	2,400	2,400	-
Fuel	2,700	2,313	387
Meter Reading	6,600	5,542	1,058
Miscellaneous	4,500	3,739	761
Office Expense	1,000	517	483
Professional Fees	30,000	20,307	9,693
Repairs and Maintenance	31,000	27,266	3,734
Salaries and Wages	45,000	37,936	7,064
Supplies	13,000	10,592	2,408
Total Operating Expenses	<u>202,200</u>	<u>156,782</u>	<u>45,418</u>
Operating Income (Loss)	<u>681,100</u>	<u>826,265</u>	<u>145,165</u>
Nonoperating Revenues (Expenses)			
Gain (Loss) on Sale of Assets	5,000	882	(4,118)
Interest Income	3,600	5,602	2,002
Total Nonoperating Revenues (Expenses)	<u>8,600</u>	<u>6,484</u>	<u>(2,116)</u>
Income (Loss) Before Transfers	<u>689,700</u>	<u>832,749</u>	<u>143,049</u>
Transfers			
Operating Transfers Out	<u>(44,800)</u>	<u>(44,806)</u>	<u>(6)</u>
Change in Net Position	<u>\$ 644,900</u>	<u>\$ 787,943</u>	<u>\$ 143,043</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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Water Sales	\$ 682,300	\$ 676,650	\$ (5,650)
Intergovernmental - Pension Paid by Others	2,000	1,827	(173)
Other:			
Delinquent Charges	32,000	23,873	(8,127)
Miscellaneous	5,300	7,711	2,411
Safe Drinking Water Fee	15,000	12,466	(2,534)
Total Operating Revenues	<u>736,600</u>	<u>722,527</u>	<u>(14,073)</u>
Operating Expenses			
Bad Debts	3,000	759	2,241
Depreciation	140,000	138,291	1,709
Employee Benefits:			
Health Insurance	14,000	13,025	975
Life Insurance	500	395	105
Payroll Taxes	4,100	3,849	251
Retirement	7,000	4,056	2,944
Insurance	3,000	2,867	133
Other:			
Computer Expenses	1,000	-	1,000
Drug Testing	100	28	72
Department of Environmental Quality Fees	2,400	-	2,400
Fuel	8,900	6,570	2,330
Office Expense	1,300	2,423	(1,123)
Safe Drinking Water Fee	14,500	8,581	5,919
Professional Fees	20,000	24,443	(4,443)
Repairs and Maintenance	131,900	95,466	36,434
Salaries and Wages	50,000	46,567	3,433
Supplies	33,300	29,183	4,117
Utilities - Pump Electricity	85,000	75,679	9,321
Water Treatment	155,000	151,252	3,748
Total Operating Expenses	<u>675,000</u>	<u>603,434</u>	<u>71,566</u>
Operating Income (Loss)	<u>61,600</u>	<u>119,093</u>	<u>57,493</u>
Nonoperating Revenues (Expenses)			
Grants - Federal	-	320,064	320,064
Interest Income	3,600	4,879	1,279
Interest Expense	(86,500)	(86,265)	235
Total Nonoperating Revenues (Expenses)	<u>(82,900)</u>	<u>238,678</u>	<u>321,578</u>
Income (Loss) Before Transfers	<u>(21,300)</u>	<u>357,771</u>	<u>379,071</u>
Contributions and Transfers			
Operating Transfers Out	(44,800)	(44,757)	43
Change in Net Position	<u>\$ (66,100)</u>	<u>\$ 313,014</u>	<u>\$ 379,114</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, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Sewer Charges	\$ 564,000	\$ 586,749	\$ 22,749
Intergovernmental - Pension Paid by Others	1,100	1,183	83
Other:			
Penalties	32,000	23,873	(8,127)
Total Operating Revenues	597,100	611,805	14,705
Operating Expenses			
Bad Debts	3,000	759	2,241
Depreciation	100,000	98,021	1,979
Employee Benefits:			
Health Insurance	11,000	10,432	568
Life Insurance	500	276	224
Payroll Taxes	3,600	3,401	199
Retirement	6,500	3,244	3,256
Insurance	2,000	1,877	123
Other:			
Analysis Fee	3,000	-	3,000
Fuel	4,500	674	3,826
Office Expense	1,000	-	1,000
Professional Fees	35,000	56,385	(21,385)
Repairs and Maintenance	97,000	530,633	(433,633)
Salaries and Wages	45,000	46,000	(1,000)
Supplies	3,000	3,372	(372)
Utilities	75,000	32,924	42,076
Total Operating Expenses	390,100	787,998	(397,898)
Operating Income (Loss)	207,000	(176,193)	(383,193)
Nonoperating Revenues (Expenses)			
Interest Income	1,800	3,317	1,517
Total Nonoperating Revenues (Expenses)	1,800	3,317	1,517
Income (Loss) Before Transfers	208,800	(172,876)	(381,676)
Transfers			
Operating Transfers Out	(22,400)	(22,379)	21
Change in Net Position	\$ 186,400	\$ (195,255)	\$ (381,655)

