

Town of Kentwood, Louisiana

Annual Financial Statements

As of and for the Year Then Ended December 31, 2020
With Supplementary Information

**Town of Kentwood
Annual Financial Statements
As of and for the Year Ended December 31, 2020
With Supplementary Information**

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Minda B. Raybourn

*Certified Public Accountant
Limited Liability Company*

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

Member
AICPA

Member
LCPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor Rochell Bates
And Members of the Board (Town Council)
Kentwood, LA 70444

I 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, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the Town's Proportionate Share of Net Pension Liability, and Schedule of the Town's Contributions be presented to supplement the basic financial statements. Such information, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

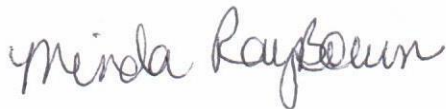
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Kentwood, Louisiana's basic financial statements. The accompanying schedules listed as Other Supplemental Information in the table of contents are presented for purposes of additional analysis and are not a required part of the 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 information for the year ended December 31, 2020 in the schedules listed as Other Supplemental Information and 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 my opinion, the information for the year ended December 31, 2020 in the schedules listed as Other Supplemental Information and 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 combining and individual fund statements, statistical sections, 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/dispersing entity were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated April 24, 2022 on my consideration of the Town of Kentwood's internal control over financial reporting and on my 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 my 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's internal control over financial reporting and compliance.

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

Minda Raybourn CPA
Franklinton, LA
April 24, 2022

Required Supplementary Information (Part I)
Management's Discussion and Analysis

Town of Kentwood

Management's Discussion and Analysis As of and for the Year Ended December 31, 2020

Introduction

The Town of Kentwood (the Town) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), as amended. The amendment of GASB 34, including the adoption of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and applicable standards are more fully described in the financial statement footnotes as *Footnote 1 – Summary of Significant Accounting Policies*.

The Town's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position, (d) identify any significant variations from the Town's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Town's financial statements on pages 18 through 29 of this report.

Financial Highlights

- At December 31, 2020, the Town's assets exceeded its liabilities by \$8,169,653 (net position). Of this amount, \$1,730,485 (unrestricted net position) may be used to meet the Town's ongoing obligations to its citizens.
- For the year ended December 31, 2020, the Town's total net position increased by \$153,904.
- At December 31, 2020, the Town's governmental funds reported combined ending fund balances of \$2,149,496, an increase of \$14,337 for the year. Of this amount, \$336,207 or sixteen percent is available for spending at the Town's discretion (unassigned fund balances).
- At December 31, 2020, the Town's proprietary funds reported combined ending net position of \$5,200,260, an increase of \$130,467 for the year. Unrestricted net position has a balance of \$712,087.
- For the year ended December 31, 2020, the Town's total long term debt for the proprietary fund decreased by \$128,491, due to principal payments of \$128,491.
- For the year ended December 31, 2020, the Town's total long term debt for governmental activities decreased by \$79,073, including bond premium, due to principal payments of \$79,073.

Overview of the Annual Financial Report

The financial statement focus is on both the Town as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the Town's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the Town's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the

Town of Kentwood

Management's Discussion and Analysis As of and for the Year Ended December 31, 2020

financial statements. This report also contains other supplemental information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. Governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support are presented in separate columns along with a total column for the primary government. If the Town determines that presentation of a component unit (which are other governmental units for which the Town can exercise significant influences or for which the Primary Government financial statements would be misleading if component unit information is not presented) is necessary to allow the reader to determine the relationship of the component unit and primary government, the component unit information is presented in a separate column of the financial statements or in a separate footnote. For the current fiscal year, the Town of Kentwood has no component units.

The Statement of Net Position presents information on the Town's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, the increases or decreases in net position and changes in the components of net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the Town's general tax and other revenues. This is intended to summarize and simplify the reader's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

In both of the government-wide financial statements, the Town's activities are divided into two types:

Governmental activities - Most of the Town's basic services are reported here, including general government, public safety, streets and sanitation, health and welfare, and culture and recreation. These activities are financed primarily by property taxes, franchise taxes, sales taxes, fire insurance rebates, and fines.

Business-type activities - The Town charges a fee to customers to help it cover all of the cost of the services provided. The Town's water, natural gas, and sewer utility systems are reported in this section.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Town uses two categories of funds to account for financial transactions: governmental funds and proprietary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Town of Kentwood

Management's Discussion and Analysis As of and for the Year Ended December 31, 2020

Governmental funds are used to account for most of the Town's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

Proprietary funds account for water, natural gas, and sewer utility services provided by the Town to its customers. Proprietary funds statements provide the same type of information as the government-wide financial statements, but the fund presentation provides more detail.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Town's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Town of Kentwood

Management's Discussion and Analysis As of and for the Year Ended December 31, 2020

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Town's net position for the current year as compared to the prior year. For more detailed information, see the Statement of Net Position in this report.

Net Position 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and Other Assets	\$ 2,778,457	\$ 2,448,532	\$ 1,497,111	\$ 1,278,755	\$ 4,275,568	\$ 3,727,287
Capital Assets	2,817,531	2,898,020	6,790,900	6,960,680	9,608,431	9,858,700
Total Assets	<u>5,595,988</u>	<u>5,346,552</u>	<u>8,288,011</u>	<u>8,239,435</u>	<u>13,883,999</u>	<u>13,585,987</u>
Deferred Outflows of Resources						
Pension Related	263,749	268,293	52,749	59,678	316,498	327,971
Total Deferred Outflows of Resources	<u>263,749</u>	<u>268,293</u>	<u>52,749</u>	<u>59,678</u>	<u>316,498</u>	<u>327,971</u>
Liabilities:						
Long-Term Debt Outstanding	1,979,690	2,103,767	2,509,340	2,665,205	4,489,030	4,768,972
Other Liabilities	707,792	406,563	589,081	526,852	1,296,873	933,415
Total Liabilities	<u>2,687,482</u>	<u>2,510,330</u>	<u>3,098,421</u>	<u>3,192,057</u>	<u>5,785,903</u>	<u>5,702,387</u>
Deferred Inflows of Resources						
Pension Related	202,862	158,559	23,444	37,263	226,306	195,822
Total Deferred Inflows of Resources	<u>202,862</u>	<u>158,559</u>	<u>42,079</u>	<u>37,263</u>	<u>244,941</u>	<u>195,822</u>
Net Position:						
Net Investment in Capital Assets	1,623,361	1,671,802	4,463,638	4,535,180	6,086,999	6,206,982
Restricted	327,634	448,191	24,535	11,453	352,169	459,644
Unrestricted	1,018,398	825,963	712,087	523,160	1,730,485	1,349,123
Total Net Position	<u>\$ 2,969,393</u>	<u>\$ 2,945,956</u>	<u>\$ 5,200,260</u>	<u>\$ 5,069,793</u>	<u>\$ 8,169,653</u>	<u>\$ 8,015,749</u>

Approximately seventy-five percent of the Town's net position reflects its investment in capital assets (land, buildings, equipment, infrastructure, and improvements) net of any outstanding related debt used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Approximately four percent of the Town's net position represents resources that are subject to external restriction on how they may be used. The Town's restricted net position consists of cash reserves required by revenue bond agreements and cash for customer deposits net of corresponding liabilities.

Approximately twenty-one percent of the Town's net position is unrestricted and may be used to meet the Town's ongoing obligations to its citizens.

At the end of the current fiscal year, the Town was able to report positive balances in all three categories of net position, both for the Town as a whole, as well as for separate governmental activities and business-type activities. The prior fiscal year reported positive balances for the Town as a whole, as well as for separate governmental activities and business-type activities.

Town of Kentwood

Management's Discussion and Analysis As of and for the Year Ended December 31, 2020

In order to further understand what makes up the changes in net position, the following table provides a summary of the results of the Town's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table.

Changes in Net Position For the years ended December 31, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 314,916	\$ 344,823	\$ 2,300,762	\$ 2,278,460	\$ 2,615,678	\$ 2,623,283
Operating Grants and Contributions	69,015	75,367	7,022	5,505	76,037	80,872
Capital Grants and Contributions	3,000	49,942	26,512	-	29,512	49,942
General Revenues:						
Taxes	1,403,578	1,272,096	-	-	1,403,578	1,272,096
Tang Fire Dist 2 Allocation	639,435	602,497	-	-	639,435	602,497
Interest Income	9,480	40,235	4,443	7,961	13,923	48,196
Donations	13,715	27,531	-	25,000	13,715	52,531
Miscellaneous	24,993	16,594	1,947	-	26,940	16,594
On Behalf Payments	83,310	80,404	-	-	83,310	80,404
Insurance Settlement	21,912	-	-	-	21,912	-
Other Nonoperating Revenue-Oil Lease	-	-	-	-	-	-
Gain (Loss) on Sale of Assets	(3,052)	-	-	-	(3,052)	-
Total Revenues	2,580,302	2,509,489	2,340,686	2,316,926	4,920,988	4,826,415
Expenses:						
General Government	745,978	755,490	-	-	745,978	755,490
Public Safety - Police Protection	737,650	802,196	-	-	737,650	802,196
Public Safety - Fire Protection	755,032	678,411	-	-	755,032	678,411
Public Works - Streets and Sanitation	385,244	545,461	-	-	385,244	545,461
Health and Welfare	13,188	6,594	-	-	13,188	6,594
Recreation	62,849	26,691	-	-	62,849	26,691
Economic Development	12,636	12,808	-	-	12,636	12,808
Bond Interest Expense	34,687	35,512	-	-	34,687	35,512
Capital Lease Interest	5,115	6,765	-	-	5,115	6,765
Water, Gas, and Sewer Utility	-	-	1,135,496	1,103,223	1,135,496	1,103,223
Nursing Home Property	-	-	126,544	32,659	126,544	32,659
Housing Assistance	-	-	405,768	390,221	405,768	390,221
Total Expenses	2,752,379	2,869,928	1,667,808	1,526,103	4,420,187	4,396,031
Change in Net Position Before Transfers	(172,077)	(360,439)	672,878	790,823	500,801	430,384
Transfers (Out) In	195,514	86,884	(542,411)	(501,203)	(346,897)	(414,319)
Capital Contributions	-	-	-	2,334,000	-	2,334,000
Change in Net Position	23,437	(273,555)	130,467	2,623,620	153,904	2,350,065
Net Position, Beginning	2,945,956	3,219,511	5,069,793	2,446,173	8,015,749	5,665,684
Net Position, Ending	\$ 2,969,393	\$ 2,945,956	\$ 5,200,260	\$ 5,069,793	\$ 8,169,653	\$ 8,015,749

Town of Kentwood

Management's Discussion and Analysis As of and for the Year Ended December 31, 2020

Governmental Activities

The Town's governmental net position increased by \$23,437 or one percent of the prior year ending net position of \$2,969,393.

Sales taxes increased \$150,622 to a balance of \$1,054,681 at December 31, 2020. Ad Valorem taxes decreased by \$18,203 totaling \$292,138 at fiscal year-end. The allocation for the Kentwood Volunteer Fire Department, from the Tangipahoa Rural Fire Protection District No. 2, increased by \$36,938 from \$602,497 at December 31, 2019, to \$639,435 at December 31, 2020. Capital Grants decreased \$46,942 at fiscal year-end.

Decreases in expenditures were most notable for Streets and Sanitation, with a \$160,217 decrease for 2020 (29%), decreasing from \$545,461 at prior fiscal year end to \$385,244 at December 31, 2020. For streets and sanitation expenses, the biggest decrease was due to salaries, benefits, and related items.

Business-Type Activities

The business-type activities recorded an increase in net position of \$130,467 as compared to the 2019 increase in net position of \$2,623,620. The nonoperational decrease in net position was caused by \$2,334,000 increase of capital contributions in the prior year related to the donations of the Nursing Home properties. Net position before transfers and capital contributions for all business activities decreased by \$117,945 in 2020, as compared to \$790,923 for 2019. Total operating expenses for the Utility Fund increased \$32,273 or three percent. Utility charges for services increased approximately \$22,302 or one percent in 2020. Housing assistance costs increased \$15,547 or about four percent for 2020.

Town of Kentwood

Management's Discussion and Analysis As of and for the Year Ended December 31, 2020

Fund Financial Analysis

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year. The basic governmental fund financial statements can be found on pages 22 through 25 of this report.

At the end of the current year, the Town's governmental funds reported combined ending fund balances of \$2,149,496, \$868,359 of which is assigned for the volunteer fire department, \$108,065 is restricted for capital projects, \$104,497 is assigned for the LHFA fund for current repair work on units and future projects, \$411,076 is restricted for recreation operations or construction, and \$247,643 is restricted for construction due to bond proceeds. An amount of \$336,207 is unassigned and available for spending at the Town's discretion. An amount of \$73,649 is in prepaid assets and is unspendable.

The general fund is the chief operating fund of the Town. At the end of the current year, the total fund balance for the general fund was \$619,952. The General Fund had \$477,640 unassigned fund balance. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The general fund unassigned fund balance represents twenty-four percent of total general fund expenditures.

Proprietary Funds

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Governmental Fund Budgetary Highlights

Total revenues and other sources and total expenditures and other uses for the Town of Kentwood were within five percent of budgeted revenues and other sources and expenditures and other uses for the fiscal year ending December 31, 2020 for the General Fund and Special Revenue Funds. Except in the Volunteer Fire Department, revenues and other sources were less than five percent of the budgeted revenues and other sources. Actual revenues and other financing sources were \$224,623 less than budgeted revenues due grant revenue.

Town of Kentwood

Management's Discussion and Analysis As of and for the Year Ended December 31, 2020

Capital Assets and Debt Administration

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2020 amounts to \$9,608,431 (net of depreciation). The total decrease in the Town's investment in capital assets for the current fiscal year was \$250,269 (net of depreciation).

The administrative department purchased multiple computers at a total cost of \$8,299. The police department also purchased multiple computers at a total cost of \$7,597. The police department received donations of two vehicles. The recreation department completed a walking trail for the Martin Luther King, Jr Park at a cost of \$30,790. Costs of \$5,312 were incurred during the fiscal year for the park project. Phase 1 of the park project was completed and total costs of \$1,103,031 were transferred from construction in progress recorded as a fixed asset.

In the governmental activities, the Town sold land, which was previously donated to the Town at a fair market value of \$15,000, for \$11,349. The Town also sold two police cars for \$600. The police cars had an original cost of \$16,574 and were fully depreciated.

In the business-type activities, the Town purchased two vehicles for \$36,103 for the utility departments. The Town completed sewer lift station improvements of \$31,758. Other additions included \$4,786 in sewer pumps and \$5,151 for items related to the water system. The Town also purchased equipment for the Nursing Home property in the amount of \$4,274.

The following table provides a summary of the Town's capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 8 to the financial statements in this report.

**Capital Assets (Net of Depreciation)
2020 and 2019**

Capital Assets	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 631,126	\$ 646,126	\$ 1,622,600	\$ 1,622,600	\$ 2,253,726	\$ 2,268,726
Construction in Progress	-	1,097,719	-	-	-	1,097,719
Buildings and Improvements	3,168,442	2,021,850	780,639	780,639	3,949,081	2,802,489
Machinery and Equipment	1,267,658	1,256,335	292,054	251,677	1,559,712	1,508,012
Infrastructure	48,623	48,623	-	-	48,623	48,623
Gas Utility System	-	-	806,867	806,868	806,867	806,868
Water Utility System	-	-	5,312,232	5,307,081	5,312,232	5,307,081
Sewer Utility System	-	-	4,680,858	4,644,314	4,680,858	4,644,314
Subtotal Capital Assets	5,115,849	5,070,653	13,495,250	13,413,179	18,611,099	18,483,832
Less: Accumulated Depreciation	(2,298,318)	(2,172,633)	(6,704,350)	(6,452,499)	(9,002,668)	(8,625,132)
Capital Assets, Net	\$ 2,817,531	\$ 2,898,020	\$ 6,790,900	\$ 6,960,680	\$ 9,608,431	\$ 9,858,700

Long-Term Debt

Town of Kentwood

Management's Discussion and Analysis As of and for the Year Ended December 31, 2020

At December 31, 2020, the Town had total long term debt outstanding from bonds payable and capital leases of \$3,587,372, not including unamortized bond premium of \$6,726. Of this total, \$193,641 is due within one year and \$3,393,731 is due within greater than one year. The following table provides a summary of the Town's outstanding debt at the end of the current year as compared to the prior year. For more detailed information, see Note 13 to the financial statements in this report.

Outstanding Debt 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Capital Leases	\$ 119,933	\$ 149,006	\$ -	\$ 5,334	\$ 119,933	\$ 154,340
Revenue Bonds	1,081,726	1,132,129	2,392,439	2,515,596	3,474,165	3,647,725
Total Outstanding Debt	<u>\$ 1,201,659</u>	<u>\$ 1,281,135</u>	<u>\$ 2,392,439</u>	<u>\$ 2,520,930</u>	<u>\$ 3,594,098</u>	<u>\$ 3,802,065</u>

Other Factors Affecting the Town

The Town of Kentwood's management approach is conservative. When possible, the Mayor and Aldermen attempt to provide services for the Town based on existing revenues and to finance long-term projects only when absolutely necessary. The Town actively pursues grant funds to minimize the cost of major projects to its citizens. The Town also attempts to keep utility rates at the minimum required to cover the costs of utility system operation. However, gas system rates are largely dependent on the amounts charged the Town for the cost of gas sold.