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, 2023

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Operating Revenues			
Lease Rental Income	\$ 168,000	\$ 143,172	\$ (24,828)
Total Operating Revenues	<u>168,000</u>	<u>143,172</u>	<u>(24,828)</u>
Operating Expenses			
Bad Debts	-	553	(553)
Depreciation	25,000	19,708	5,292
Other:			
Office Expense	500	-	500
Other Operating Expense	-	1,984	(1,984)
Professional Fees	-	1,755	(1,755)
Repairs and Maintenance	92,000	74,344	17,656
Utilities	55,000	50,146	4,854
Total Operating Expenses	<u>172,500</u>	<u>148,490</u>	<u>24,010</u>
Operating Income (Loss)	<u>(4,500)</u>	<u>(5,318)</u>	<u>(818)</u>
Nonoperating Revenues (Expenses)			
Interest Income	700	60,149	59,449
Total Nonoperating Revenues (Expenses)	<u>700</u>	<u>60,149</u>	<u>59,449</u>
Income (Loss) Before Transfers	<u>(3,800)</u>	<u>54,831</u>	<u>58,631</u>
Change in Net Position	<u>\$ (3,800)</u>	<u>\$ 54,831</u>	<u>\$ 58,631</u>

See independent auditor's report.

TOWN OF KENTWOOD

SCHEDULE OF UTILITY RATESPROPRIETARY FUND TYPE

FOR THE YEAR ENDED DECEMBER 31, 2023

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
		65.00	Commercial Rate 4 (Churches) - Flat Rate
		283.13	Commercial Rate 5 (Tourist Bureau) - Flat Rate

Residential Rates		Commercial Rates	
\$ 47.00	- Flat Monthly Rate	\$ 47.00	Commercial Rate 1 - 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 thereafter
		162.00	Commercial Rate 2 (Schools) - Flat Rate
		47.00	Commercial Rate 4 (Churches) - Flat Rate

Residential Rates		Commercial Rates	
\$ 33.00	- First 500 Cubic Feet (Flat Fee)	\$ 33.00	- Commercial Rate 1 - First 500 Cubic Feet (Flat Fee)
4.38	- Per 100 Cubic Feet after 500	4.38	- Per 100 Cubic Feet after 500
		7.60	- Commercial Rate 2 (Sports Fields) - Flat Rate
		0.93	- Per 100 Cubic Feet

Industrial Rates		Industrial Rates	
148.65	- First 55,000 Gallons (Flat Fee)		
12.57	- Per 1,000 Gallons for next 55,000 Gallons		
1.50	- Per 1,000 Gallons for next 180,000 Gallons		
1.15	- Per 1,000 Gallons for next 260,000 Gallons		
0.80	- Per 1,000 Gallons thereafter		

Residential Rates		Commercial Rates	
\$ 33.00	- First 1000 Cubic Feet (Flat Fee)		
4.380	- Per 100 Cubic Feet after 1000		

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, 2023

	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>
Sewer	726	126	852
Water	859	156	1,015
Gas	317	56	373
Total	<u>1,902</u>	<u>338</u>	<u>2,240</u>

See independent auditor's report.

TOWN OF KENTWOOD

SCHEDULE OF GAS SALES AND PURCHASES
PROPRIETARY FUND TYPE - GAS UTILITY SYSTEM

AS OF DECEMBER 31, 2023 AND 2022

	Enterprise Funds	
	2023	2022
Gas Sales and Purchases		
Gas Sales		
Volume mcf (Thousand Cubic Feet)	46,255	50,780
Dollar Amount	\$ 1,143,329	\$ 905,926
Cost of Gas Sold		
Volume mcf (Thousand Cubic Feet)	51,106	55,258
Dollar Amount	\$ 213,802	\$ 418,341
Gross Profit	\$ 929,527	\$ 487,585
Gross Profit Percentage of Sales	81%	54%
Unaccounted for Gas Purchases		
Volume mcf (Thousand Cubic Feet)	4,851	4,479
Average Cost of Unaccounted for Gas	\$ 20,296	\$ 33,905
Percentage of Purchases	9%	8%
Number of Customers at Year End		
In Service, Industrial	3	3
In Service, Other	370	373
Total	373	376
Average Sales Per Customer		
Volume mcf (Thousand Cubic Feet)	124	135
Dollar Amount	\$ 3,065	\$ 2,409
Average Sales Per Thousand Cubic Feet		
Gas Sales, Industrial	\$ 20.93	\$ 16.13
Gas Sales, Other	\$ 30.05	\$ 20.17
Gas Sales	\$ 24.72	\$ 17.84
Gas Purchases	\$ -4.18	\$ -7.57
Subtotal	\$ 20.54	\$ 10.27
Unaccounted for Gas Purchases	\$ -0.40	\$ -0.61
Gross Profit	\$ 20.14	\$ 9.66

See independent auditor's report.

TOWN OF KENTWOOD
SCHEDULE OF INSURANCE
FOR THE YEAR ENDED DECEMBER 31, 2023

<u>Insurance Company / Policy Number</u>	<u>Coverage</u>	<u>Amount</u>	<u>Period</u>	
LA Risk Management Agency 100-1144-2023-18681	Comercial General Liability Law Enforcement Officer Errors and Omissions Automobile Liability	\$ 500,000 500,000 500,000 500,000	3/20/2023 to	3/20/2024
Western Surety Company 18272062	Position Schedule	425,000	6/20/2023 to	6/20/2024
EMC Insurance Company 6A5-50-73-24	Property & Cybersolutions	7,724,457	4/13/2023 to	4/13/2024
Lane & Associates Inc. CPS7694347	Inland Marine	74,777	12/1/2023 to	12/1/2024
Risk Management Agency 70-1144-2023-18843	Workers Compensation at Statutory Limitations		11/19/2023 to	11/19/2024
Foremost Insurance Group 444-0019223612-2023	Commercial Mobile Home Policy	250,000	7/13/2023 to	7/13/2024
Lloyd's London LMA2200051	Auto Physical Damage	296,910	4/15/2023 to	4/15/2024
National Union Fire Insurance Company (VFIS) VFNU-TR-0007188-02/000	Auto Physical Damage	348,236	6/1/2023 to	6/1/2024
National Union Fire Insurance Company (VFIS) VFNU-TR-0024183-02/00	Kentwood Fire Department: Property Commercial General Liability - General Aggregate Management Liability Crime - various	as scheduled 10,000,000 10,000,000 as scheduled	10/3/2023 to	10/3/2024
National Union Fire Insurance Company (VFIS) VFP 4219-3318E-08	Kentwood Fire Department: Accident & Sickness	per coverage schedule	10/3/2023 to	10/3/2024

See independent auditor's report.

TOWN OF KENTWOOD

SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS

FOR THE YEAR ENDED DECEMBER 31, 2023

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>
Irma T. Gordon, Mayor (985) 229-3451	308 Avenue G Kentwood, LA 70444	\$ 36,991
Gary Callihan, Council Member (985) 514-0785	406 Miller Drive Kentwood, LA 70444	7,200
Xavier Diamond, Council Member (985) 662-8664	813 Fisher Lane Kentwood, LA 70444	7,200
Michael Hall, Council Member (985) 514-5282	1103 12th Street Kentwood, LA 70444	7,200
Paul Stewart, Council Member (601) 810-2873	501 Ave F Kentwood, LA 70444	7,200
Jakoiya Wilkerson, Council Member (985) 474-9689	406 Ave F Kentwood, LA 70444	7,200
		\$ <u>72,991</u>

Terms end December 31, 2026 for Board Members

See independent auditor's report.

Schedule 21

TOWN OF KENTWOOD

SCHEDULE OF COMPENSATION, REIMBURSEMENTS,
BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED DECEMBER 31, 2023

Agency Head Name: Irma Gordon, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 36,991
Employer Paid Medicare & Social Security	2,830
Per Diem	266
Telephone Reimbursements	319
Conference Fees	460
Mileage Reimbursements	836
Other Travel	365
Meals	84
Uniforms	46
Other	202
	<u>\$ 42,399</u>

See independent auditor's report.

TOWN OF KENTWOOD

JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY

FOR THE YEAR ENDED DECEMBER 31, 2023

	First Six Month Period Ended 6/30/2023	Second Six Month Period Ended 12/31/2023
Cash Basis Presentation		
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ -	\$ -
Add: Collections		
Criminal Fines - Other	10,240	14,965
Subtotal Collections	<u>10,240</u>	<u>14,965</u>
Less: Disbursements To Governments & Nonprofits:		
<i>Crimestoppers of Tangipahoa, Criminal Court Cost/Fees</i>	38	48
<i>Florida Parishes Juvenile Justice Center, Criminal Court Cost/Fees</i>	105	110
<i>Louisiana Commission on Law Enforcement, Criminal Court Cost/Fees</i>	51	43
<i>Louisiana Judicial College, Criminal Court Cost/Fees</i>	11	42
<i>Treasurer, State of Louisiana -CMIS, Criminal Court Cost/Fees</i>	67	42
Less: Amounts Retained by Collecting Agency		
Town of Kentwood, Criminal Fines - Other	9,368	14,680
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Bond Fee Refunds	600	-
Subtotal Disbursements/Retainage	<u>10,240</u>	<u>14,965</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	<u>\$ -</u>	<u>\$ -</u>

Other Information:

Ending Balance of Total Amounts Assessed but not yet Collected	\$ 21,410	\$ 17,216
Total Waivers During the Fiscal Period	\$ 10,712	\$ 8,401

See independent auditor's report.

TOWN OF KENTWOOD
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

<u>Federal Grantor, Pass-Through Grantor, Program Title</u>	<u>Federal Assistance Listing</u>	<u>Pass Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Total Federal Expenditures</u>
United States Department of Treasury				
Covid-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		\$ 901,964	
Passed through Louisiana Office of Community Development Covid-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	LAWSP10881	320,064	
Total Covid-19 Coronavirus State and Local Fiscal Recovery Funds				1,222,028
Total United States Department of Treasury				1,222,028
United States Department of Housing and Urban Development				
Housing Choice Voucher Program [1]	14.871		455,230	455,230
Total United States Department of Housing and Urban Development				455,230
Total Expenditures of Federal Awards			\$	1,677,258

[1] Housing Voucher cluster. Total \$455,230.

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Town of Kentwood under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town of Kentwood.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 - Indirect Cost Rate

The Town of Kentwood has elected not to use the 10-percent de minimis direct cost rate allowed under the Uniform Guidance.