Contacting the Town's Financial Management

This financial report is designed to provide the Town's citizens, taxpayers, creditors and investors with a general overview of the Town's finances and show the Town's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to the Town of Kentwood, 308 Avenue G, Kentwood, Louisiana 70444, telephone (985) 229-3451.

Basic Financial Statements
Government-Wide Financial Statements

Town of Kentwood
Statement of Net Position
As of December 31, 2020

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 331,161	\$ 723,192	\$ 1,054,353
Receivables, Net:			
Accounts	-	290,132	290,132
Intergovernmental	437,245	82,177	519,422
Taxes	150,901	-	150,901
Other	1,168,660	38,068	1,206,728
Due From Other Funds	221,683	93,542	315,225
Inventory	22,722	4,121	26,843
Prepaid Insurance	112,841	863	113,704
Total Current Assets	2,445,213	1,232,095	3,677,308
Restricted Assets:			
Restricted Cash and Cash Equivalents	333,244	265,016	598,260
Total Restricted Assets	333,244	265,016	598,260
Capital Assets:			
Land	631,126	1,622,600	2,253,726
Construction in Progress	-	-	-
Capital Assets, Net	2,186,405	5,168,300	7,354,705
Total Capital Assets, Net	2,817,531	6,790,900	9,608,431
Total Assets	5,595,988	8,288,011	13,883,999
Deferred Outflows of Resources			
Pension Related	263,749	52,749	316,498
Total Deferred Outflows of Resources	263,749	52,749	316,498
Liabilities			
Current Liabilities:			
Accounts Payable	426,148	70,429	496,577
Other Accrued Payables	109,271	22,989	132,260
Due To Other Funds	93,542	221,683	315,225
Customer Deposits	-	145,567	145,567
Accrued Interest	13,603	-	13,603
Bonds Payable	50,000	128,413	178,413
Capital Leases	15,228	-	15,228
Total Current Liabilities	707,792	589,081	1,296,873
Long Term Liabilities:			
Bonds Payable	1,031,726	2,264,026	3,295,752
Capital Leases	104,705	-	104,705
Net Pension Liability	743,848	219,416	963,264
Accrued Sick Leave Convertible to Retirement	99,411	25,898	125,309
Total Long Term Liabilities	1,979,690	2,509,340	4,489,030
Total Liabilities	2,687,482	3,098,421	5,785,903
Deferred Inflows of Resources			
Pension Related	202,862	23,444	226,306
Unearned Revenue	-	18,635	18,635
Total Deferred Inflows of Resources	202,862	42,079	244,941
Net Position			
Net Investment in Capital Assets	1,623,361	4,463,638	6,086,999
Restricted for:			
Capital Projects and Debt Service	327,634	5,849	333,483
Housing Activities	-	18,686	18,686
Unrestricted	1,018,398	712,087	1,730,485
Total Net Position	\$ 2,969,393	\$ 5,200,260	\$ 8,169,653

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

Town of Kentwood
Statement of Activities
For the year ended December 31, 2020

	Expenses	Program Revenues		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Governmental Activities				
General Government	\$ 745,978	\$ 194,332	\$ 6,593	\$ 13,721
Public Safety - Police Protection	737,650	21,402	4,712	-
Public Safety - Fire Protection	755,032	-	57,328	-
Public Works - Streets and Sanitation	385,244	82,990	382	-
Health and Welfare	13,188	-	-	-
Recreation	62,849	-	-	-
Economic Development	12,636	16,192	-	-
Bond Interest Expense	34,687	-	-	-
Capital Lease Interest	5,115	-	-	-
Total Governmental Activities	<u>\$ 2,752,379</u>	<u>\$ 314,916</u>	<u>\$ 69,015</u>	<u>\$ 13,721</u>
Business-type Activities				
Gas	\$ 396,189	\$ 487,728	\$ 3,876	\$ -
Water	537,672	671,625	2,208	26,512
Sewer	201,635	596,583	938	-
Nursing Home Property	126,544	144,785	-	-
Housing Assistance	405,768	400,041	-	-
Total Business-type Activities	<u>\$ 1,667,808</u>	<u>\$ 2,300,762</u>	<u>\$ 7,022</u>	<u>\$ 26,512</u>

General Revenues:

Taxes:

Property Taxes

Intergovernmental - Allocation from Tangipahoa Fire District Number 2

Sales Taxes

Franchise Taxes

Other

Interest Income

Donations

Miscellaneous

On Behalf Payments - State Supplemental Pay for Police

Other Nonoperating Revenue-Insurance Proceeds

Operating Transfers In (Out) to Town Funds

Capital Transfers (Out) to Tangipahoa Parish Fire Protection District Number Two

Gain (Loss) on Sale of Assets

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Statement B

Net (Expenses) Revenues and Changes of Primary Government			
Net (Expenses) Revenues	Governmental Activities	Business-Type Activities	Total
\$ (531,332)	\$ (531,332)	\$ -	\$ (531,332)
(711,536)	(711,536)	-	(711,536)
(697,704)	(697,704)	-	(697,704)
(301,872)	(301,872)	-	(301,872)
(13,188)	(13,188)	-	(13,188)
(62,849)	(62,849)	-	(62,849)
3,556	3,556	-	3,556
(34,687)	(34,687)	-	(34,687)
(5,115)	(5,115)	-	(5,115)
\$ (2,354,727)	(2,354,727)	-	(2,354,727)
\$ 95,415	-	95,415	95,415
162,673	-	162,673	162,673
395,886	-	395,886	395,886
18,241	-	18,241	18,241
(5,727)	-	(5,727)	(5,727)
\$ 666,488	-	666,488	666,488
	292,138	-	292,138
	628,714	-	628,714
	1,054,681	-	1,054,681
	45,318	-	45,318
	11,441	-	11,441
	9,480	4,443	13,923
	13,715	-	13,715
	24,993	1,947	26,940
	83,310	-	83,310
	21,912	-	21,912
	542,411	(542,411)	-
	(346,897)	-	(346,897)
	(3,052)	-	(3,052)
	2,378,164	(536,021)	1,842,143
	23,437	130,467	153,904
	2,945,956	5,069,793	8,015,749
	\$ 2,969,393	\$ 5,200,260	\$ 8,169,653

Basic Financial Statements

Fund Financial Statements

Town of Kentwood
Balance Sheet, Governmental Funds
As of December 31, 2020

	<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	\$ 122,989	\$ 6,915	\$ 106,398	\$ 201,276	\$ -	\$ -	\$ 437,578
Receivables, Net:							-
Intergovernmental	237,762	1,352,982	-	-	-	-	1,590,744
Ad Valorem Taxes	85,157	-	-	49,653	-	-	134,810
Franchise Taxes	11,470	-	-	-	-	-	11,470
Gaming	4,621	-	-	-	-	-	4,621
Other	15,161	-	-	-	-	-	15,161
Due From Other Funds	593,244	1,728	-	308,428	-	244,630	1,148,030
Inventory	22,722	-	-	-	-	-	22,722
Prepaid Insurance	34,247	37,370	2,032	-	-	-	73,649
Prepaid Payroll Liabilities	39,192	-	-	-	-	-	39,192
Restricted Cash	108,065	-	-	-	115,749	3,013	226,827
Total Assets	\$ 1,274,630	\$ 1,398,995	\$ 108,430	\$ 559,357	\$ 115,749	\$ 247,643	\$ 3,704,804
Liabilities and Fund Balances							
Liabilities:							
Accounts Payable	\$ 54,441	\$ 371,707	\$ -	\$ -	\$ -	\$ -	\$ 426,148
Other Accrued Liabilities	83,597	24,374	1,300	-	-	-	109,271
Due to Other Funds	516,640	97,185	601	148,281	257,182	-	1,019,889
Total Liabilities	654,678	493,266	1,901	148,281	257,182	-	1,555,308
Fund Balances:							
Nonspendable	34,247	37,370	2,032	-	-	-	73,649
Restricted	108,065	-	-	411,076	-	247,643	766,784
Assigned	-	868,359	104,497	-	-	-	972,856
Unassigned	477,640	-	-	-	(141,433)	-	336,207
Total Fund Balances	619,952	905,729	106,529	411,076	(141,433)	247,643	2,149,496
Total Liabilities and Fund Balances	\$ 1,274,630	\$ 1,398,995	\$ 108,430	\$ 559,357	\$ 115,749	\$ 247,643	\$ 3,704,804

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, 2020

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

Fund Balances, Total Governmental Funds (Statement C)	\$ 2,149,496
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	2,817,531
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	(743,848)
Deferred Outflows of Resources	263,749
Deferred Inflows of Resources	(202,862)
Capital Lease Payable	(119,933)
Accrued Interest	(13,603)
Bonds Payable	(1,075,000)
Unamortized Bond Premium	(6,726)
Long-term liabilities for sick leave convertible to benefits upon retirement and the unfunded post employment health insurance liability is not due and payable in the current period and, therefore, not reported in the governmental funds.	
Accrued Sick Leave Convertible to Retirement	(99,411)
Net Position of Governmental Activities (Statement A)	\$ <u>2,969,393</u>

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

Town of Kentwood
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the year ended December 31, 2020

	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	\$ 1,288,157	\$ 570,028	\$ -	\$ 115,421	\$ -	\$ -	\$ 1,973,606
Licenses and Permits	165,649	-	-	-	-	-	165,649
Intergovernmental	23,824	93,889	-	-	-	-	117,713
Charges for Services	17,305	-	16,192	-	-	-	33,497
Fines and Forfeitures	18,763	-	-	-	-	-	18,763
Sanitation Fees	82,990	-	-	-	-	-	82,990
Interest	1,740	6,642	460	108	349	181	9,480
Donations	13,715	-	-	-	-	-	13,715
On Behalf Payments - Supplemental Pay	83,310	-	-	-	-	-	83,310
Miscellaneous	18,804	20,206	-	-	-	-	39,010
Total Revenues	<u>1,714,257</u>	<u>690,765</u>	<u>16,652</u>	<u>115,529</u>	<u>349</u>	<u>181</u>	<u>2,537,733</u>
Expenditures							
General Government	733,535	-	-	-	-	-	733,535
Public Safety:							
Police	706,079	-	-	-	-	-	706,079
Fire	99,133	631,124	-	-	-	-	730,257
Public Works	363,609	-	-	-	-	-	363,609
Health and Welfare	13,188	-	-	-	-	-	13,188
Recreation	-	-	-	5,087	-	-	5,087
Economic Development	-	-	4,453	-	-	-	4,453
Capital Outlays	40,667	346,897	-	30,790	-	5,313	423,667
Debt Service							
Principal	29,073	-	-	-	50,000	-	79,073
Interest	5,354	-	-	-	35,365	-	40,719
Total Expenditures	<u>1,990,638</u>	<u>978,021</u>	<u>4,453</u>	<u>35,877</u>	<u>85,365</u>	<u>5,313</u>	<u>3,099,667</u>
Excess (Deficiency) of Revenues Over (Under) (Expenditures)	<u>(276,381)</u>	<u>(287,256)</u>	<u>12,199</u>	<u>79,652</u>	<u>(85,016)</u>	<u>(5,132)</u>	<u>(561,934)</u>
Other Financing Sources (Uses)							
Operating Transfers In	561,161	-	-	-	-	-	561,161
Operating Transfers (Out)	(18,750)	-	-	-	-	-	(18,750)
Insurance Proceeds	-	21,912	-	-	-	-	21,912
Sale of Fixed Assets	11,948	-	-	-	-	-	11,948
Total Other Financing Sources (Uses)	<u>554,359</u>	<u>21,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>576,271</u>
Net Change in Fund Balances	<u>277,978</u>	<u>(265,344)</u>	<u>12,199</u>	<u>79,652</u>	<u>(85,016)</u>	<u>(5,132)</u>	<u>14,337</u>
Fund Balances, Beginning	<u>341,974</u>	<u>1,171,073</u>	<u>94,330</u>	<u>331,424</u>	<u>(56,417)</u>	<u>252,775</u>	<u>2,135,159</u>
Fund Balances, Ending	<u>\$ 619,952</u>	<u>\$ 905,729</u>	<u>\$ 106,529</u>	<u>\$ 411,076</u>	<u>\$ (141,433)</u>	<u>\$ 247,643</u>	<u>\$ 2,149,496</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, 2020

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

Net Change in Fund Balances, Total Governmental Funds, Statement E \$ 14,337

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

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

Expenditures for capital assets	423,667	
Less:		
Proceeds from sale of assets	(11,948)	
Gain on sale of assets	(3,052)	
Transfer of capital asset additions to Tangipahoa Fire District Number 2	(346,897)	
Current year depreciation	<u>(142,259)</u>	(80,489)

Compensated Absences payable after one year are not recorded as an expenditure in the governmental funds, but they are recorded as an expenditure in the statement of activities. (This entry records the change in compensated absences)		(8,650)
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Non-employer contributions to cost-sharing pension plan		23,709
Pension Expense		(5,460)

Accrued interest expense is not due and payable in the current period and, therefore, is not reported in the governmental funds		514
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Repayment of capital lease principal is an expenditure in governmental funds but the repayment reduces long-term liabilities in the statement of net position.

Principal payments - Series 2017 Recreation		50,000
Principal payments - capital leases		<u>29,073</u>
Change in Net Position of Governmental Activities, Statement B	\$	<u>23,437</u>

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

Town of Kentwood
Statement of Net Position - Proprietary Funds
As of December 31, 2020

	<u>Utility Fund</u>	<u>Housing Assistance Fund</u>	<u>Total Enterprise Funds</u>
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 723,192	\$ -	\$ 723,192
Receivables, Net	292,085	-	292,085
Due From State	82,177	-	82,177
Due From Other Funds	93,542	-	93,542
Rental Receivable	36,115	-	36,115
Inventory	4,121	-	4,121
Prepaid Insurance	863	-	863
Total Current Assets	<u>1,232,095</u>	<u>-</u>	<u>1,232,095</u>
Restricted Assets:			
Restricted Cash and Cash Equivalents	216,593	48,423	265,016
Total Restricted Assets	<u>216,593</u>	<u>48,423</u>	<u>265,016</u>
Property, Plant, and Equipment			
Land	22,600	-	22,600
Property, Plant and Equipment, Net	6,768,300	-	6,768,300
Total Property, Plant, and Equipment	<u>6,790,900</u>	<u>-</u>	<u>6,790,900</u>
Total Assets	<u>8,239,588</u>	<u>48,423</u>	<u>8,288,011</u>
Deferred Outflows of Resources			
Pension Related	52,749	-	52,749
Total Deferred Outflows of Resources	<u>52,749</u>	<u>-</u>	<u>52,749</u>
Liabilities			
Current Liabilities (Payable From Current Assets):			
Accounts Payable	70,429	-	70,429
Other Accrued Payables	22,989	-	22,989
Due To Other Funds	211,148	-	211,148
Total Current Liabilities (Payable From Current Assets)	<u>304,566</u>	<u>-</u>	<u>304,566</u>
Current Liabilities (Payable From Restricted Assets):			
Customer Deposits	145,567	-	145,567
Revenue Bonds Payable	128,413	-	128,413
Capital Lease Payable	-	-	-
Due To Other Funds	-	10,535	10,535
Total Current Liabilities (Payable From Restricted Assets)	<u>273,980</u>	<u>10,535</u>	<u>284,515</u>
Long Term Liabilities:			
Bonds Payable	2,264,026	-	2,264,026
Net Pension Liability	219,416	-	219,416
Accrued Sick Leave Convertible to Retirement	25,898	-	25,898
Total Long Term Liabilities	<u>2,509,340</u>	<u>-</u>	<u>2,509,340</u>
Total Liabilities	<u>3,087,886</u>	<u>10,535</u>	<u>3,098,421</u>
Deferred Inflows of Resources			
Pension Related	23,444	-	23,444
Unearned Revenue	-	18,635	18,635
Total Deferred Inflows of Resources	<u>23,444</u>	<u>18,635</u>	<u>42,079</u>
Net Position			
Net Investment in Capital Assets	4,463,638	-	4,463,638
Restricted for:			
Capital Projects and Debt Service	5,849	-	5,849
Housing Activities	-	18,686	18,686
Unrestricted	711,520	567	712,087
Total Net Position	<u>\$ 5,181,007</u>	<u>\$ 19,253</u>	<u>\$ 5,200,260</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, 2020