See independent auditor's report.

TOWN OF KENTWOOD
Financial Data Schedule for PHA Number LA206 - Housing Choice Voucher Program
For the year ended December 31, 2023

Line	Account Description	Housing Choice Voucher Program 14.871
Assets:		
Current Assets:		
Cash:		
111	Cash - unrestricted	\$ -
112	Cash - restricted - modernization and dev	-
113	Cash - other restricted	2,785
114	Cash - tenant security deposits	-
115	Cash - restricted for payment of current liabilities	25,629
100	Total Cash	<u>28,414</u>
Accounts and notes receivables		
121	Accounts receivable - PHA projects	-
122	Accounts receivable - HUD other projects	-
124	Accounts receivable - other government	-
125	Accounts receivable - miscellaneous	-
126	Accounts receivable - tenants - dwelling rents	-
126.1	Allowance for doubtful accounts - dwelling rents	-
126.2	Allowance for doubtful accounts - other	-
127	Notes, loans, and mortgages receivable - current	-
128	Fraud recovery	-
128.1	Allowance for doubtful accounts - fraud	-
129	Accrued interest receivable	-
120	Total receivables, net of allowances for uncollectible	<u>-</u>
Current Investments		
131	Investments - unrestricted	-
132	Investments - restricted	-
135	Investments - restricted for payment of current liabilities	-
142	Prepaid expenses and other assets	-
143	Inventories	-
143.1	Allowance for obsolete inventories	-
144	Interprogram due from	-
145	Assets held for sale	-
150	Total Current Assets	<u>28,414</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>
171	Notes, loans, and mortgages receivable - non current	-
172	Notes, loans, and mortgages receivable - non current - past due	-
173	Grants receivable - non current	-
174	Other assets	-
176	Investments in joint ventures	-
180	Total Noncurrent Assets	<u>-</u>
190	Total Assets	<u>\$ 28,414</u>

(Continued)

See independent auditor's report.

Schedule 24 (Continued)

TOWN OF KENTWOOD
Financial Data Schedule for PHA Number LA206 - Housing Choice Voucher Program
For the year ended December 31, 2023

Line	Account Description	Housing Choice Voucher Program 14.871
Liabilities and Equity:		
Liabilities:		
Current Liabilities:		
311	Bank Overdraft	\$ -
312	Accounts payable less than or equal to 90 days	-
313	Accounts payable greater than 90 days	-
321	Accrued wage / payroll taxes payable	-
322	Accrued compensated absences - current portion	-
324	Accrued contingency liability	-
325	Accrued interest payable	-
331	Accounts payable - HUD PHA programs	-
332	Accounts payable - PHA projects	-
333	Accounts payable - other government	-
341	Tenant security deposits	-
342	Deferred revenues	-
343	Current portion of long-term debt - capital projects / mortgage revenue bonds	-
344	Current portion of long-term debt - operating borrowings	-
345	Other current liabilities	(25,629)
346	Accrued liabilities - other	-
347	Interprogram due to	-
348	Loan liability - current	-
310	Total Current Liabilities	<u>(25,629)</u>
Noncurrent Liabilities		
351	Long-term debt, net of current - capital projects/mortgage revenue bonds	-
352	Long-term debt, net of current - operating borrowings	-
353	Noncurrent liabilities - other	-
354	Accrued compensated absences - noncurrent	-
355	Loan liability - noncurrent	-
356	FASB 5 Liabilities	-
357	Accrued pension and OPEB liabilities	-
350	Total noncurrent liabilities	<u>-</u>
300	Total Liabilities	<u>(25,629)</u>
400	Deferred Inflow of Resources	<u>-</u>
Equity		
508.1	Invested in Capital Assets, Net of Related Debt	-
511.1	Restricted Net Position	(400)
512	Undesignated Fund Balance/Retained Earnings	-
512.1	Unrestricted Net Position	<u>(2,385)</u>
513	Total Equity / Net Position	<u>(2,785)</u>
600	Total Liabilities and Equity / Net Position	\$ <u>(28,414)</u>

(Continued)

See independent auditor's report.

Schedule 24 (Continued)

TOWN OF KENTWOOD
Financial Data Schedule for PHA Number LA206 - Housing Choice Voucher Program
For the year ended December 31, 2023

<u>Line</u>	<u>Account Description</u>	<u>Housing Choice Voucher Program 14,871</u>
Revenue:		
70300	Net tenant rental revenue	\$ -
70400	Tenant revenue - other	-
70500	Total Tenant Revenue	<u>-</u>
70600	HUD PHA operating grants	455,230
70610	Capital grants	-
70800	Other government grants	-
71100	Investment income - Unrestricted	81
71200	Mortgage interest income	-
71300	Proceeds from disposition of assets held for sale	-
71310	Cost of sale of assets	-
71400	Fraud recovery	-
71500	Other revenue	-
71600	Gain / loss on sale of fixed assets	-
72000	Investment income - restricted	-
70000	Total Revenue	<u>455,311</u>
Expenses		
Administrative		
91100	Administrative Salaries	42,661
91200	Auditing Fees	-
91300	Management Fee	-
91310	Book-keeping Fee	12,929
91400	Advertising and Marketing	-
91500	Employee benefit contributions - administrative	15,242
91600	Office Expenses	846
91700	Legal Expense	-
91800	Travel	-
91900	Other	-
91000	Total Operating Administrative	<u>71,678</u>
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	<u>-</u>
Utilities		
93100	Water	-
93200	Electricity	-
93300	Gas	-
93400	Fuel	-
93500	Labor	-
93600	Sewer	-
93700	Employee benefit contributions - utilities	-
93800	Other utilities expense	-
93000	Total Utilities	<u>-</u>
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	<u>-</u>

(Continued)

See independent auditor's report.