	<u>Gas Utility System</u>	<u>Water Utility System</u>	<u>Sewer Utility System</u>	<u>Nursing Home Property</u>	<u>Utility Fund</u>	<u>Housing Assistance Fund</u>	<u>Total Enterprise Funds</u>
Operating Revenues							
Gas Sales	\$ 470,267	\$ -	\$ -	\$ -	\$ 470,267	\$ -	\$ 470,267
Less Cost of Gas Sold	(165,866)	-	-	-	(165,866)	-	(165,866)
Gross Profit on Gas Sales	304,401	-	-	-	304,401	-	304,401
Water Sales	-	641,512	-	-	641,512	-	641,512
Sewer Service Charges	-	-	581,190	-	581,190	-	581,190
Intergovernmental - Pension Paid by Others	3,876	2,208	938	-	7,022	-	7,022
HUD Contributions	-	-	-	-	-	400,041	400,041
Lease Rental and Maintenance Income	-	-	-	144,785	144,785	-	144,785
Other	17,461	30,113	15,393	-	62,967	1,947	64,914
Total Operating Revenues	<u>325,738</u>	<u>673,833</u>	<u>597,521</u>	<u>144,785</u>	<u>1,741,877</u>	<u>401,988</u>	<u>2,143,865</u>
Operating Expenses							
Bad Debts	-	-	-	-	-	-	-
Cathodic Protection	14,831	-	-	-	14,831	-	14,831
Depreciation	9,120	133,871	85,226	23,634	251,851	-	251,851
Employee Benefits	35,477	21,218	11,514	168	68,377	17,589	85,966
Housing and Utility Assistance	-	-	-	-	-	346,727	346,727
Insurance	2,769	4,294	1,625	850	9,538	174	9,712
Other	19,713	16,695	4,638	-	41,046	4,077	45,123
Professional Fees	-	3,425	-	-	3,425	-	3,425
Repairs and Maintenance	30,006	41,464	44,790	60,307	176,567	-	176,567
Salaries and Wages	109,897	64,870	28,334	5,247	208,348	37,201	245,549
Supplies	8,509	26,373	1,709	-	36,591	-	36,591
Utilities	-	61,211	23,799	36,338	121,348	-	121,348
Water Treatment	-	61,260	-	-	61,260	-	61,260
Total Operating Expenses	<u>230,322</u>	<u>434,681</u>	<u>201,635</u>	<u>126,544</u>	<u>993,182</u>	<u>405,768</u>	<u>1,398,950</u>
Operating Income (Loss)	<u>95,416</u>	<u>239,152</u>	<u>395,886</u>	<u>18,241</u>	<u>748,695</u>	<u>(3,780)</u>	<u>744,915</u>
Nonoperating Revenues (Expenses)							
Interest Income	1,376	1,452	888	417	4,133	310	4,443
Interest Expense	-	(102,992)	-	-	(102,992)	-	(102,992)
Total Nonoperating Revenues (Expenses)	<u>1,376</u>	<u>(101,540)</u>	<u>888</u>	<u>417</u>	<u>(98,859)</u>	<u>310</u>	<u>(98,549)</u>
Income (Loss) Before Contributions and Transfers	96,792	137,612	396,774	18,658	649,836	(3,470)	646,366
Contributions and Transfers							
Capital Contributions	-	26,512	-	-	26,512	-	26,512
Operating Transfers In	-	-	-	-	-	18,750	18,750
Operating Transfers Out	(561,161)	-	-	-	(561,161)	-	(561,161)
Change in Net Position	(464,369)	164,124	396,774	18,658	<u>115,187</u>	<u>15,280</u>	<u>130,467</u>
Total Net Position, Beginning					<u>5,065,820</u>	<u>3,973</u>	<u>5,069,793</u>
Total Net Position, Ending					<u>\$ 5,181,007</u>	<u>\$ 19,253</u>	<u>\$ 5,200,260</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, 2020

	Utility Fund	Housing Assistance Fund	Total Enterprise Funds
Cash Flows From Operating Activities			
Received From Customers	\$ 1,833,930	\$ -	\$ 1,833,930
Received From the Department of Housing and Urban Development	-	400,041	400,041
Received for Meter Deposit Fees	3,173	-	3,173
Other Receipts	26,201	1,947	28,148
Received for (Payments for) Interfund Services	109,699	(25,296)	84,403
Payments for Operations	(656,106)	(332,343)	(988,449)
Payments to Employees	(304,915)	(54,790)	(359,705)
Net Cash Provided (Used) by Operating Activities	1,011,982	(10,441)	1,001,541
Cash Flows From Noncapital Financing Activities			
Transfers From (To) Other Funds	(561,161)	18,750	(542,411)
Net Cash Provided (Used) by Noncapital Financing Activities	(561,161)	18,750	(542,411)
Cash Flows From Capital and Related Financing Activities			
Capital Contributions Received	26,512	-	26,512
(Payments for) Capital Acquisitions	(82,071)	-	(82,071)
Principal Proceeds from (Repayments for) Long Term Debt	(128,491)	-	(128,491)
Interest Payments for Long Term Debt	(102,992)	-	(102,992)
Net Cash Provided (Used) by Capital and Related Financing Activities	(287,042)	-	(287,042)
Cash Flows From Investing Activities			
Receipt of Interest	4,133	310	4,443
Net Cash Provided (Used) by Investing Activities	4,133	310	4,443
Net Cash Increase (Decrease) in Cash and Cash Equivalents	167,912	8,619	176,531
Cash and Cash Equivalents, Beginning of Year	771,873	39,804	811,677
Cash and Cash Equivalents, End of Year	\$ 939,785	\$ 48,423	\$ 988,208
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:			
Cash and Cash Equivalents, Unrestricted	\$ 723,192	\$ -	\$ 723,192
Cash and Cash Equivalents, Restricted	216,593	48,423	265,016
Total Cash and Cash Equivalents	\$ 939,785	\$ 48,423	\$ 988,208

(Continued)

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, 2020

	<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)	\$ 748,695	\$ (3,780)	\$ 744,915
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	251,851	-	251,851
(Increase) decrease in Accounts Receivable	(3,824)	-	(3,824)
(Increase) decrease in Unbilled Receivable	(43,788)	-	(43,788)
(Increase) decrease in Inventory	741	-	741
(Increase) decrease in Prepaid Insurance	132	-	132
(Increase) decrease in Deferred Outflows of Resources	6,929	-	6,929
(Increase) decrease in Due (to) and from Other Funds	109,699	(25,296)	84,403
Increase (decrease) in Accounts Payable	(17,411)	-	(17,411)
Increase (Decrease) in Compensated Absences	(2,191)	-	(2,191)
Increase (decrease) in Accrued Expenses	(28,205)	18,635	(9,570)
Increase (decrease) in Deferred Inflows of Resources	(13,819)	-	(13,819)
Increase (decrease) in Customer Deposits	3,173	-	3,173
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,011,982</u>	<u>\$ (10,441)</u>	<u>\$ 1,001,541</u>

(Concluded)

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

Basic Financial Statements

Notes to the Financial Statements

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

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 2,198 as reported by the U.S. Census Bureau, Census 2010. The Town provides police and fire protection, services to maintain and develop streets, drainage, and sanitation, support of recreation activities, general and administrative services, and utilities services for area residents. The Town provides water, gas, and sewer utility services to 1,007 water customers, 412 gas customers, and 852 sewer customers inside and outside of the Town limits. The Town employs 28 full-time employees in addition to the Mayor and Board of Aldermen.

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

1. Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

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

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

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

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

Resources as an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements— and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Footnote J – Net Position and Fund Equity*. As required by the Government Accounting Standards Board (GASB), the Town implemented GASB Statement No. 63 during the year ending December 31, 2012. The Town had deferred outflows of resources related to pension of \$316,498 and deferred inflows related to pension of \$226,306 and deferred inflows related to unearned revenue of \$18,635 at December 31, 2020.

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

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

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

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

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

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

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

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

The Town reports the following governmental funds:

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

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes, other than debt service or capital projects. For the year ending December 31, 2020, 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, 2020, the Town had one debt service fund for the recreation park project Series 2017 Revenue Bond. This fund is used to accumulate funds for the annual installment due on the Series 2017 Revenue Bond. The bond was issued for the purpose of constructing a recreation park. Transfers will be made from the Recreation Ad Valorem Fund for this purpose and accumulated in this account.

The *Capital Projects Funds* account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets. For the year ending December 31, 2020, 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, 2020, the Town's Enterprise Funds were the Utility Fund and the Housing Assistance Fund, both Major Funds.

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

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

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

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

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

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

C. Deposits and Investments

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

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

D. Receivables and Payables

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

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

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

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

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

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, 2023.**

E. Inventories and Prepaid Items

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

F. Restricted Assets

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

G. Capital Assets

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

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

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

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

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

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

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

H. Compensated Absences

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

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

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

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

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

I. Long-Term Obligations

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

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

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

costs related to issuance and refunding of debt, were revised. This standard was intended to compliment GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expended in the period incurred under GASB 65. The Town had no bond issuance costs in the year ending December 31, 2020.

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

J. Net Position and Fund Equity

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

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

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

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

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

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

K. Comparative Data/Reclassifications

The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with general accepted accounting principles. Accordingly, such information should be read in conjunction with the Town's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

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

L. Extraordinary and Special Items

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

M. Estimates

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

N. Reconciliations of Government-Wide and Fund Financial Statements

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

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

2. Stewardship, Compliance and Accountability

The Town uses the following budget practices:

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

Total revenues and other sources and total expenditures and other uses for the Town of Kentwood were within five percent of budgeted revenues and other sources and expenditures and other uses for the fiscal year ending December 31, 2020 for the General Fund and Special Revenue Funds. Except in the Volunteer Fire Department, revenues and other sources were less than five percent of the budgeted revenues and other sources. Actual revenues and other financing sources were \$224,623 less than budgeted revenues due grant revenue.

3. Cash and Cash Equivalents

At December 31, 2020, the Town has cash and cash equivalents (book balances) as follows:

	December 31, 2020
Cash on Hand	\$ 798
Demand Deposits	1,349,577
Louisiana Asset Management Pool	302,238
Total Cash and Cash Equivalents	\$ 1,652,613

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Even though the pledged securities may be considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

Custodial credit risk as it relates to cash deposits is the risk that in the event of a bank failure, the government's deposits may not be returned. The Town does not have a formal policy for custodial risk. At December 31, 2020, the municipality has \$1,445,747 in deposits (collected bank balances) other than LAMP, consisting of \$1,354,861 in demand deposits within two banks and \$90,886 in trust accounts at one bank. The demand deposits in the first bank consist of \$1,053,897 in demand deposits for the Town of Kentwood and \$6,635 in demand deposits for the Kentwood Volunteer Fire Department. The demand deposits of \$1,053,897 are secured from risk by federal deposit insurance of \$250,000 and pledged securities of \$803,897. The \$803,897 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The remaining of \$6,635 of demand deposits is uncollateralized and subject to custodial credit risk. The \$6,635 in demand deposits is secured from risk by federal deposit insurance of \$250,000. The demand deposits in the second bank consist of \$294,329 in demand deposits. These are secured from risk by \$250,000 of federal deposit insurance and pledged securities of \$44,329. The \$44,329 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 \$90,886 in trust accounts are secured from risk by the Trust Department of the respective bank and consisted of U.S. Treasury Obligations.

4. Investments

Investments are categorized into these three categories of credit risk:

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

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

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

There were no investments held by the Town at December 31, 2020, other than LAMP which are carried as cash and cash equivalents.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

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

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

1. Credit risk: LAMP is rated AAAM by Standards and Poor's.
2. Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
3. Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.
4. Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments, as provided by LAMP, is 47 days as of December 31, 2020.
5. Foreign currency risk: Not applicable.

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

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

5. Receivables

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

There are no differences between the external governmental fund financial statements receivables and the government wide financial statements at December 31, 2020. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded only if paid within 60 days since they would be considered both measurable and available. Proprietary fund revenues consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging and write-off of accounts receivable.

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

The Governmental Fund receivables at December 31, 2020 consist of the following:

Government Receivables	General Fund	Volunteer Fire Department	Recreation Ad Valorem Special Revenue Fund	Recreation Capital Projects Fund	Total Governmental Funds
Taxes:					
Ad Valorem	\$ 85,157	\$ -	\$ 49,653	\$ -	\$ 134,810
Public Utility Franchise	11,470	-	-	-	11,470
Gaming	4,621	-	-	-	4,621
Intergovernmental:					
Tangipahoa Parish School Board, Sales Tax	90,721	-	-	-	90,721
Tangipahoa Parish School Board, School Officer	2,639	-	-	-	2,639
State of Louisiana, Beer Tax	2,162	-	-	-	2,162
FEMA Receivable	142,240	-	-	-	142,240
Tangipahoa Parish Council	-	202,037	-	-	202,037
Tangipahoa Parish Council-Cash	-	1,150,945	-	-	1,150,945
Other Receivables	15,161	-	-	-	15,161
Total Government Receivables	\$ 354,171	\$ 1,352,982	\$ 49,653	\$ -	\$ 1,756,806

The Enterprise Fund accounts receivable at December 31, 2020 consists of the following:

	Year Ended December 31, 2020
Accounts Receivable	
Current	\$ 191,740
31 - 60 Days	33,044
61 - 90 Days	6,402
Over 90 Days	9,156
Subtotal	240,341
Less Allowance for Bad Debt	11,232
Accounts Receivables, Net	229,109
Accrued Billings	54,399
NSF Checks Receivable	6,624
Credit Card Receivable	1,953
Total Accounts Receivable	\$ 292,085

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

6. Interfund Receivables/Payables

The following is a detailed list of interfund balances reported in the fund financial statements on December 31, 2020:

Interfund Balances	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund		
Volunteer Fire Department	\$ 97,185	\$ 1,728
Louisiana Housing Finance Authority (LHFA)	601	-
Recreation Ad Valorem	-	280,552
Recreation Debt Service Fund	229,306	-
Utility Fund	211,148	93,542
Housing Assistance Fund	10,535	-
Special Revenue Fund		
Volunteer Fire Department		
General Fund	1,728	97,185
Louisiana Housing Finance Authority (LHFA)		
General Fund	-	601
Recreation Ad Valorem		
General Fund	280,552	-
Debt Service Fund		
General Fund	-	229,306
Proprietary Funds		
Utility Fund		
General Fund	93,542	211,148
Housing Assistance Fund		
General Fund	-	10,535
Total Interfund Balances	<u>\$ 924,597</u>	<u>\$ 924,597</u>

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

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

7. Restricted Assets

Total restricted assets for the Town of Kentwood at December 31, 2020 were as follows:

	December 31, 2020
Restricted Cash and Cash Equivalents	
Customer Deposits	\$ 151,416
Water Construction Account	65,177
Housing Assistance Account	48,423
LHFA Grant Account	106,417
Industrial Development	108,065
Park Project Construction	3,013
Bond Sinking Account	28,318
Bond Reserve Account	87,431
Total Restricted Assets	\$ 598,260

8. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2020 for governmental activities is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities Capital Assets:				
Capital Assets Not Being Depreciated:				
Land	\$ 646,126	\$ -	\$ (15,000)	\$ 631,126
Construction in Progress	1,097,719	5,312	(1,103,031)	-
Total Capital Assets Not Being Depreciated	1,743,845	5,312	(1,118,031)	631,126
Capital Assets Being Depreciated:				
Buildings and Improvements	2,021,850	1,146,592	-	3,168,442
Vehicles and Equipment	1,256,335	27,897	(16,574)	1,267,658
Infrastructure	48,623	-	-	48,623
Total Capital Assets Being Depreciated	3,326,808	1,174,489	(16,574)	4,484,723
Less Accumulated Depreciation for:				
Buildings and Improvements	1,099,584	80,163	-	1,179,747
Vehicles and Equipment	1,042,466	59,867	(16,574)	1,085,759
Infrastructure	30,583	2,229	-	32,812
Total Accumulated Depreciation	2,172,633	142,259	(16,574)	2,298,318
Total Capital Assets Being Depreciated, Net	1,154,175	1,032,230	-	2,186,405
Total Governmental Activities Capital Assets, Net	\$ 2,898,020	\$ 1,037,542	\$ (1,118,031)	\$ 2,817,531

Depreciation was charged to governmental functions as follows:

General Government	\$ 18,668
Public Safety - Police Protection	25,989
Public Safety - Fire Protection	13,872
Public Works - Streets and Sanitation	17,785
Recreation	57,762
Economic Development	8,183
	\$ 142,259

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

During 2020, capital expenditures in the Volunteer Fire Department Fund of \$346,897 were incurred and the assets subsequently transferred to the Tangipahoa Parish Fire Protection District Number 2. These assets are not capitalized in the governmental activity assets listed above.

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

The administrative department purchased multiple computers at a total cost of \$8,299. The police department also purchased multiple computers at a total cost of \$7,597. The police department received donations of two vehicles. The recreation department completed a walking trail for the Martin Luther King, Jr Park at a cost of \$30,790. Costs of \$5,312 were incurred during the fiscal year for the park project. Phase 1 of the park project was completed and total costs of \$1,103,031 were transferred from construction in progress recorded as a fixed asset.

In the governmental activities, the Town sold land, which was previously donated to the Town at a fair market value of \$15,000, for \$11,349. The Town also sold two police cars for \$600. The police cars had an original cost of \$16,574 and were fully depreciated.

Included in vehicles is a Freightliner fire truck acquired in a prior fiscal period financed under capital leases in the gross amount of \$188,235 with related accumulated depreciation of \$70,065.

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

Capital assets and depreciation activity as of and for the year ended December 31, 2020 for business-type activities is as follows:

Business - Type Activities Capital Assets:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 1,622,600	\$ -	\$ -	\$ 1,622,600
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	<u>1,622,600</u>	<u>-</u>	<u>-</u>	<u>1,622,600</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	780,639	-	-	780,639
Vehicles and Equipment	251,677	40,377	-	292,054
Gas Utility System	806,868	-	(1)	806,867
Water Utility System	5,307,081	5,151	-	5,312,232
Sewer Utility System	4,644,314	36,544	-	4,680,858
Total Capital Assets Being Depreciated	<u>11,790,579</u>	<u>82,072</u>	<u>(1)</u>	<u>11,872,650</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	58,064	22,850	-	80,914
Vehicles and Equipment	204,192	12,117	-	216,309
Gas Utility System	721,028	5,342	-	726,370
Water Utility System	1,888,330	130,094	-	2,018,424
Sewer Utility System	3,580,885	81,448	-	3,662,333
Total Accumulated Depreciation	<u>6,452,499</u>	<u>251,851</u>	<u>-</u>	<u>6,704,350</u>
Total Capital Assets Being Depreciated, Net	<u>5,338,080</u>	<u>(169,779)</u>	<u>(1)</u>	<u>5,168,300</u>
Total Business - Type Activities Capital Assets, Net	\$ <u>6,960,680</u>	\$ <u>(169,779)</u>	\$ <u>(1)</u>	\$ <u>6,790,900</u>

In the business-type activities, the Town purchased two vehicles for \$36,103 for the utility departments. The Town completed sewer lift station improvements of \$31,758. Other additions included \$4,786 in sewer pumps and \$5,151 for items related to the water system. The Town also purchased equipment for the Nursing Home property in the amount of \$4,274.

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

9. Interfund Transfers

The following is a detailed list of interfund transfers reported in the fund financial statements on December 31, 2020:

Interfund Transfers	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Utility Fund	\$ 561,161	\$ -
Housing Assistance Fund	-	18,750
Proprietary Funds		
Utility Fund		
General Fund	-	561,161
Housing Assistance Fund		
General Fund	18,750	-
Total Interfund Transfers	<u>\$ 579,911</u>	<u>\$ 579,911</u>

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

10. Accounts, Salaries, and Other Payables

The Governmental Fund payables at December 31, 2020 are as follows:

Governmental Funds Payable	<u>General Fund</u>	<u>Volunteer Fire Department</u>	<u>LHFA Special Revenue Fund</u>	<u>Recreation Capital Project Fund</u>	<u>Total Governmental Funds</u>
Accounts	\$ 54,441	\$ 371,707	\$ -	\$ -	\$ 426,148
Accrued Salaries	41,136	15,215	-	-	56,351
Payroll Taxes	870	-	-	-	870
Compensated Absences	34,627	9,159	-	-	43,786
Construction Payable	2,250	-	-	-	2,250
Retainage Payable	-	-	-	-	-
Other	985	-	1,300	-	2,285
Due to Other Governments	2,585	-	-	-	2,585
Retirement	1,144	-	-	-	1,144
Total Government Funds Payable	<u>\$ 138,038</u>	<u>\$ 396,081</u>	<u>\$ 1,300</u>	<u>\$ -</u>	<u>\$ 535,419</u>

The Enterprise Fund payables at December 31, 2020 are as follows:

Enterprise Funds Payable	<u>Utility Fund</u>	<u>Housing Assistance Fund</u>	<u>Total Enterprise Funds</u>
Accounts	\$ 70,429	\$ -	\$ 70,429
Due to Other Governments			
State-Unclaimed Property	2,975	-	2,975
Salaries Payable	10,371	-	10,371
Vacation Payable	9,643	-	9,643
Total Enterprise Funds Payable	<u>\$ 93,418</u>	<u>\$ -</u>	<u>\$ 93,418</u>

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

11. Short-Term Debt

The Town had no short-term debt outstanding at December 31, 2020, other than the current portion of revenue bonds payable and the current portion of the capital leases.

12. Leases

The Town records items under capital leases as an asset and an obligation in the accompanying financial statements. At December 31, 2020, the Town had the following capital lease.

	Capital Lease Payable End of Year	Due Within One Year
The Town entered into a lease purchase agreement to purchase a 2015 Freightliner fire truck for a lease amount of \$188,235.12. The lease is payable in twelve annual payments of \$19,913.14 due on the first day of August. The fire truck is being depreciated over its estimated useful life of fifteen years. This lease is recorded within the governmental funds as a capital lease in the General Fund.	\$ 119,933	\$ 15,228
	\$ 119,933	\$ 15,228

13. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended December 31, 2020:

	Governmental Activities		Business-Type Activities		Total Long-Term Obligations
	Capital Leases	Revenue Bonds	Capital Leases	Revenue Bonds	
Beginning Balance	\$ 149,006	\$ 1,125,000	\$ 5,334	\$ 2,515,596	\$ 3,794,936
Additions	-	-	-	-	-
Deletions	(29,073)	(50,000)	(5,334)	(123,157)	(207,564)
Ending Balance	119,933	1,075,000	-	2,392,439	3,587,372
Plus Unamortized Premium	-	6,726	-	-	6,726
Total Ending Balance	\$ 119,933	\$ 1,081,726	\$ -	\$ 2,392,439	\$ 3,594,098

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:

	Governmental Activities		Business-Type Activities		Total Long-Term Obligations
	Capital Leases	Revenue Bonds	Capital Leases	Revenue Bonds	
Current Portion	\$ 15,228	\$ 50,000	\$ -	\$ 128,413	\$ 193,641
Long-Term Portion	104,705	1,025,000	-	2,264,026	3,393,731
	119,933	1,075,000	-	2,392,439	3,587,372
Plus Unamortized Premium	-	6,726	-	-	6,726
	\$ 119,933	\$ 1,081,726	\$ -	\$ 2,392,439	\$ 3,594,098

Town of Kentwood
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As of and for the Year Ended December 31, 2020

Bonds Payable as of December 31, 2020 are as follows:

	Bonds Payable End of Year	Due Within One Year
Business Type Fund: \$ 3,051,608 Utilities Revenue Certificates of Indebtedness, Series 2014		
Dated 10/29/2014 due in monthly installments of principal and interest of		
\$ 18,843 through 12/15/1934 interest at 4.186%	\$ 2,392,439	\$ 128,413
This issue is secured by the income and revenues derived from the operation of the Town's Utility System.		
Governmental Fund: \$ 1,200,000 Revenue Bonds, Series 2017		
Dated 9/7/2017 due in annual installments of principal ranging from \$25,000 in 2018 to \$80,000 in		
2037 and 39 semiannual installments of interest averaging \$11,915 at rates of interest ranging from 1.65% to		
4.00%. This issue is secured by the income and revenues derived from the recreation ad valorem millage.		
	1,075,000	50,000
	\$ 3,467,439	\$ 178,413

The annual requirements to amortize all debt outstanding at December 31, 2020, including interest payments of \$1,149,583 are as follows:

Year Ending 12/31/20	Utilities Revenue Certificates of Indebtedness, Series 2014 - \$3,051,608			Revenue Bonds, Series 2017 - \$1,200,000		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 128,413	\$ 97,702	\$ 226,115	\$ 50,000	\$ 34,428	\$ 84,428
2022	133,892	92,223	226,115	50,000	33,378	83,378
2023	139,606	86,509	226,115	50,000	32,328	82,328
2024	145,563	80,552	226,115	55,000	31,074	86,074
2025	151,775	74,340	226,115	55,000	29,616	84,616
2026 to 2030	861,730	268,845	1,130,575	300,000	122,791	422,791
2031 to 2035	831,460	72,999	904,459	355,000	66,938	421,938
2036 to 2037	-	-	-	160,000	6,400	166,400
	\$ 2,392,439	\$ 773,170	\$ 3,165,609	\$ 1,075,000	\$ 356,953	\$ 1,431,953

Year Ending 12/31/20	Capital Lease - Fire Truck - \$188,235			Total		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 15,228	\$ 4,686	\$ 19,914	\$ 193,641	\$ 136,816	\$ 330,457
2022	15,823	4,091	19,914	199,715	129,692	329,407
2023	16,441	3,472	19,913	206,047	122,309	328,356
2024	17,083	2,830	19,913	217,646	114,456	332,102
2025	17,750	2,163	19,913	224,525	106,119	330,644
2026 to 2030	37,608	2,218	39,826	1,199,338	393,854	1,593,192
2031 to 2035	-	-	-	1,186,460	139,937	1,326,397
2036 to 2037	-	-	-	160,000	6,400	166,400
	\$ 119,933	\$ 19,460	\$ 139,393	\$ 3,587,372	\$ 1,149,583	\$ 4,736,955

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

The governing authority of the Town adopted a resolution on June 18, 1991, authorizing issuance of \$910,000 of Sewer Revenue Bonds. On June 1, 1992, the Town sold the \$910,000 authorized bonds to USDA Rural Development (RUS). The bonds were issued for forty (40) years payable with interest at the rate of five percent (5%) per annum. The bonds and any installment may be paid prior to the due date and maturity thereof at a price of par and accrued interest to the date of prepayment. The proceeds of the bonds are restricted and are subject to the provisions of the above resolution adopted June 18, 1991. As of December 31, 1993, USDA Rural Development had advanced all of the bond proceeds to the Town. Under the terms of the bond proceeds to the Town, the bonds are payable as to principal and interest solely from the income and revenues derived from the operation of the utility system of the Town after provision has been made for payment of the reasonable and necessary expenses of administering,

Town of Kentwood
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As of and for the Year Ended December 31, 2020

operating and maintaining of the system. The bonds do not constitute an indebtedness or pledge of the general credit of the Town within the meaning of any constitutional or statutory limitation of indebtedness. The Town paid this bond in full on October 29, 2014 by funds received from the issuance of Utilities Revenue Certificates of Indebtedness, Series 2014.

The governing authority of the Town adopted an ordinance on October 23, 2014, authorizing issuance of \$3,051,608 of Utilities Revenue Certificates of Indebtedness, Series 2014. On October 29, 2014, the Town 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 \$1,741,877.

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

The Issuer of the Utilities Revenue Certificates of Indebtedness, Series 2014 covenants to fix, establish, maintain, and collect such rates, fees, rents, or other charges for the services and facilities of the Utilities System, and all parts thereof, and to revise the same from time to time whenever necessary, as will always provide revenues in each year sufficient to pay the reasonable and necessary expenses of operation and maintaining the Utilities System, in each year, the principal and interest falling due on the Certificate in each year, all reserves or sinking funds or other payments required for such year by this Ordinance, and all obligations or indebtedness payable out of the Net Utilities Revenues during such year, and which will provide Net Utilities Revenues in each year, at least equal to 125% of the largest amount of principal and interest falling due on the Certificates and any Additional Parity Bonds in any future year. For the fiscal year ending December 31, 2020, the Town maintained a ratio of "Net Revenues" to debt principal and interest obligations that exceeded the required ratio of 125%.

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

The governing authority of the Town adopted an ordinance on May 4, 2017, authorizing issuance of \$1,200,000 of Series 2017 Revenue Bonds. On September 7, 2017, the Town sold the \$1,200,000 authorized bonds to Whitney Bank. The bonds were issued for twenty (20) years payable with interest at the rate ranging from 1.65% to 4.00% per annum. The proceeds of the bonds are restricted and are subject to the provisions of the above ordinance adopted May 4, 2017. Proceeds were issued to finance the costs of the acquisition, construction, and equipping of recreational facilities of the Town, to fund a debt service reserve fund, and to finance the costs of issuance of the Bonds. Under the terms of the bond proceeds to the Town, the bonds are payable as to principal and interest solely from the income and

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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, 2020 the Sinking Fund was fully-funded at \$28,318.

Series 2017 Revenue Bonds also established a Reserve Fund. This fund was initially funded with proceeds of the bonds. At December 31, 2020 the Reserve Fund was fully-funded at \$87,431.

Payments on the Series 2017 bond began March 2018. The gross recreation ad valorem revenues recognized during the current year were \$115,421.

15. Retirement Systems

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

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

A. Municipal Employee Retirement System of Louisiana (System)

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

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

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

Retirement Benefits:

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

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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:

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

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

Funding Policy. Under Plan B, members are required by state statute to contribute five percent of their annual covered salary and the Town of Kentwood is required to contribute at an actuarially determined rate. The current rate is 15.5 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans) of the taxes shown to be collectible by the tax rolls of each parish. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. Tax monies received from East Baton Rouge Parish are apportioned between the Municipal Employees' Retirement System and the Employees' Retirement System of the City of Baton Rouge. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2020. During the year ending December 31, 2020, the Town recognized revenue as a result of support received from non-employer contributing entities of \$15,267 for its participation in MERS-Plan B.

The Town of Kentwood contributions to the System under Plan B for the years ending December 31, 2020 and 2019 were \$62,534, and \$60,713, 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, 2020, the Town reported a liability of \$497,482 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of

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June 30, 2020 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, 2020, the Town's proportion was 0.548960%, which was a decrease of 0.065326% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized pension expense for the MERS System of \$19,727 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At December 31, 2020, 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	\$ -	\$ (8,371)
Changes of Assumptions	15,419	-
Net difference between projected and actual earnings on pension plan investments	54,008	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	19	(67,512)
Employer contributions subsequent to the measurement date	32,463	-
Total	\$ 101,909	\$ (75,883)

The Town reported a total of \$32,463 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020 which will be recognized as a reduction in net pension liability in the year ended December 31, 2021.

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

<u>Year</u>	
2021	\$ (25,717)
2022	\$ (1,199)
2023	\$ 12,079
2024	\$ 7,911
	\$ (6,926)

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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, 2020 is as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	3 years (Plan B)
Investment Rate of Return	6.95%, net of investment expense
Inflation Rate	2.5%
Salary Increases, including inflation And merit increases	
1 to 4 years of service	7.4%
More than 4 years of service	4.9%
Annuitant and Beneficiary Mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee Mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled Lives Mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

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

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The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	53%	2.33%
Public Fixed Income	38%	1.67%
Alternatives	9%	0.40%
Totals	100%	4.40%
Inflation		2.60%
Expected Arithmetic Nominal Rate		7.00%

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 6.95%, 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, 2020:

	1% Decrease	Current Discount Rate	1% Increase
Rates	5.950%	6.950%	7.950%
Town of Kentwood Share of NPL	\$ 662,241	\$ 497,482	\$ 358,073

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

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

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

Retirement Benefits:

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

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

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

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

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

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

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

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Cost of Living Adjustments:

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

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

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

Deferred Retirement Option Plan:

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

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

Initial Benefit Option Plan:

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

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

Funding Policy. According to state statute, the Town of Kentwood is required to contribute at an actuarially determined rate but cannot be less than 9% of the employee's earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2020, total contributions due for employers and employees were 42.50%. The employer and employee contribution rates for members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1,

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2013 were 32.50% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 32.50% 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 34.25% and 7.5%, respectively.

The System also receives insurance premium tax monies as additional employer contributions and considered support from a non-contributing entity. This tax is appropriated by the legislature each year based on an actuarial study. This additional source of income is used as additional employer contributions and considered support from non-employer contributing entities, but is not considered a special funding situation. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2020. During the year ending December 31, 2020, the Town recognized revenue as a result of support received from non-employer contributing entities of \$4,712 for its participation in MPERS.

The Town of Kentwood contributions to the System under Plan B for the years ending December 31, 2020 and 2019 were \$25,008 and \$28,223, 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, 2020, the Town reported a liability of \$199,791 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2020 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, 2020, the Town's proportion was 0.021617%, which was a decrease of 0.014317% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized pension expense for the MPERS System of \$30,590 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At December 31, 2020, 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	\$ -	\$ (7,870)
Changes of Assumptions	4,748	(4,931)
Net difference between projected and actual earnings on pension plan investments	23,969	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	16,356	(120,161)
Employer contributions subsequent to the measurement date	14,227	-
	<hr/>	<hr/>
Total	<u>\$ 59,300</u>	<u>\$ (132,962)</u>

The Town reported a total of \$14,227 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020 which will be recognized as a reduction in net pension liability in the year ended December 31, 2021.

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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>	
2021	\$ (28,177)
2022	\$ (39,231)
2023	\$ (25,035)
2024	\$ 4,554
	<u>\$ (87,889)</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, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.950%, net of investment expense
Expected Remaining Service Lives	4 years
Inflation Rate	2.50%
Salary increases, including inflation and merit	
1-2 years of service	12.30%
Over 2 years of service	4.70%
Mortality	<p>For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p>
Cost of Living Adjustments	<p>The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.</p>

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

Best estimates of arithmetic nominal rates of return for each major asset class included in the System’s target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	48.50%	3.08%
Fixed Income	33.50%	0.54%
Alternatives	18.00%	1.02%
Other	0.00%	0.00%
Totals	<u>100.00%</u>	<u>4.64%</u>
Inflation		<u>2.55%</u>
Expected Arithmetic Nominal Rate		<u>7.19%</u>

The discount rate used to measure the total pension liability was 6.950%. 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 6.950%, 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, 2020:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rates	5.950%	6.950%	7.950%
Town of Kentwood Share of NPL	\$ 280,686	\$ 199,791	\$ 132,167

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

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mandatory for all full-time firefighters who earn at least \$375 per month and are employed by a municipality, parish, or fire protection district of the State in addition to employees of the Firefighters' Retirement System.