TOWN OF KENTWOOD
Financial Data Schedule for PHA Number LA206 - Housing Choice Voucher Program
For the year ended December 31, 2023

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	-
	General Expenses:	
96110	Property insurance	-
96120	Liability insurance	-
96130	Workmen's compensation	201
96140	All other insurance	-
96100	Total Insurance Premiums	201
96500	Bad debt - mortgages	-
96600	Bad debt - other	-
96710	Interest expense	-
96800	Severance expense	-
96000	Total Other General Expenses	-
96900	Total Operating Expenses	71,879
97000	Excess Operating Revenue over Operating Expenses	383,432
	Other Expenses:	
97100	Extraordinary maintenance	-
97200	Casualty losses - non-capitalized	-
97300	Housing assistance payments	401,802
97350	HAP portability-in	-
97400	Depreciation expense	-
97500	Fraud losses	-
97800	Dwelling units rent expense	-
90000	Total Expenses	401,802
	Other Financing Sources (Uses)	
10010	Operating transfers in	-
10020	Operating transfers out	-
10030	Operating transfers from/to primary government	35,000
10040	Operating transfers from/to component unit	-
10070	Extraordinary items (net gain/loss)	-
10080	Special items (net gain/loss)	-
10093	Transfers between program and project-in	-
10094	Transfers between program and project-out	-
10100	Total Other Financing Sources (Uses)	35,000
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ 16,630
	Memo Account Information	
11020	Required Annual Debt Principal Payments	-
11030	Beginning Equity	(13,845)
11040	Prior period adjustments, equity transfers and correction of errors	-
11170	Administrative fee equity	2,385
11180	Housing assistance payments equity	400
11190	Unit months available	731
11210	Number of unit month's leased	732

(Concluded)

See independent auditor's report.

Minda B. Raybourn

Certified Public Accountant

Limited Liability Company

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Franklinton, Louisiana 70438
(985) 839-4413
Fax (985) 839-4402
wrcpa@huntbrothers.com

Member
AICPA

Member
LCPA

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Kentwood, Louisiana's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Town of Kentwood, Louisiana's major federal programs for the year ended December 31, 2023. The Town of Kentwood, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Kentwood, Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 26, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Kentwood, Louisiana and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Kentwood, Louisiana's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Town of Kentwood, Louisiana's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Kentwood, Louisiana's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Kentwood, Louisiana's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town of Kentwood, Louisiana's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Kentwood, Louisiana's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Kentwood, Louisiana's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

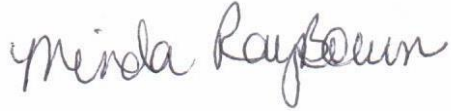
Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Minda Raybourn".

Minda Raybourn CPA
Franklinton, LA 70438
August 26, 2024

Minda B. Raybourn

*Certified Public Accountant
Limited Liability Company*

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wrcpa@huntbrothers.com

AICPA
Member

LCPA
Member

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, 2023, 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 August 26, 2024.

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 questioned costs as item 2023-001 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 items 2023-002, 2023-003, and 2023-004 to be significant deficiencies.

Report on Compliance and Other Matters

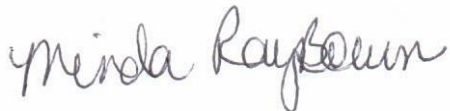
As part of obtaining reasonable assurance about whether Town of Kentwood, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 one instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* as described in the accompanying schedule of findings and questioned costs as item 2023-005.

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, LA
August 26, 2024

**TOWN OF KENTWOOD, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

SUMMARY OF AUDIT RESULTS

1. The auditor’s report expresses an unmodified opinion on whether the financial statements of Town of Kentwood were prepared in accordance with generally accepted accounting principles.
2. One material weakness was disclosed during the audit of the financial statements. Three significant deficiencies were disclosed during the audit of the financial statements
3. One instance of noncompliance material to the financial statements of Town of Kentwood was disclosed during the audit.
4. No material weaknesses or significant deficiencies were identified during the audit of the major federal award program.
5. The auditor’s report on compliance expresses an unmodified opinion.
6. The program tested as a major program were:

Assisted Listing Number	Name of Federal Program
21.027	COVID 19-Coronavirus State and Local Fiscal Recovery Funds

7. The threshold for the distinguishing Types A and B programs is as follows:
 Type A- \$750,000 or more of federal awards expended
 Type B- Any program that does not meet the threshold of Type A programs.
8. For the period ending December 31, 2023, Town of Kentwood was determined not to be a low-risk auditee.

MANAGEMENT LETTER

None

**TOWN OF KENTWOOD, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

FINDING 2023-001 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 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 OF CONDITION: 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 OF CONDITION: 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: Effective immediately, the Town will implement the auditor's recommendation.

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

FINDING 2023-002 Reconciliation of Customer Deposit Liability (Significant Deficiency)

CRITERIA: Internal controls should be in place to reconcile the customer deposit subsidiary ledger to the customer deposit liability accounts in the general ledger. This will ensure proper financial reporting.

CONDITION: The Town's customer deposit liabilities do not reconcile with the general ledger. The customer deposits liability per the Town's general ledger is \$147,573. The customer deposit register of active and inactive accounts is \$180,961. The Town is not maintaining and reconciling the customer deposit subsidiary ledger to the general ledger accounts. The Town's customer deposit cash accounts total \$162,003.

CAUSE OF CONDITION: The Town is not maintaining and reconciling the customer deposit subsidiary ledger to the general ledger accounts.

**TOWN OF KENTWOOD, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

EFFECT OF CONDITION: Failure to maintain and reconcile the customer deposit register to the accounting system could result in customer deposits not to be credited properly, possibly fraudulent transactions, and inaccurate financial reporting.

RECOMMENDATION: The Town should review the list of active and inactive customers on the utility billing system deposit register. Inactive customer deposits should: 1) be applied to the accounts receivable if a past due balance is present or 2) refund the deposit to the customer if no accounts receivable is present.

MANAGEMENT RESPONSE: Effective immediately, we will implement the auditor's recommendation, and go back to the last reconciliation and reconcile.

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

FINDING 2023-003 Lack of Management Approval of Disbursements (Significant Deficiency)

CRITERIA: 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.

CONDITION: Out of a sample of 25 disbursements, none were verified in writing by management for approval (either by initialing or notation).

CAUSE OF CONDITION: The Town has policies and procedures over purchasing and disbursements. They were not followed regarding verification of review and approval.

EFFECT OF CONDITION: 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 RESPONSE: Effective immediately, the Town will implement the auditor's recommendation.

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

FINDING 2023-004 Lack Of Fixed Asset Reporting (Significant Deficiency)

CRITERIA : Records of fixed assets and movable property should be maintained as required by Louisiana R.S. 24:515 and/or 39:321-332, as applicable.

**TOWN OF KENTWOOD, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

CONDITION: The Town maintains a depreciation schedule. However, the Town does not have an accurate listing of fixed assets and movable property with tag numbers.

CAUSE OF CONDITION: Lack of internal controls over fixed asset records.

EFFECT OF CONDITION: Possible effects include misappropriation of assets that could go undetected by management. Other effects include inaccurate and fraudulent financial reporting.

RECOMMENDATION: The Town should work to complete a listing of fixed assets and movable property with tag numbers as soon as possible. Each piece of moveable equipment should have an identifiable tag number.

CLIENT RESPONSE: Effective immediately, we will implement the auditor's recommendation.

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

FINDING 2023-005 Late Filing Of Report (Noncompliance Finding)

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 August 2024.

CAUSE: The Town required a Single Audit for 2023 requiring additional time for completing the audit. An extension was approved for the audit.

EFFECT: Noncompliance with state audit law.

RECOMMENDATION: The Town will comply with the state audit law.

MANAGEMENT'S RESPONSE: We will follow the 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, 2022

FINDING 2022-001 Reconciliation of Customer Deposit Liability (Significant Deficiency)

CRITERIA: Internal controls should be in place to reconcile the customer deposit subsidiary ledger to the customer deposit liability accounts in the general ledger. This will ensure proper financial reporting.

CONDITION: The Town's customer deposit liabilities do not reconcile with the general ledger. The customer deposits liability per the Town's general ledger is \$144,062. The customer deposit register of active and inactive accounts is \$174,362. The Town is not maintaining and reconciling the customer deposit subsidiary ledger to the general ledger accounts. The Town's customer deposit cash accounts total \$154,045.

CAUSE OF CONDITION: The Town is not maintaining and reconciling the customer deposit subsidiary ledger to the general ledger accounts.

EFFECT OF CONDITION: Failure to maintain and reconcile the customer deposit register to the accounting system could result in customer deposits not to be credited properly, possibly fraudulent transactions, and inaccurate financial reporting.

RECOMMENDATION: The Town should review the list of active and inactive customers on the utility billing system deposit register. Inactive customer deposits should: 1) be applied to the accounts receivable if a past due balance is present or 2) refund the deposit to the customer if no accounts receivable is present.

MANAGEMENT RESPONSE: Effective January 1, 2023, we will implement the auditor's recommendation, and go back to the last reconciliation and reconcile.

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

STATUS: Not resolved.

FINDING 2022-002 Lack of Management Approval of Disbursements (Significant Deficiency)

CRITERIA: 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.

CONDITION: Out of a sample of 50 disbursements, none were verified in writing by management for approval (either by initialing or notation).

CAUSE OF CONDITION: The Town has policies and procedures over purchasing and disbursements. They were not followed regarding verification of review and approval.

EFFECT OF CONDITION: 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.

Town of Kentwood
Schedule of Current Year Findings and Responses
For the Year Ended December 31, 2022

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

MANAGEMENT RESPONSE: Effective January 1, 2023, the Town will implement the auditor's recommendation.