Retirement Benefits:

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

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

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

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

Disability Benefits:

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

Death Benefits:

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

Deferred Retirement Option Plan:

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

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

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

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

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

Cost of Living Adjustments (COLAs):

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

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

Funding Policy. Plan members are required by state statute to contribute ten percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The employer contribution rates were 29.75 percent of annual covered salary for the plan years ending in 2020 and 26.50 percent for 2019. 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, 2020. During the year ending December 31, 2020, the Town recognized revenue as a result of support received from non-employer contributing entities of \$10,752 for its participation in FRS.

The Town of Kentwood contributions to the System under Plan B for the years ending December 31, 2020 and 2019 were \$38,546 and \$21,877, 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, 2020, the Town reported a liability of \$265,991 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2020 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, 2020, the Town's proportion was 0.038374%, which was an increase of 0.008832% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized pension expense for the FRS System of \$52,187 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

Town of Kentwood
Notes to the Financial Statements
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At December 31, 2020, 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	\$ -	\$ (17,018)
Changes of Assumptions	25,713	-
Net difference between projected and actual earnings on pension plan investments	29,293	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	81,323	(443)
Employer contributions subsequent to the measurement date	18,960	-
Total	\$ 155,289	\$ (17,461)

The Town reported a total of \$18,960 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020 which will be recognized as a reduction in net pension liability in the year ended December 31, 2021.

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

<u>Year</u>		
2021	\$	24,899
2022	\$	31,986
2023	\$	29,242
2024	\$	16,268
2025	\$	8,630
2026	\$	7,843
	\$	118,868

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, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.00% per annum (net of investment expenses, including inflation) (decreased from 7.15% in 2019)
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 (in 2019, salary increases ranged from 14.75%

Town of Kentwood
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in the first two years of service to 4.50% with 25 or more years of service.)

Cost of Living Adjustments

For the purposes of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

The mortality rate assumptions were updated in fiscal year 2020 to reflect changes from the recent experience study and rates set in the Pub-2010 Public Retirement Plans mortality tables, as compared to the PR-2000 Combine Healthy and Disabled Lives tables that were used for the previous valuation. For the June 30, 2020 valuation, assumptions for mortality rates were based on the following:

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

The estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation and the G.S. Curran & Company Consultant Average study for 2020. The consultants' average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2020.

The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. Prior year's financial reports presented the long-term expected real rate of return provided by the System's investment consultant, whereas this year's report presents this information for both fiscal years 2020 and 2019 from the System's actuary. The actuary's method incorporates information from multiple consultants and investments firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The actuary's method integrates data form multiple sources to produce average values thereby reducing reliance on a single data source.

Town of Kentwood
Notes to the Financial Statements
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Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Type		Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	U.S. Equity	26.00%	5.72%
	Non-U.S. Equity	12.00%	6.24%
	Global Equity	10.00%	6.23%
	Emerging Market Equity	6.00%	8.61%
Fixed Income	U.S. Core Fixed Income	26.00%	1.00%
	Emerging Market Debt	5.00%	3.40%
Multi-Asset Strategies	Global Tactical Asset Allocation	0.00%	4.22%
	Risk Parity	0.00%	4.22%
Alternatives	Real Estate	6.00%	4.20%
	Private Equity	9.00%	10.29%
		<u>100.00%</u>	

The discount rate used to measure the total pension liability was 7.00%. 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 7.00%, 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, 2020:

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Rates	6.00%	7.00%	8.00%
Town of Kentwood Share of NPL	\$ 384,222	\$ 265,991	\$ 167,304

16. Restricted Fund Balances/Net Position

At December 31, 2020, the General Fund had \$34,247 non-spendable fund balance, representing the value of prepaid insurance at fiscal year-end. The General Fund also had \$108,065 at fiscal year-end recorded as restricted fund balance. The Town of Kentwood sold its interest in the building on April 13, 2000, restricting proceeds of the sale per terms of the original bond issue.

Town of Kentwood
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At December 31, 2020, the Volunteer Fire Department had \$37,370 non-spendable fund balance, representing the value of prepaid insurance at fiscal year-end, with the remaining fund balance assigned for specific use in fire protection.

At December 31, 2020, the LHFA special revenue fund had \$2,032 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, 2020, the Recreation Ad Valorem special revenue fund had \$411,076 in fund balance restricted for specific use for operations and improvements for recreation.

At December 31, 2020, the Recreation Capital Project Fund had \$247,643 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, 2020, the Housing Assistance Fund, consisting of the United States Department of Housing and Urban Development (HUD) Housing Choice Voucher Program recorded net position of \$18,686, 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, 2020, 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, 2020, 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 \$83,310 of on behalf payments as revenue and as expenditure in the General Fund.

20. LHFA Grant Revenue and Commitment

During the year ended December 31, 2010 the town was awarded \$369,539 in Community Development Block Grant funds, passed through the Louisiana Housing Finance Agency (LHFA) - Neighborhood Stabilization Program. The funds were awarded for the purchase, demolish and rebuild of two residential properties and for the purchase and rehabilitation of a third property. During 2010, the town expended \$244,901 of the grant funds with the remaining amounts to be expended in 2011. As part of the program award, the Town of Kentwood signed two promissory notes on October 6, 2010 in the amounts of \$123,180 and \$246,359 on the one rehabilitation property and the two rebuilt, respectively. The terms of the promissory notes included a fifteen year pay down scenario commencing twelve months after the issuance of a certificate of occupancy on the property. The terms of the pay down include a 1/15th annual reduction in the note amount at zero interest for each year that the property is leased to persons meeting the guidelines established in the notes as well as in the grant agreement. The notes become due and

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

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 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

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

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, 2020, 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, for the fiscal year ending December 31, 2020, that the total reimbursement due the Town of Kentwood for salaries shall not exceed two-hundred fifty thousand dollars (\$250,000).

22. Operating Lease Revenue

On July 19, 2019, the Town accepted, by donation, land and buildings related to the nursing home property. The properties included the leases that were in effect at the time of the donation. The Town cannot sell, convey, assign, donate, or otherwise transfer the property on or before the third annual anniversary of the donation.

Land was donated to the Town with a value of \$1,600,000. The land has a related lease until December 31, 2021 with rent of \$400 per month. The amount of revenue included as rent for the fiscal year ended December 31, 2020 was \$2,000. Minimum lease payments to be received are \$4,800 for 2020 and \$4,800 for 2021.

A modular building was donated to the Town with a value of \$150,000. Related accumulated depreciation for this building at December 31, 2020 was \$3,000. This building has a related lease until September 30, 2025 with rent of \$2,100 per month. This lease includes an option to purchase at the end of the term. The amount of revenue included as rent for the fiscal year ended December 31, 2020 was \$25,200. Annual minimum lease payments to be received are \$25,200 for 2021 through 2024 and \$18,900 for 2025.

Town of Kentwood
Notes to the Financial Statements
As of and for the Year Ended December 31, 2020

Another modular building was donated to the Town with a value of \$150,000. Related accumulated depreciation for this building at December 31, 2020 was \$3,000. This building had a related lease until June 30, 2020 with rent of \$3,500 per month. The amount of revenue included as rent for the fiscal year ended December 31, 2020 was \$21,000. **This lease was not renewed at the end of the term.**

The nursing home building was donated to the Town with a value of \$434,000. Related accumulated depreciation for this building at December 31, 2020 was \$5,425. This building had a related lease until June 30, 2020 with rent of \$14,000 per month. The amount of revenue included as rent for the fiscal year ended December 31, 2020 was \$84,000. **This lease was not renewed at the end of the term.**

23. COVID-19 Pandemic

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic and this pandemic has resulted in federal, state, and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders, and quarantining of people that may have been exposed to the virus.

COVID-19 and actions taken to mitigate it have and are expected to continue to have adverse effects on the economy. As the COVID-19 pandemic is complex and rapidly evolving, we cannot reasonably estimate the duration or severity of this pandemic nor its full impact on the entity, its financial position, change in financial position, or cash flows.

24. Subsequent Events

In January 2021, the Town signed a lease agreement with Oceans Behavioral Hospital for the nursing home building and amended the agreement to include an additional area of approximately 350 square feet of office space. This agreement commenced on the date the tenant improvements were substantially complete and ends on the last day of the eighteenth month following this commencement date. No rental amounts were due for the first six months of the initial term. Rental payments of \$13,800 per month would begin for the last twelve months of the initial term of the lease. Payments began on December 8, 2021. The lease includes seven options to extend the term for each for two-year periods.

On March 11, 2021, as a result of COVID-19, the American Rescue Plan was signed into law. This Plan will provide financial assistance to local municipalities, including the Town, for certain allowable expenditures as stated in the Plan. The Town may be eligible for up to approximately \$900,000 in financial assistance from the Plan.

Subsequent events have been evaluated by management through April 24, 2022, 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, 2020.

Required Supplementary Information (Part II)

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, 2020

	<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				
Taxes	\$ 1,143,800	\$ 1,276,000	\$ 1,288,157	\$ 12,157
Licenses and Permits	141,500	155,600	165,649	10,049
Intergovernmental	39,900	36,600	23,824	(12,776)
Charges for Services	37,400	19,250	17,305	(1,945)
Fines and Forfeitures	17,000	19,000	18,763	(237)
Sanitation Fees	101,000	83,000	82,990	(10)
Interest	3,500	1,800	1,740	(60)
On Behalf Payments - Supplemental Pay	82,700	84,200	83,310	(890)
Donations	2,000	1,700	13,715	12,015
Miscellaneous	15,300	19,200	18,804	(396)
Total Revenues	<u>1,584,100</u>	<u>1,696,350</u>	<u>1,714,257</u>	<u>17,907</u>
Expenditures				
General Government	845,850	828,500	733,535	94,965
Public Safety:				
Police	791,600	744,800	706,079	38,721
Fire	122,100	111,900	99,133	12,767
Public Works - Streets and Sanitation	557,500	410,800	363,609	47,191
Health and Welfare	6,600	6,600	13,188	(6,588)
Recreation	-	-	-	-
Capital Outlays	65,000	112,600	40,667	71,933
Debt Service				
Principal	31,100	29,100	29,073	27
Interest	6,160	5,500	5,354	146
Total Expenditures	<u>2,425,910</u>	<u>2,249,800</u>	<u>1,990,638</u>	<u>259,162</u>
Excess Revenues (Expenditures)	<u>(841,810)</u>	<u>(553,450)</u>	<u>(276,381)</u>	<u>277,069</u>
Other Financing Sources (Uses)				
Operating Transfers In	830,000	560,900	561,161	261
Operating Transfers (Out)	(18,750)	(18,750)	(18,750)	-
Sale of Fixed Assets	1,000	11,300	11,948	648
Capital Lease Proceeds	30,000	-	-	-
Total Other Financing Sources (Uses)	<u>842,250</u>	<u>553,450</u>	<u>554,359</u>	<u>909</u>
Net Change in Fund Balances	<u>440</u>	<u>-</u>	<u>277,978</u>	<u>277,978</u>
Fund Balances, Beginning	<u>341,974</u>	<u>341,974</u>	<u>341,974</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 342,414</u>	<u>\$ 341,974</u>	<u>\$ 619,952</u>	<u>\$ 277,978</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, 2020

Revenues	Budgeted Amounts		Actual Amounts GAAP Basis	Variance
	Original	Final		Favorable (Unfavorable)
Taxes				
Ad Valorem	\$ 166,700	\$ 161,700	\$ 176,717	\$ 15,017
Sales Taxes	920,000	1,056,700	1,054,681	(2,019)
Franchise Taxes	47,000	46,000	45,318	(682)
Alcoholic Beverage Taxes	8,000	9,000	8,791	(209)
Gaming	-	-	-	-
Chain Store Taxes	2,100	2,600	2,650	50
Total Taxes	<u>1,143,800</u>	<u>1,276,000</u>	<u>1,288,157</u>	<u>12,157</u>
Licenses and Permits				
Business Privilege and Insurance License	132,000	144,800	154,180	9,380
Building Permits	1,000	3,000	3,039	39
Electric Permits	4,000	4,800	4,825	25
Liquor Licenses	4,500	3,000	3,605	605
Total Licenses and Permits	<u>141,500</u>	<u>155,600</u>	<u>165,649</u>	<u>10,049</u>
Intergovernmental				
State Grants				
Community Water Enrichment	30,000	26,500	10,721	(15,779)
Other				
Entergy - Beautification	-	-	3,000	3,000
Fire District Reimbursement	9,900	10,100	10,103	3
Total Intergovernmental	<u>39,900</u>	<u>36,600</u>	<u>23,824</u>	<u>(12,776)</u>
Miscellaneous Revenues				
Charges for Services	37,400	19,250	17,305	(1,945)
Fines and Forfeitures	17,000	19,000	18,763	(237)
Sanitation Fees	101,000	83,000	82,990	(10)
Interest	3,500	1,800	1,740	(60)
On Behalf Payments - Supplemental Pay	82,700	84,200	83,310	(890)
Donations	2,000	1,700	13,715	12,015
Miscellaneous	15,300	19,200	18,804	(396)
Total Miscellaneous Revenues	<u>258,900</u>	<u>228,150</u>	<u>236,627</u>	<u>8,477</u>

(Continued)

See independent auditor's report.

Town of Kentwood
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
General Fund - Detail
For the year ended December 31, 2020

Expenditures	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
General Government				
Salaries				
Mayor and Aldermen	70,000	70,000	69,491	509
Clerical	142,000	126,000	129,335	(3,335)
Janitorial	11,500	27,000	26,105	895
Museum	10,000	3,900	2,062	1,838
Attorney	5,200	5,200	5,200	-
COVID Salaries	-	12,000	11,907	93
Benefits				
Health Insurance	86,000	103,500	108,401	(4,901)
Retirement	31,000	25,000	23,274	1,726
Payroll Taxes	69,700	64,000	62,771	1,229
General and Administrative	5,000	2,500	1,298	1,202
Insurance	132,900	132,500	98,447	34,053
Other Operating				
Aldermen Travel	5,000	1,700	1,640	60
Assessor Taxroll	2,000	2,000	-	2,000
Computer Expense	5,000	15,000	12,950	2,050
Coroner's Fees	5,000	4,200	3,846	354
Council on Aging	2,400	2,400	2,400	-
Dues and Subscription	2,500	2,000	1,572	428
Mayor's Expense	3,000	1,000	-	1,000
Meeting and Travel Expense	15,500	1,600	1,226	374
Miscellaneous	36,900	34,500	33,280	1,220
Museum	1,000	1,000	179	821
Promotion	3,000	3,000	1,925	1,075
Uniforms	1,000	200	-	200
Zoning	750	900	734	166
Professional Fees	108,000	108,000	71,086	36,914
Rent - Community Center	4,800	4,800	4,800	-
Repairs and Maintenance				
City Hall	3,000	3,000	2,379	621
Civic Center	2,000	2,000	385	1,615
Community Center	1,000	1,000	570	430
Council on Aging	1,000	1,000	25	975
Health Unit	500	500	78	422
Martin Luther King Park	2,000	2,000	23	1,977
Museum	2,000	1,400	1,085	315
Supplies	13,000	20,000	16,059	3,941
Telephone	-	9,100	9,393	(293)
Utilities				
City Hall	33,000	7,500	5,923	1,577
Civic Center	6,000	6,600	6,246	354
Commodity Center	5,000	5,300	4,621	679
Council on Aging	5,200	5,600	4,885	715
Health Unit	5,000	2,600	2,536	64
Martin Luther King Park	2,000	2,000	730	1,270
Museum	6,000	5,000	4,668	332
Total General Government	845,850	828,500	733,535	94,965

(Continued)

See independent auditor's report.

Town of Kentwood
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
General Fund - Detail
For the year ended December 31, 2020

	<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	531,500	490,500	479,865	10,635
Benefits - Retirement	142,100	119,700	117,103	2,597
Fuel	43,000	38,000	22,612	15,388
General and Administrative	6,500	9,500	8,738	762
Insurance - Workers Compensation	31,200	28,500	24,106	4,394
Other operating				
Court Attendance	1,500	500	200	300
Miscellaneous	4,800	14,800	12,673	2,127
Office Expense	3,000	2,600	2,080	520
Schools and Seminars	4,000	1,200	806	394
Special Fund	-	-	-	-
Uniforms	4,000	5,100	5,735	(635)
Repairs and Maintenance	8,000	22,000	19,419	2,581
Supplies	6,000	6,000	6,237	(237)
Telephone	6,000	6,400	6,505	(105)
Total Police	<u>791,600</u>	<u>744,800</u>	<u>706,079</u>	<u>38,721</u>
Fire				
Salaries	67,500	75,900	76,211	(311)
Benefits - Retirement	18,600	-	(6)	6
Fuel	1,000	1,000	297	703
Insurance - Workers Compensation	8,500	5,400	4,923	477
Other operating	13,000	18,000	11,014	6,986
Repairs and Maintenance - Fire Truck	12,000	8,000	3,186	4,814
Telephone	1,500	3,600	3,508	92
Total Fire	<u>122,100</u>	<u>111,900</u>	<u>99,133</u>	<u>12,767</u>
Total Public Safety	<u>913,700</u>	<u>856,700</u>	<u>805,212</u>	<u>51,488</u>

(Continued)

See independent auditor's report.