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

STATUS: Partially Resolved. The Mayor is approving the invoices for payment.

FINDING 2022-003 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 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 OF CONDITION: 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 OF CONDITION: 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: Effective January 1, 2023, the Town will implement the auditor's recommendation.

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

STATUS: Not resolved.

FINDING 2022-004 Ethics Violation (Noncompliance Finding)

CRITERIA: Louisiana R.S. 42: 1113A prohibits public servants, their immediate family members or their companies from entering into contracts or other transactions with the public servant's agency.

No elected official or public employee or member of such public servant's immediate family, or

Town of Kentwood
Schedule of Current Year Findings and Responses
For the Year Ended December 31, 2022

legal entity in which he has a controlling interest shall bid on or enter into any contract, subcontract, or other transaction that is under the supervision or jurisdiction of the public servant's agency.

Section 1102(13) of the Code defines "immediate family," as it relates to a public servant as follows:

1. his children
2. the spouses of his children (daughters-in-law and sons-in-law)
3. his brothers and sisters
4. the spouses of his brothers and sisters (added by 1999 legislative amendment)
5. his parents
6. his spouse
7. the parents of his spouse (mother-in-law and father-in-law)

The Town's policies and procedures also state: Related parties' transactions are strictly prohibited (i.e. transactions with any individual(s) or business that is "related" to a municipal official or employee.

CONDITION: The town hired a company for the removal of one large dead tree, a smaller dead tree, tree trimming, tree removal, mulching from the stump grinding, and crane and set up. The invoice rendered for services was dated December 20, 2022 for \$8,500. The Town paid for the services out of the general fund on December 21, 2022. Inquiries with town officials and management revealed the company is owned by the son of the town clerk who resigned when the new mayor and administration went into office in January 2023. A search of the Louisiana Secretary of State website shows the company had a domestic LLC agent/domicile change on May 5, 2022 and again on November 23, 2022. The owner of the company was verified with Town management as the employee's son

CAUSE OF CONDITION: The Town has lack of enforcement of controls over expenditures, approval of expenditures, and disregard of ethics rules and town policies and procedures.

EFFECT OF CONDITION: Potential effect include noncompliance with state law, noncompliance with state ethics rules, and noncompliance with the Town's policies and procedures. 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: The Town has as part of its policies and procedures, that management is to document their review and approval to pay all invoices. The Town should enforce this control with all expenditures before disbursements are processed.

MANAGEMENT RESPONSE: Effective January 1, 2023, the Town will implement the auditor's recommendation. This has been reported to the Louisiana Board of Ethics.

Town of Kentwood
Schedule of Current Year Findings and Responses
For the Year Ended December 31, 2022

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

STATUS: Resolved.

FINDING 2022-005 Late Filing Of Report (Noncompliance Finding)

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 outside 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 2023.

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 2023 audit complete and filed with the Louisiana Legislative Auditor by the statutory deadline.

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

STATUS: Resolved.

FINDING 2022-006 Lack Of Fixed Asset Reporting (Significant Deficiency)

CRITERIA : Records of fixed assets and movable property should be maintained as required by Louisiana R.S. 24:515 and/or 39:321-332, as applicable.

CONDITION: The Town maintains a depreciation schedule. However, the Town does not have an accurate listing of fixed assets and movable property with tag numbers.

CAUSE OF CONDITION: Lack of internal controls over fixed asset records.

EFFECT OF CONDITION: Possible effects include misappropriation of assets that could go undetected by management. Other effects include inaccurate and fraudulent financial reporting.

RECOMMENDATION: The Town should work to complete a listing of fixed assets and movable property with tag numbers as soon as possible. Each piece of moveable equipment should have an identifiable tag number.

Town of Kentwood
Schedule of Current Year Findings and Responses
For the Year Ended December 31, 2022

CLIENT RESPONSE: Effective January 1, 2023, we will implement the auditor's recommendation.

CONTACT PERSON: Irma Gordon, Mayor, 308 Avenue G, Kentwood, Louisiana, 70444, telephone (985) 229-3451

Status: Not resolved.

FINDING 2022-007 Missing Equipment (Noncompliance Finding)

CRITERIA: Article VII Section 14(A) of the Louisiana Constitution states:

“Prohibited Uses. Except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private. Except as otherwise provided in this Section, neither the state nor a political subdivision shall subscribe to or purchase the stock of a corporation or association or for any private enterprise.”

CONDITION: It is alleged that upon expiration of her tenure, the former town clerk did not return equipment that was in her possession. The Town maintains a list of equipment that was assigned to her for work duties was not returned. The equipment includes: 1) Doodle board note pad, 2) 2 printers, 3) 2 laptops, 4) 1 iPad, 6) flash drive, 7) 2 scanners, 8) VGA cables, 9) HDMI cables, 10) Dell mouse, 11) wireless keyboard, 12) Idea pad duet, and 13) Verizon wireless jet pack. It is also alleged that a SAM's membership card was not returned. It is alleged the former employee had the equipment in order to perform work duties from home. The known values of the missing equipment are iPad: \$479.99, laptop: \$2,187.27, and mouse: \$71.99. Values of the other equipment were not provided to me. The Town has asked for the return of the items and has not received them as of the date of the audit report.

CAUSE OF CONDITION: Lack of controls over the Town's movable fixed assets. Lack of procedures to have terminated employees turn in assigned equipment before the final payroll check is processed.

EFFECT OF CONDITION: Potential effect is misappropriation of the Town's assets.

RECOMMENDATION: Management should contact the local District Attorney and Louisiana Legislative Auditor regarding the missing items. In addition, as referenced in Finding 2022-006, the Town should update its fixed assets and moveable equipment listing with tag numbers. In addition, the Town will implement a procedure to ensure that all equipment assigned to an employee who is terminated (such as tablets, cell phones, laptop, other technology items) will be turned in properly before a termination check is processed.

MANAGEMENT RESPONSE: Effective January 1, 2023, we will implement the auditor's recommendation.

CONTACT PERSON: Irma Gordon, Mayor, 308 Avenue G, Kentwood, Louisiana, 70444, telephone (985) 229-3451

STATUS: Resolved.

Minda B. Raybourn

Certified Public Accountant

Limited Liability Company

820 11th Avenue
Franklinton, Louisiana 70438
(985) 839-4413
Fax (985) 839-4402
wrcpa@huntbrothers.com

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
308 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, 2023 through December 31, 2023. 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, 2023 through December 31, 2023. 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:

1) Written Policies and Procedures

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

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
No exceptions to this procedure.
- b) **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
No exceptions 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 rates 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) **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.
- h) **Credit Cards (and debit cards, fuel cards, purchase 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.
- 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 on information technology disaster recovery/business continuity.

- l) **Prevention of 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 policies and procedures on sexual harassment prevention.

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

2) **Board or Finance Committee**

- 1. 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
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The board meets every month.

- ii. 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 comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds.

The board is provided financial statements.

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

The Town's unassigned fund balance in the general fund was positive.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

The minutes do not reference updates of the progress of prior year audit findings.

Management Response: We will provide written updates on the audit findings at each meeting until fully resolved.

3) Bank Reconciliations

1. 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:

- i. 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 exceptions to this procedure.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

No exceptions to this procedure.

- iii. 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 utility and general fund have checks older than 12 months that are outstanding.

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

4) Collections (excluding electronic funds transfers)

- A. 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 and management's representation were obtained.

- B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures,

then 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

- i. Employees responsible for cash collections do not share cash drawers/registers;
- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
- iii. Each employee responsible for collecting cash is not also 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; and
- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions to procedures i. through iv.

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

No exception to this procedure.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3 (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). *Alternatively, 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

- i. Observe that receipts are sequentially pre-numbered.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions to i. through v.

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

1. 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).

A listing and management's representation were obtained.

2. For each location selected under procedure #1 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, then 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 or making the purchase;
 - b) At least two employees are involved in processing and approving payments to vendors;
 - 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;
 - 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; and
 - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions to procedures a) through e).

3. For each location selected under procedure #1 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
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions to this procedure.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #2 above, as applicable.

There was no written evidence of approving payments.

4. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #1 randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy,

and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

No exceptions to procedure a); no written approval was noted.

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

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.

A listing and management's representation were obtained.

B. 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 (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

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

No exceptions to procedures a) and b).

C. Using the monthly statements or combined statements selected under procedure #6B 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 (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions to this procedure.

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

- A. 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 and 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

A listing and management's representation were obtained.

- i. If reimbursed using a per diem, observe that 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);

No exceptions to this procedure.

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

No exceptions to this procedure.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

No exceptions to this procedure.

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

The reimbursements were not approved in writing.

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

8) Contracts

- A. 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. *Alternatively, 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

A listing and management's representation were obtained.

- i. 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;

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

- iii. If the contract was amended (e.g., change order), observe that 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, the documented approval); and
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions to procedures i. through iv.

9) Payroll and Personnel

- A. 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.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No exceptions to procedures i. through iv.

- C. 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 and 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's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

No exceptions to this procedure.

- D. 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 federal tax payment and one payment to FERS was late. Five health insurance premiums were paid late.

Management response: *We will ensure that all employer and employee portions of third-party payroll related transactions are paid and filed timely.*

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - a. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - b. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions to a. and b.

2. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions to this procedure.

11) Debt Service

- A. 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 that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

A listing was provided. No exceptions to this procedure.

- B. 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).

A listing was provided. No exceptions to this procedure.

12) Fraud Notice

- A. 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 as required by R.S. 24:523.

No exceptions to this procedure.

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

No exceptions to this procedure.

13) Information Technology Disaster Recovery/Business Continuity

- A. 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 there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We 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 there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the

documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

1. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

No exceptions to this procedure.

2. Observe that 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.

3. 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 that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Line ii was provided but not i., iii., iv., and v.

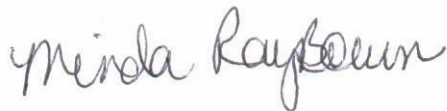
Management response: We will update the location of the policy. We will prepare a report at the end of each fiscal year.

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 black ink that reads "Minda Raybourn". The signature is written in a cursive style with a loop at the end of the last name.

Minda B. Raybourn CPA
Franklinton, LA
August 26, 2024