Town of Kentwood
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
General Fund - Detail
For the year ended December 31, 2020

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance
	Original	Final		Favorable (Unfavorable)
Public Works - Streets and Sanitation				
Salaries	110,000	12,000	9,580	2,420
Benefits	22,000	-	-	-
Fuel	6,000	1,500	4,156	(2,656)
Garbage Collection	272,000	255,000	219,581	35,419
Insurance - Workers Compensation	11,000	5,600	4,262	1,338
Other operating	5,000	4,100	1,328	2,772
Repairs and Maintenance				
Equipment	15,000	25,100	23,855	1,245
Street and Bridge	10,000	-	470	(470)
Tree	2,000	3,500	3,500	-
Supplies	7,500	2,000	793	1,207
Utilities - Street Lights	97,000	102,000	96,084	5,916
Total Public Works - Streets and Sanitation	557,500	410,800	363,609	47,191
Health and Welfare				
Other operating	6,600	6,600	13,188	(6,588)
Total Health and Welfare	6,600	6,600	13,188	(6,588)
Recreation				
Other operating	-	-	-	-
Utilities	-	-	-	-
Total Recreation	-	-	-	-
Capital Outlays				
General Government	15,000	15,000	8,299	6,701
Public Safety - Police Protection	30,000	7,600	19,597	(11,997)
Public Safety - Fire Protection	-	90,000	12,771	77,229
Public Works - Streets and Sanitation	20,000	-	-	-
Total Capital Outlays	65,000	112,600	40,667	71,933
Debt Service				
Principal	31,100	29,100	29,073	27
Interest	6,160	5,500	5,354	146
Total Debt Service	37,260	34,600	34,427	173
Excess Revenues (Expenditures)	(841,810)	(553,450)	(276,381)	277,069
Other Financing Sources (Uses)				
Operating Transfers In	830,000	560,900	561,161	261
Operating Transfers (Out)	(18,750)	(18,750)	(18,750)	-
Sale of Fixed Assets	1,000	11,300	11,948	648
Capital Lease Proceeds	30,000	-	-	-
Total Other Financing Sources (Uses)	842,250	553,450	554,359	909
Net Change in Fund Balances	440	-	277,978	277,978
Fund Balances, Beginning	341,974	341,974	341,974	-
Fund Balances, Ending	\$ 342,414	\$ 341,974	\$ 619,952	\$ 277,978

(Concluded)

See independent auditor's report.

Town of Kentwood
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
Special Revenue Fund - Kentwood Volunteer Fire Department
For the year ended December 31, 2020

	<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	\$ 600,000	\$ 593,000	\$ 570,028	\$ (22,972)
Intergovernmental				
Ad Valorem Taxes-Village of Tangipahoa	8,200	8,200	8,200	-
Fire Insurance Rebate - Tangipahoa	35,000	35,200	35,203	3
Fire Insurance Rebate - St. Helena	-	-	-	-
Federal Grant - FEMA	375,000	267,000	-	(267,000)
State Grant - LA Forestry	4,500	5,300	-	(5,300)
State Revenue Sharing	-	-	50,486	50,486
Interest	30,000	6,600	6,642	42
Miscellaneous	1,000	100	20,206	20,106
Total Revenues	<u>1,053,700</u>	<u>915,400</u>	<u>690,765</u>	<u>(224,635)</u>
Expenditures				
Public Safety:				
Fire				
Salaries				
Fire Chief	8,500	7,800	7,800	-
Firefighters	190,000	200,000	204,972	(4,972)
Maintenance	6,500	3,600	3,694	(94)
Benefits	87,600	104,100	102,139	1,961
Payroll Taxes	15,100	14,700	15,429	(729)
Fuel	25,000	12,000	13,297	(1,297)
Insurance	68,000	62,500	73,774	(11,274)
Other operating				
Firemen Related Expenses	-	-	1,367	(1,367)
Dues and Subscriptions	700	10,000	4,750	5,250
Office	1,000	4,000	3,178	822
Miscellaneous	3,500	1,200	5,848	(4,648)
Public Education	7,500	2,000	-	2,000
Training and Tuition	15,000	6,000	4,554	1,446
Volunteer Firemen Expense	30,000	28,000	22,275	5,725
Professional Fees	12,000	12,000	6,023	5,977
Repairs and Maintenance	45,000	45,000	58,085	(13,085)
Supplies	52,000	62,000	79,673	(17,673)
Telephone	-	-	10,559	(10,559)
Utilities	28,000	26,000	13,707	12,293
Total Public Safety - Fire	<u>595,400</u>	<u>600,900</u>	<u>631,124</u>	<u>(30,224)</u>
Capital Outlays - Fire Protection	800,000	338,500	346,897	(8,397)
Total Expenditures	<u>1,395,400</u>	<u>939,400</u>	<u>978,021</u>	<u>(38,621)</u>
Excess Revenues (Expenditures)	<u>(341,700)</u>	<u>(24,000)</u>	<u>(287,256)</u>	<u>(263,256)</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	-	-
Proceeds from Insurance Settlement	-	21,900	21,912	12
Total Other Financing Sources (Uses)	<u>-</u>	<u>21,900</u>	<u>21,912</u>	<u>12</u>
Net Change in Fund Balances	<u>(341,700)</u>	<u>(2,100)</u>	<u>(265,344)</u>	<u>(263,244)</u>
Fund Balances, Beginning	<u>1,171,073</u>	<u>1,171,073</u>	<u>1,171,073</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 829,373</u>	<u>\$ 1,168,973</u>	<u>\$ 905,729</u>	<u>\$ (263,244)</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable</u>
Revenues				
Rental Income	\$ 15,600	\$ 16,200	\$ 16,192	\$ (8)
Interest	500	450	460	10
Total Revenues	<u>16,100</u>	<u>16,650</u>	<u>16,652</u>	<u>2</u>
Expenditures				
General and Administrative	250	250	-	250
Insurance	5,200	4,100	4,053	47
Repairs and Maintenance	1,500	500	400	100
Total Expenditures	<u>6,950</u>	<u>4,850</u>	<u>4,453</u>	<u>397</u>
Excess Revenues (Expenditures)	<u>9,150</u>	<u>11,800</u>	<u>12,199</u>	<u>399</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>9,150</u>	<u>11,800</u>	<u>12,199</u>	<u>399</u>
Fund Balances, Beginning	<u>92,071</u>	<u>94,330</u>	<u>94,330</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 101,221</u>	<u>\$ 106,130</u>	<u>\$ 106,529</u>	<u>\$ 399</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable</u>
Revenues				
Ad Valorem Taxes	\$ 114,000	\$ 117,500	\$ 115,421	\$ (2,079)
Federal Grant	-	-	-	-
Interest	-	-	108	108
Miscellaneous	2,000	-	-	-
Total Revenues	<u>116,000</u>	<u>117,500</u>	<u>115,529</u>	<u>(1,971)</u>
Expenditures				
Recreation	5,300	5,100	5,087	13
Capital Outlays	-	36,500	30,790	5,710
Debt Service				
Principal	85,400	85,400	-	85,400
Interest	-	-	-	-
Total Expenditures	<u>90,700</u>	<u>127,000</u>	<u>35,877</u>	<u>91,123</u>
Excess Revenues (Expenditures)	<u>25,300</u>	<u>(9,500)</u>	<u>79,652</u>	<u>89,152</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>25,300</u>	<u>(9,500)</u>	<u>79,652</u>	<u>89,152</u>
Fund Balances, Beginning	<u>246,331</u>	<u>331,424</u>	<u>331,424</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 271,631</u>	<u>\$ 321,924</u>	<u>\$ 411,076</u>	<u>\$ 89,152</u>

See independent auditor's report.

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

Municipal Employees' Retirement System

	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%

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

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

See independent auditor's report.

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

Municipal Police Employees' Retirement System

	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered- Employee Payroll	Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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	\$ 66,770	299.222705%	70.9450%

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

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

See independent auditor's report.

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

State of Louisiana Firefighters' Retirement System

	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered- Employee Payroll	Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%

* 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, 2020

Municipal Employees' Retirement System

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
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%

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, 2020

Municipal Police Employees' Retirement System

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
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	-	75,453	33.1437%

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, 2020

State of Louisiana Firefighters' Retirement System

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
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%

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, 2020

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

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.

See independent auditor's report.

Town of Kentwood
Notes to the Required Supplementary Information
For the year ended December 31, 2020

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

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	PubG-2010 Public Retirement Plans Mortality Table for Safety Below-Median Health Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used for annuitants and beneficiaries; Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used for disabled annuitants; Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used for active employees.

See independent auditor's report.

Town of Kentwood
Notes to the Required Supplementary Information
For the year ended December 31, 2020

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	Projected Salary Increase
					Remaining Service Lives	
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

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

See independent auditor's report.

Other Supplementary Information

Town of Kentwood
Schedule of Net Position
Proprietary Fund Type - Utility Fund
As of December 31, 2020
(with 2019 summarized comparative information)

	Utility Fund	
	2020	2019
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 723,192	\$ 526,002
Receivables, Net	292,085	285,442
Due From Other Funds	93,542	98,456
Due From State	82,177	37,305
Rental Receivable	36,115	40,018
Inventory	4,121	4,862
Prepaid Insurance	863	995
Total Current Assets	<u>1,232,095</u>	<u>993,080</u>
Restricted Assets:		
Restricted Cash and Cash Equivalents	216,593	245,871
Total Restricted Assets	<u>216,593</u>	<u>245,871</u>
Property, Plant, and Equipment		
Land	22,600	22,600
Construction in Progress	-	-
Property, Plant and Equipment, Net	6,768,300	6,938,080
Total Property, Plant, and Equipment	<u>6,790,900</u>	<u>6,960,680</u>
Total Assets	<u>8,239,588</u>	<u>8,199,631</u>
Deferred Outflows of Resources		
Pension Related	52,749	59,678
Total Deferred Outflows of Resources	<u>52,749</u>	<u>59,678</u>
Liabilities		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	70,429	87,840
Other Accrued Payables	22,989	25,933
Construction Payables	-	-
Due To Other Funds	211,148	106,363
Total Current Liabilities (Payable From Current Assets)	<u>304,566</u>	<u>220,136</u>
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits	145,567	142,394
Revenue Bonds Payable	128,413	123,157
Capital Lease Payable	-	5,334
Total Current Liabilities (Payable From Restricted Assets)	<u>273,980</u>	<u>270,885</u>
Long Term Liabilities:		
Bonds Payable	2,264,026	2,392,439
Capital Lease Payable	-	-
Net Pension Liability	219,416	237,772
Accrued Sick Leave Convertible to Retirement	25,898	34,994
Total Long Term Liabilities	<u>2,509,340</u>	<u>2,665,205</u>
Total Liabilities	<u>3,087,886</u>	<u>3,156,226</u>
Deferred Inflows of Resources		
Pension Related	23,444	37,263
Total Deferred Inflows of Resources	<u>23,444</u>	<u>37,263</u>
Net Position		
Net Investment in Capital Assets	4,463,638	4,535,180
Restricted for:		
Capital Projects and Debt Service	5,849	8,047
Unrestricted	711,520	522,593
Total Net Position	<u>\$ 5,181,007</u>	<u>\$ 5,065,820</u>

See independent auditor's report.

Town of Kentwood
Schedule of Revenues, Expenses, and Changes in Net Position
Proprietary Fund Type - Utility Fund
For the year ended December 31, 2020
(with 2019 summarized comparative information)

	Utility Fund	
	2020	2019
Operating Revenues		
Gas Sales	\$ 470,267	\$ 494,461
Less Cost of Gas Sold	(165,866)	(179,770)
Gross Profit on Gas Sales	<u>304,401</u>	<u>314,691</u>
Water Sales	641,512	645,144
Sewer Service Charges	581,190	571,158
Intergovernmental State Grants	7,022	5,505
Lease Rental and Maintenance Income	144,785	112,546
Other	62,967	84,508
Total Operating Revenues	<u>1,741,877</u>	<u>1,733,552</u>
Operating Expenses		
Bad Debts	-	-
Cathodic Protection	14,831	3,389
Depreciation	251,851	236,954
Employee Benefits	68,377	86,835
Insurance - Workers Compensation	9,538	6,478
Other	41,046	47,981
Professional Fees	3,425	2,549
Repairs and Maintenance	176,567	152,118
Salaries and Wages	208,348	173,163
Supplies	36,591	10,131
Utilities	121,348	100,441
Water Treatment	61,260	27,637
Total Operating Expenses	<u>993,182</u>	<u>847,676</u>
Operating Income (Loss)	<u>748,695</u>	<u>885,876</u>
Nonoperating Revenues (Expenses)		
Donations	-	25,000
Interest Income	4,133	7,752
Interest Expense	(102,992)	(108,436)
Total Nonoperating Revenues (Expenses)	<u>(98,859)</u>	<u>(75,684)</u>
Income (Loss) Before Transfers	649,836	810,192
Contributions and Transfers		
Capital Contributions	26,512	2,334,000
Operating Transfers In	-	-
Operating Transfers Out	(561,161)	(514,251)
Change in Net Position	<u>115,187</u>	<u>2,629,941</u>
Total Net Position, Beginning	<u>5,065,820</u>	<u>2,435,879</u>
Total Net Position, Ending	<u>\$ 5,181,007</u>	<u>\$ 5,065,820</u>

See independent auditor's report.

Town of Kentwood
Schedule of Cash Flows
Proprietary Fund Type - Utility Fund
For the year ended December 31, 2020
(with 2019 summarized comparative information)

	Utility Fund	
	2020	2019
Cash Flows From Operating Activities		
Received From Customers	\$ 1,833,930	\$ 1,832,010
Received for Meter Deposit Fees	3,173	(4,828)
Other Receipts	26,201	11,451
Received (Payments) for Interfund Services	109,699	1,231
Payments for Operations	(656,106)	(522,613)
Payments to Employees	(304,915)	(259,613)
Net Cash Provided (Used) by Operating Activities	<u>1,011,982</u>	<u>1,057,638</u>
Cash Flows From Noncapital Financing Activities		
Transfers From (To) Other Funds	(561,161)	(514,251)
Received From Donations	-	25,000
Net Cash (Used) by Noncapital Financing Activities	<u>(561,161)</u>	<u>(489,251)</u>
Cash Flows From Capital and Related Financing Activities		
Capital Contributions Received	26,512	-
Proceeds from Sale of Capital Acquisitions	-	-
(Payments for) Capital Acquisitions	(82,071)	(1,500)
(Payments for) Bond Issuance Costs	-	-
Principal Proceeds from (Repayments for) Long Term Debt	(128,491)	(133,782)
Interest Payments for Long Term Debt	(102,992)	(108,436)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(287,042)</u>	<u>(243,718)</u>
Cash Flows From Investing Activities		
Receipt of Interest	4,133	7,752
Net Cash Provided by Investing Activities	<u>4,133</u>	<u>7,752</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	167,912	332,421
Cash and Cash Equivalents, Beginning of Year	771,873	439,452
Cash and Cash Equivalents, End of Year	<u>\$ 939,785</u>	<u>\$ 771,873</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and Cash Equivalents, Unrestricted	\$ 723,192	\$ 526,002
Cash and Cash Equivalents, Restricted	216,593	245,871
Total Cash and Cash Equivalents	<u>\$ 939,785</u>	<u>\$ 771,873</u>

(Continued)

See independent auditor's report.

Town of Kentwood
Schedule of Cash Flows
Proprietary Fund Type - Utility Fund
For the year ended December 31, 2020
(with 2019 summarized comparative information)

	Utility Fund	
	2020	2019
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ 748,695	\$ 885,876
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	251,851	236,954
(Increase) decrease in Accounts Receivable	(3,824)	8,701
(Increase) decrease in Other Receivable	(43,788)	(78,562)
(Increase) decrease in Inventory	741	(733)
(Increase) decrease in Prepaid Insurance	132	-
(Increase) decrease in Deferred Outflows of Resources	6,929	18,107
(Increase) decrease in Due (to) and from Other Funds	109,699	1,231
Increase (decrease) in Accounts Payable	(17,411)	8,089
Increase (decrease) in Compensated Absences	(2,191)	(1,781)
Increase (decrease) in Accrued Expenses	(28,205)	(31,503)
Increase (decrease) in Deferred Inflows of Resources	(13,819)	16,087
Increase (decrease) in Customer Deposits	3,173	(4,828)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,011,982</u>	<u>\$ 1,057,638</u>

(Concluded)

See independent auditor's report.

Town of Kentwood
Combining Schedule of Net Position, Proprietary Fund Type, Utility Fund
As of December 31, 2020

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Nursing Home Property</u>	<u>Total</u>
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 588,404	\$ -	\$ 33	\$ 134,755	\$ 723,192
Receivables, Net	292,085	-	-	-	292,085
Due From State	-	-	82,177	-	82,177
Due From Other Funds	6,664	-	-	86,878	93,542
Rental Receivable	-	-	-	36,115	36,115
Inventory	4,121	-	-	-	4,121
Prepaid Insurance	863	-	-	-	863
Total Current Assets	<u>892,137</u>	<u>-</u>	<u>82,210</u>	<u>257,748</u>	<u>1,232,095</u>
Restricted Assets:					
Restricted Cash and Cash Equivalents	151,416	65,177	-	-	216,593
Total Restricted Assets	<u>151,416</u>	<u>65,177</u>	<u>-</u>	<u>-</u>	<u>216,593</u>
Property, Plant, and Equipment					
Land	22,600	-	-	1,600,000	1,622,600
Construction in Progress	-	-	-	-	-
Property, Plant and Equipment, Net	152,752	3,293,808	1,018,525	703,215	5,168,300
Total Property, Plant, and Equipment	<u>175,352</u>	<u>3,293,808</u>	<u>1,018,525</u>	<u>2,303,215</u>	<u>6,790,900</u>
Total Assets	<u>1,218,905</u>	<u>3,358,985</u>	<u>1,100,735</u>	<u>2,560,963</u>	<u>8,239,588</u>
Deferred Outflows of Resources					
Pension Related	29,012	16,880	6,857	-	52,749
Total Deferred Outflows of Resources	<u>29,012</u>	<u>16,880</u>	<u>6,857</u>	<u>-</u>	<u>52,749</u>
Liabilities					
Current Liabilities (Payable From Current Assets):					
Accounts Payable	70,429	-	-	-	70,429
Other Accrued Payables	22,989	-	-	-	22,989
Due To Other Funds	43,526	18,201	21,004	128,417	211,148
Total Current Liabilities (Payable From Current Assets)	<u>136,944</u>	<u>18,201</u>	<u>21,004</u>	<u>128,417</u>	<u>304,566</u>
Current Liabilities (Payable From Restricted Assets):					
Customer Deposits	54,182	91,385	-	-	145,567
Revenue Bonds Payable	-	128,413	-	-	128,413
Total Current Liabilities (Payable From Restricted Assets)	<u>54,182</u>	<u>219,798</u>	<u>-</u>	<u>-</u>	<u>273,980</u>
Long Term Liabilities:					
Bonds Payable	-	2,264,026	-	-	2,264,026
Net Pension Liability	120,679	70,213	28,524	-	219,416
Accrued Sick Leave Convertible to Retirement	25,898	-	-	-	25,898
Total Long Term Liabilities	<u>146,577</u>	<u>2,334,239</u>	<u>28,524</u>	<u>-</u>	<u>2,509,340</u>
Total Liabilities	<u>337,703</u>	<u>2,572,238</u>	<u>49,528</u>	<u>128,417</u>	<u>3,087,886</u>
Deferred Inflows of Resources					
Pension Related	12,894	7,502	3,048	-	23,444
Total Deferred Inflows of Resources	<u>12,894</u>	<u>7,502</u>	<u>3,048</u>	<u>-</u>	<u>23,444</u>
Net Position					
Net Investment in Capital Assets					4,463,638
Restricted for:					
Capital Projects and Debt Service					5,849
Unrestricted					711,520
Total Net Position					<u>\$ 5,181,007</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, 2020

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Nursing Home Property</u>	<u>Total</u>
Operating Revenues					
Gas Sales	\$ 470,267	\$ -	\$ -	\$ -	\$ 470,267
Less Cost of Gas Sold	(165,866)	-	-	-	(165,866)
Gross Profit on Gas Sales	<u>304,401</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>304,401</u>
Water Sales	-	641,512	-	-	641,512
Sewer Service Charges	-	-	581,190	-	581,190
Intergovernmental - Pension Paid by Others	3,876	2,208	938	-	7,022
Lease Rental and Maintenance Income	-	-	-	144,785	144,785
Other	17,461	30,113	15,393	-	62,967
Total Operating Revenues	<u>325,738</u>	<u>673,833</u>	<u>597,521</u>	<u>144,785</u>	<u>1,741,877</u>
Operating Expenses					
Bad Debts	-	-	-	-	-
Cathodic Protection	14,831	-	-	-	14,831
Depreciation	9,120	133,871	85,226	23,634	251,851
Employee Benefits	35,477	21,218	11,514	168	68,377
Insurance - Workers Compensation	2,769	4,294	1,625	850	9,538
Other	19,713	16,695	4,638	-	41,046
Professional Fees	-	3,425	-	-	3,425
Repairs and Maintenance	30,006	41,464	44,790	60,307	176,567
Salaries and Wages	109,897	64,870	28,334	5,247	208,348
Supplies	8,509	26,373	1,709	-	36,591
Utilities	-	61,211	23,799	36,338	121,348
Water Treatment	-	61,260	-	-	61,260
Total Operating Expenses	<u>230,322</u>	<u>434,681</u>	<u>201,635</u>	<u>126,544</u>	<u>993,182</u>
Operating Income (Loss)	<u>95,416</u>	<u>239,152</u>	<u>395,886</u>	<u>18,241</u>	<u>748,695</u>
Nonoperating Revenues (Expenses)					
Unrealized Gain (Loss) on Investments	-	-	-	-	-
Realized Gain (Loss) on Investments	-	-	-	-	-
Gain on Sale of Capital Assets	-	-	-	-	-
Donations	-	-	-	-	-
Interest Income	1,376	1,452	888	417	4,133
Interest Expense	-	(102,992)	-	-	(102,992)
Total Nonoperating Revenues (Expenses)	<u>1,376</u>	<u>(101,540)</u>	<u>888</u>	<u>417</u>	<u>(98,859)</u>
Income (Loss) Before Transfers	<u>96,792</u>	<u>137,612</u>	<u>396,774</u>	<u>18,658</u>	<u>649,836</u>
Contributions and Transfers					
Capital Contributions	-	26,512	-	-	26,512
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	(561,161)	-	-	-	(561,161)
Change in Net Position	<u>(464,369)</u>	<u>164,124</u>	<u>396,774</u>	<u>18,658</u>	<u>115,187</u>
Total Net Position, Beginning					<u>5,065,820</u>
Total Net Position, Ending					<u>\$ 5,181,007</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Gas Sales	\$ 460,000	\$ 470,267	\$ 10,267
Less Cost of Gas Sold	<u>(150,300)</u>	<u>(165,866)</u>	<u>(15,566)</u>
Gross Profit on Gas Sales	309,700	304,401	(5,299)
Intergovernmental - Pension Paid by Others	-	3,876	3,876
Other			
Bad Debt Recoveries	250	-	(250)
Miscellaneous	8,300	2,068	(6,232)
Penalties	14,900	15,393	493
Total Operating Revenues	<u>333,150</u>	<u>325,738</u>	<u>(7,412)</u>
Operating Expenses			
Bad Debts	3,500	-	3,500
Cathodic Protection	11,200	14,831	(3,631)
Depreciation	8,500	9,120	(620)
Employee Benefits			
Health Insurance	19,000	18,826	174
Life Insurance	800	728	72
Payroll Taxes	8,450	8,350	100
Retirement	15,500	7,573	7,927
Insurance	2,600	2,769	(169)
Other			
Computer Expenses	-	-	-
Drug Testing	200	193	7
Gas Leak Survey	3,000	2,968	32
Gas Operator Certification	1,900	1,815	85
Fuel	2,000	3,161	(1,161)
Meter Reading	9,000	8,631	369
Miscellaneous	1,000	2,117	(1,117)
Office Expense	1,000	828	172
Professional Fees	17,000	-	17,000
Repairs and Maintenance	35,000	30,006	4,994
Salaries and Wages	107,000	109,897	(2,897)
Supplies	10,000	8,509	1,491
Total Operating Expenses	<u>256,650</u>	<u>230,322</u>	<u>26,328</u>
Operating Income (Loss)	<u>76,500</u>	<u>95,416</u>	<u>18,916</u>
Nonoperating Revenues (Expenses)			
Interest Income	1,400	1,376	(24)
Total Nonoperating Revenues (Expenses)	<u>1,400</u>	<u>1,376</u>	<u>(24)</u>
Income (Loss) Before Transfers	<u>77,900</u>	<u>96,792</u>	<u>18,892</u>
Transfers			
Operating Transfers In	-	-	-
Operating Transfers Out	(560,900)	(561,161)	(261)
Change in Net Position	<u>\$ (483,000)</u>	<u>\$ (464,369)</u>	<u>\$ 18,631</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Water Sales	\$ 630,750	\$ 641,512	\$ 10,762
Intergovernmental - Pension Paid by Others	-	2,208	2,208
Other			
Delinquent Charges	14,900	15,393	493
Miscellaneous	2,800	2,710	(90)
Safe Drinking Water Fee	13,000	12,010	(990)
Total Operating Revenues	<u>661,450</u>	<u>673,833</u>	<u>12,383</u>
Operating Expenses			
Bad Debts	3,500	-	3,500
Depreciation	133,000	133,871	(871)
Employee Benefits			
Health Insurance	11,800	11,717	83
Life Insurance	500	472	28
Payroll Taxes	6,700	6,468	232
Retirement	9,900	2,561	7,339
Insurance	4,000	4,294	(294)
Other			
Computer Expenses	250	-	250
Drug Testing	300	273	27
Department of Environmental Quality Fees	3,000	2,006	994
Fuel	4,000	5,037	(1,037)
Office Expense	1,000	822	178
Safe Drinking Water Fee	14,000	8,557	5,443
Professional Fees	22,000	3,425	18,575
Repairs and Maintenance	43,500	41,464	2,036
Salaries and Wages	80,500	64,870	15,630
Supplies	26,000	26,373	(373)
Utilities - Pump Electricity	70,000	61,211	8,789
Water Treatment	60,000	61,260	(1,260)
Total Operating Expenses	<u>493,950</u>	<u>434,681</u>	<u>59,269</u>
Operating Income (Loss)	<u>167,500</u>	<u>239,152</u>	<u>71,652</u>
Nonoperating Revenues (Expenses)			
Donations	-	-	-
Interest Income	1,500	1,452	(48)
Interest Expense	(103,050)	(102,992)	58
Total Nonoperating Revenues (Expenses)	<u>(101,550)</u>	<u>(101,540)</u>	<u>10</u>
Income (Loss) Before Transfers	<u>65,950</u>	<u>137,612</u>	<u>71,662</u>
Contributions and Transfers			
Capital Contributions	10,700	26,512	15,812
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Change in Net Position	<u>\$ 76,650</u>	<u>\$ 164,124</u>	<u>\$ 87,474</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Sewer Charges	\$ 570,500	\$ 581,190	\$ 10,690
Intergovernmental - Pension Paid by Others	-	938	938
Other			
Miscellaneous	200	-	(200)
Penalties	14,900	15,393	493
Total Operating Revenues	<u>585,600</u>	<u>597,521</u>	<u>11,921</u>
Operating Expenses			
Bad Debts	3,500	-	3,500
Depreciation	84,000	85,226	(1,226)
Employee Benefits			
Health Insurance	9,000	9,016	(16)
Life Insurance	250	246	4
Payroll Taxes	2,300	2,170	130
Retirement	3,800	82	3,718
Insurance	1,300	1,625	(325)
Other			
Analysis Fee	3,400	3,280	120
Fuel	1,500	3,102	(1,602)
Office Expense	1,500	44	1,456
Other Operating Expense	-	(1,788)	1,788
Professional Fees	15,000	-	15,000
Repairs and Maintenance	25,000	44,790	(19,790)
Salaries and Wages	28,500	28,334	166
Supplies	4,000	1,709	2,291
Utilities	18,000	23,799	(5,799)
Total Operating Expenses	<u>201,050</u>	<u>201,635</u>	<u>(585)</u>
Operating Income (Loss)	<u>384,550</u>	<u>395,886</u>	<u>11,336</u>
Nonoperating Revenues (Expenses)			
Interest Income	900	888	(12)
Total Nonoperating Revenues (Expenses)	<u>900</u>	<u>888</u>	<u>(12)</u>
Income (Loss) Before Transfers	<u>385,450</u>	<u>396,774</u>	<u>11,324</u>
Transfers			
Operating Transfers In	-	-	-
Change in Net Position	<u>\$ 385,450</u>	<u>\$ 396,774</u>	<u>\$ 11,324</u>

See independent auditor's report.

Town of Kentwood
Schedule of Revenues, Expenses and Changes in Net Position
Budget (GAAP Basis) and Actual, Proprietary Fund Type, Nursing Home Property
For the year ended December 31, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Lease Rental and Maintenance Income	\$ 149,000	\$ 144,785	\$ (4,215)
Other			
Miscellaneous	-	-	-
Total Operating Revenues	<u>149,000</u>	<u>144,785</u>	<u>(4,215)</u>
Operating Expenses			
Bad Debts	-	-	-
Depreciation	22,850	23,634	(784)
Employee Benefits			
Health Insurance	200	168	32
Life Insurance	-	-	-
Payroll Taxes	500	-	500
Retirement	-	-	-
Insurance	14,900	850	14,050
Other			
Fuel	-	-	-
Office Expense	200	-	200
Other Operating Expense	-	-	-
Professional Fees	-	-	-
Repairs and Maintenance	50,000	60,307	(10,307)
Salaries and Wages	6,300	5,247	1,053
Supplies	-	-	-
Utilities	41,000	36,338	4,662
Total Operating Expenses	<u>135,950</u>	<u>126,544</u>	<u>9,406</u>
Operating Income (Loss)	<u>13,050</u>	<u>18,241</u>	<u>5,191</u>
Nonoperating Revenues (Expenses)			
Interest Income	420	417	(3)
Interest Expense	-	-	-
Total Nonoperating Revenues (Expenses)	<u>420</u>	<u>417</u>	<u>(3)</u>
Income (Loss) Before Transfers	<u>13,470</u>	<u>18,658</u>	<u>5,188</u>
Transfers			
Capital Contributions	-	-	-
Operating Transfers In	-	-	-
Change in Net Position	<u>\$ 13,470</u>	<u>\$ 18,658</u>	<u>\$ 5,188</u>

See independent auditor's report.

Schedule 17

**Town of Kentwood
Schedule of Utility Rates
Proprietary Fund Type
For the year ended December 31, 2020**

Residential Rates		Sewer		Commercial Rates	
\$ 45.00	- Flat Monthly Rate	\$ 65.00	Commercial Rate 1 - Flat Monthly Rate	275.00	Commercial Rate 2 (Schools) - Flat Rate
		650.00	Commercial Rate 3 (Nursing Home) - Flat Rate	45.00	Commercial Rate 4 (Churches) - Flat Rate
Residential Rates		Water		Commercial Rates	
\$ 47.00	- Flat Monthly Rate	\$ 47.00	Commercial Rate 2 - First 5,000 Gallons (Flat Fee)	0.75	Per 1,000 Gallons for next 55,000 Gallons
		0.65	Per 1,000 Gallons for next 180,000 Gallons	0.50	Per 1,000 Gallons for next 260,000 Gallons
Industrial Rates		0.40	Per 1,000 Gallons after 500,000 Gallons	162.00	Commercial Rate 2 (Schools) - Flat Rate
148.65	- First 55,000 Gallons (Flat Fee)	47.00	Commercial Rate 4 (Churches) - Flat Rate		
1.50	- Per 1,000 Gallons for next 180,000 Gallons				
1.150	- Per 1,000 Gallons for next 260,000 Gallons				
0.80	- Per 1,000 Gallons after 500,000 Gallons				
Residential Rates		Gas		Commercial Rates	
\$ 20.00	- First 5,000 Cubic Feet (Flat Fee)	\$ 20.00	- First 5,000 Cubic Feet (Flat Fee)	1.606	- Per 1,000 Cubic Feet after 5,000
1.606	- Per 1,000 Cubic Feet after 5,000				
Industrial Rates					
\$ 5.97	- First 10,000 Cubic Feet (Flat Fee)				
0.597	- Per 1,000 Cubic Feet after 10,000				

Schedule 18

**Town of Kentwood
Schedule of Number of Sewer, Water and Gas Customers
Proprietary Fund Type
For the year ended December 31, 2020**

	Residential	Commercial	Total
Sewer	745	107	852
Water	865	142	1,007
Gas	354	58	412

See independent auditor's report.

Town of Kentwood
Schedule of Gas Sales and Purchases
Proprietary Fund Type - Gas Utility System
As of December 31, 2020 and 2019

	Enterprise Funds	
	2020	2019
Gas Sales and Purchases		
Gas Sales		
Volume mcf (Thousand Cubic Feet)	43,826	40,929
Dollar Amount	\$ 470,267	\$ 494,461
Cost of Gas Sold		
Volume mcf (Thousand Cubic Feet)	54,619	46,513
Dollar Amount	\$ 165,866	\$ 179,770
Gross Profit	\$ 304,401	\$ 314,691
Gross Profit Percentage of Sales	65%	64%
Unaccounted for Gas Purchases		
Volume mcf (Thousand Cubic Feet)	10,793	5,584
Average Cost of Unaccounted for Gas	\$ 32,776	\$ 21,581
Percentage of Purchases	20%	12%
Number of Customers at Year End		
In Service, Industrial	2	2
In Service, Other	410	412
Total	412	414
Average Sales Per Customer		
Volume mcf (Thousand Cubic Feet)	106	99
Dollar Amount	\$ 1,141	\$ 1,194
Average Sales Per Thousand Cubic Feet		
Gas Sales, Industrial	\$ 5.06	\$ 5.64
Gas Sales, Other	\$ 18.63	\$ 21.12
Gas Sales	\$ 10.73	\$ 12.08
Gas Purchases	\$ -3.04	\$ -3.86
Subtotal	\$ 7.69	\$ 8.22
Unaccounted for Gas Purchases	\$ -0.60	\$ -0.46
Gross Profit	\$ 7.09	\$ 7.76

See independent auditor's report.

Town of Kentwood
Schedule of Insurance
For the year ended December 31, 2020

<u>Insurance Company / Policy Number</u>	<u>Coverage</u>	<u>Amount</u>	<u>Period</u>
Risk Management Agency 1144-2019-17033	General Liability	\$ 500,000	3/20/2020 to 3/20/2021
	Commercial Automobile	500,000	
	Public Officials Professional Liability	500,000	
	Police Professional Liability	500,000	
Western Surety Company 18272062	Position Schedule	425,000	6/20/2020 to 6/20/2021
Risk Management Agency RK07998A17	Commercial Property Coverages, as scheduled	1,893,500	3/7/2020 to 3/7/2021
Great Lakes/Lane & Assoc GLL1800674-01	Inland Marine	74,777	12/1/2020 to 12/1/2021
Risk Management Agency 70-0392-14915	Workers Compensation at Statutory Limitations		11/19/2020 to 11/19/2021
Foremost Insurance Group 444-0019223612	Commercial Mobile Home Policy	250,000	7/13/2020 to 7/13/2021
Lloyd's/Lane & Associates LMA2000052	Auto Physical Damage	260,806	4/15/2020 to 4/15/2021

See independent auditor's report.

Town of Kentwood
Schedule of Compensation Paid to Board Members
For the year ended December 31, 2020

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>
Rochell D. Bates, Mayor (985) 229-3451	308 Avenue G Kentwood, LA 70444	\$ 36,991
Terrell Hookfin, Council Member (985) 514-9950	1100 Pear Street Kentwood, LA 70444	6,500
Gary Callihan, Council Member (985) 514-0785	406 Miller Drive Kentwood, LA 70444	6,500
Tre'Von Cooper, Council Member (985) 514-8264	1103 12th Street Kentwood, LA 70444	6,500
Audrey Winters, Council Member (601) 551-6292	1313 MLK Drive Kentwood, LA 70444	6,500
Xavier Diamond, Council Member (985) 662-8664	813 Fisher Lane Kentwood, LA 70444	6,500
		<u>\$ 69,491</u>

Terms end December 31, 2022 for Board Members

See independent auditor's report.

Schedule 22

Town of Kentwood
Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head
For the year ended December 31, 2020

Agency Head Name: Rochell Bates, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 36,991
Employer Paid Medicare & Social Security	2,830
Special Meals	16
	<u>\$ 39,837</u>

See independent auditor's report.

Town of Kentwood
Justice System Funding Schedule - Collecting/Disbursing Entity
For the year ended December 31, 2020

Cash Basis Presentation	First Six Month Period Ended 06/30/2020	Second Six Month Period Ended 12/31/2020
Beginning Balance of Amounts Collected (i.e. cash on hand)	-	-
Add: Collections		
Criminal Fines - Other	8,844	10,685
Subtotal Collections	8,844	10,685
Less: Disbursements To Governments & Nonprofits:		
<i>Crimestoppers of Tangipahoa, Criminal Court Cost/Fees</i>	40	58
<i>Florida Parishes Juvenile Justice Center, Criminal Court Cost/Fees</i>	95	150
<i>Louisiana Commission on Law Enforcement, Criminal Court Cost/Fees</i>	75	164
<i>Louisiana Judicial College, Criminal Court Cost/Fees</i>	10	18
<i>Treasurer, State of Louisiana -CMIS, Criminal Court Cost/Fees</i>	60	96
Less: Amounts Retained by Collecting Agency		
Town of Kentwood, Criminal Fines - Other	8,564	10,148
Subtotal Disbursements/Retainage	8,844	10,634
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	-	51

Other Information:

Ending Balance of Total Amounts Assessed but not yet Collected	5,914	11,235
Total Waivers During the Fiscal Period	3,259	814

See independent auditor's report.

Financial Data Schedules

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

Town of Kentwood
Financial Data Schedule for PHA Number LA206 - Housing Choice Voucher Program
For the year ended December 31, 2020

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	37,888
114	Cash - tenant security deposits	-
115	Cash - restricted for payment of current liabilities	10,535
100	Total Cash	<u>48,423</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>48,423</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>\$ 48,423</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, 2020

<u>Line</u>	<u>Account Description</u>	<u>Housing Choice Voucher Program 14,871</u>
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	(10,535)
346	Accrued liabilities - other	-
347	Interprogram due to	-
348	Loan liability - current	-
310	Total Current Liabilities	<u>(10,535)</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>(10,535)</u>
400	Deferred Inflow of Resources	<u>(18,635)</u>
Equity		
508.1	Invested in Capital Assets, Net of Related Debt	-
511.1	Restricted Net Position	(15,546)
512	Undesignated Fund Balance/Retained Earnings	-
512.1	Unrestricted Net Position	(3,707)
513	Total Equity / Net Position	<u>(19,253)</u>
600	Total Liabilities and Equity / Net Position	<u>\$ (48,423)</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, 2020

Line	Account Description	Housing Choice Voucher Program 14.871
Revenue:		
70300	Net tenant rental revenue	\$ -
70400	Tenant revenue - other	-
70500	Total Tenant Revenue	<u>-</u>
70600	HUD PHA operating grants	400,041
70610	Capital grants	-
70800	Other government grants	-
71100	Investment income - Unrestricted	310
71200	Mortgage interest income	-
71300	Proceeds from disposition of assets held for sale	-
71310	Cost of sale of assets	-
71400	Fraud recovery	1,947
71500	Other revenue	-
71600	Gain / loss on sale of fixed assets	-
72000	Investment income - restricted	-
70000	Total Revenue	<u>402,298</u>
Expenses		
Administrative		
91100	Administrative Salaries	37,201
91200	Auditing Fees	-
91300	Management Fee	-
91310	Book-keeping Fee	3,600
91400	Advertising and Marketing	-
91500	Employee benefit contributions - administrative	17,589
91600	Office Expenses	477
91700	Legal Expense	-
91800	Travel	-
91900	Other	-
91000	Total Operating Administrative	<u>58,867</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.

Schedule 24 (Continued)

**Town of Kentwood
Financial Data Schedule for PHA Number LA206 - Housing Choice Voucher Program
For the year ended December 31, 2020**

<u>Line</u>	<u>Account Description</u>	<u>Housing Choice Voucher Program 14.871</u>
	Protective Services:	
95100	Protective services - labor	-
95200	Protective services - other contract costs	-
95300	Protective services - other	-
95500	Employee benefit contributions - protective services	-
95000	Total Protective Services	<u>-</u>
	General Expenses:	
96110	Property insurance	-
96120	Liability insurance	-
96130	Workmen's compensation	174
96140	All other insurance	-
96100	Total Insurance Premiums	<u>174</u>
96500	Bad debt - mortgages	-
96600	Bad debt - other	-
96710	Interest expense	-
96800	Severance expense	-
96000	Total Other General Expenses	-
96900	Total Operating Expenses	<u>59,041</u>
97000	Excess Operating Revenue over Operating Expenses	<u>343,257</u>
	Other Expenses:	
97100	Extraordinary maintenance	-
97200	Casualty losses - non-capitalized	-
97300	Housing assistance payments	346,727
97350	HAP portability-in	-
97400	Depreciation expense	-
97500	Fraud losses	-
97800	Dwelling units rent expense	-
90000	Total Expenses	<u>405,768</u>
	Other Financing Sources (Uses)	
10010	Operating transfers in	-
10020	Operating transfers out	-
10030	Operating transfers from/to primary government	-
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	18,750
10094	Transfers between program and project-out	-
10100	Total Other Financing Sources (Uses)	<u>18,750</u>
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>\$ 15,280</u>
	Memo Account Information	
11020	Required Annual Debt Principal Payments	-
11030	Beginning Equity	3,973
11040	Prior period adjustments, equity transfers and correction of errors	-
11170	Administrative fee equity	3,707
11180	Housing assistance payments equity	15,546
11190	Unit months available	828
11210	Number of unit month's leased	751

(Concluded)

See independent auditor's report.

Minda B. Raybourn

Certified Public Accountant

Limited Liability Company

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

Member
AICPA

Member
LCPA

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

To the Honorable Mayor Rochell Bates
And Members of the Board (Town Council)
Kentwood, LA 70444

I 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 the Town of Kentwood, Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town of Kentwood, Louisiana's basic financial statements and have issued our report thereon dated April 24, 2022.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my opinion 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, I do not express an opinion on the effectiveness of the Town of Kentwood, Louisiana's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that I consider to be a material weakness.

Compliance and Other Matters

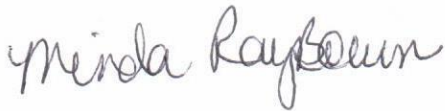
As part of obtaining reasonable assurance about whether the Town of Kentwood, Louisiana's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned responses as item 2020-002 and 2020-003.

Town of Kentwood, Louisiana's Response to Findings

Town of Kentwood, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Town of Kentwood, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

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.

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

Minda Raybourn, CPA
Franklinton, LA
April 24, 2022

Town of Kentwood, Louisiana
Schedule of Current Year Audit Findings and Responses
For the Year Ended December 31, 2020

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	<u> X </u> Yes	<u> </u> No
Significant deficiencies identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> No
Noncompliance material to the financial statements noted?	<u> X </u> Yes	<u> </u> No
Was a management letter issued?	<u> </u> Yes	<u> X </u> No

Federal Awards

There were no major programs for the Town for the fiscal year ended December 31, 2020.

**TOWN OF KENTWOOD, LOUISIANA
CURRENT YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

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

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

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

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

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

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

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

Finding 2020-002 Budget Compliance

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

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

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

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

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

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

**TOWN OF KENTWOOD, LOUISIANA
CURRENT YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

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

Criteria:

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

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

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

1. Crime Victims Reparations Fund

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

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

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

1. Witness Fees
2. Florida Parishes Juvenile Justice Commission

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

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

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

**TOWN OF KENTWOOD, LOUISIANA
CURRENT YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Management Response: The Town will follow the recommendation.

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

**TOWN OF KENTWOOD, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Finding 2019-001 Lack of Internal Controls Over Credit Cards (Material Finding) (Repeat Finding from prior year, 2018-001)

Criteria: Adequately designed and operating internal controls over financial reporting provides for adequate documentation to support transactions and to allow for proper review and approval of transactions including disbursements. When processing payments of credit cards, supporting documentation should be attached (original receipt or invoice) with the statement. Documentation of each charge should include the business purpose (such as print out of conference itinerary to support travel charges or approval to purchase supply items such as a purchase order). Lack of documentation exposes the Town to fraud and misappropriation of resources.

Condition: A review of the credit card expenditures revealed the following charges were not supported by a receipt or invoice:

Date	Charge	Amount
2/11/2019	Horseshoe Accounting	183.57
3/4/2019	Horseshoe Accounting	17.01
	Total	200.58

Cause: The Town has policies and procedures in place regarding credit cards. These include the use, tracking and recordkeeping of the cards. They were not followed during the year.

Effect: Lack of adequate documentation demonstrates the inadequacy of the Town’s internal control over disbursements. Lack of proper documentation over disbursement exposes the Town to possible fraud and misappropriation of assets.

Recommendation: The Town has policies and procedures regarding credit cards including usage and recordkeeping. Management need to ensure adequate controls over credit cards are being implemented. Management should require itemized receipts for all credit card charges on the monthly statement and the business purpose of each charge must be clearly documented.

Management’s Response: The Town has policies and procedures regarding credit cards including usage and record keeping. Management will ensure that policies and procedures are being adhered to and that adequate controls over credit cards are being implemented. Management will require itemized receipts for all credit card charges on the monthly statement and the business purpose of each charge will be clearly documented.

Status: Resolved.

Finding 2019-002 Balancing of Utility Accounts Receivable

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

**TOWN OF KENTWOOD, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Condition: For December 2019, balancing was done sporadically and not daily. December 5, 6, 16, 17, and 19 did not have print outs to show where the balancing was done. December 20-30 had the same printout.

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

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

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

Status: Unresolved.

Finding 2019-003 Payroll Fraud Allegation

Criteria: Strong internal controls over payroll and personnel policies and procedures, time and attendance procedures, and payroll processing procedures ensure policies and procedures are followed by all employees, employees are paid at the correct rate for actual time worked, and errors and irregularities are detected.

Condition: In September 2020, I received an allegation regarding payroll fraud on one of the public works employees. It was alleged that the employee would report to work, then go home for hours, and then come back to work but was still getting paid for town duties.

The town uses time sheets for each pay period. The employee will log the hours worked each day. The employee will sign the time sheet and the supervisor will sign his approval. After time is input into QuickBooks for payroll processing, the checks are printed and given to the mayor along with the time sheet. The mayor will sign the checks and approve the time sheets.

I obtained the time sheets. I was also provided daily data sheets for the town's waste water system. The sheets are by month. Every day, the town is supposed to record the time, meter flow, scale reading, roto meter reading, and totalizer readings. The employee doing the reading is to initial the log on the day the system is checked. These daily data sheets are mandated by state and federal law for the town's waste water system.

Speaking with town management, the public works employees work over time after normal working hours and on weekends for various duties. Any overtime logged on the time sheet is noted for what the overtime is for. One of those duties is checking the recording readings on the town's waste water system.

**TOWN OF KENTWOOD, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

I compared the time sheets to the dates on the daily data sheets and found the following:

I was provided two copies of the daily data sheets for July 2019. One was dated July 15, 2019 and the second was dated for July 29, 2019. The July 15, 2019 sheet did not show any readings for July 4 and 5. The employee was paid 5 hours of holiday time for July 4 and 5, and 3 hours regular time for July 4 and 5. July 4 was a Thursday and July 5 was a Friday. The July 15, 2019 daily data sheet did not show any readings for July 12 and 13. The employee was paid 5 hours of overtime, and 8 hours regular time on July 12 and 6 hours of overtime on July 13. July 12 was a Friday and July 13 was a Saturday. The second daily data sheet dated July 29, 2019 showed roto meter readings for July 4, 5, 12, and 13 with the employee's initials. No other readings for the other columns were present.

Another instance was in August 2019. I was given two data sheets dated August 25 and 26, 2019. Neither date had any readings for August 24 or 25. The employee was paid 4 hours overtime for each day. These days were on the weekend.

Another instance was in September 2019. I was given two data sheets for the beginning of September 2019. The daily data sheets were dated September 8 and 9, 2019. The dates of September 5 through 8 were blank for readings on the September 8 daily sheet. On the daily sheet dated September 9, the dates of September 5 through 9 had scale readings and roto meter readings with the employee's initials. The employee was paid: September 5-8 hours regular and 2 hours over time (Thursday), September 6-8 hours regular (Friday), September 7-4 hours overtime (Saturday), September 8-4 hours overtime (Sunday), and September 9-8 hours regular time (Monday).

If part of the overtime duties are to check up and log in readings on the daily data logs for the waste water system, and the logs are not being done correctly or at all, it is highly questionable time was paid for work not done. Total estimated costs in question are \$744.98.

Cause: The towns policies and procedures require all employees to record the time they begin and end their work. The town uses time sheets which are signed by the employee, supervisor, and mayor. However, there appears to be a lack of control over this area.

Effect: Failure to implement strong internal controls over personnel and payroll policies and procedure and time and attendance procedures creates opportunities in which employee could be paid the incorrect pay rate, employees could be paid for work not performed, and other errors and irregularities could occur and not be detected timely or at all.

Recommendation: I recommend the town implement a time clock system. A time clock system provides for better time and attendance reporting than manual sign in sheets and manual time sheets. Time cards should be signed by the employee and reviewed and approved by the supervisor and mayor. Hours per the time card should be matched against the time input in to QuickBooks for payroll processing.

In addition, if not already installed on town vehicles, I would suggest management consider GPS tracking devices on all vehicles.

Status: Resolved.

**TOWN OF KENTWOOD, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Finding 2019-004 Special Revenue Funds for Recreation Park

Criteria: Records should account for ad valorem taxes dedicated for specific purposes.

Condition: The town has an account for ad valorem taxes on recreation. It is a special revenue fund. This is for the purpose of collecting the property taxes for recreation and paying the expenditures for the recreation park. In addition, the funds collected will be used to pay for the annual debt service on the bonds for the recreation park. The town has a debt service account to pay the bond payment on the outstanding bonds on the recreation park.

Currently, the tax collected for recreation are deposited to the general fund and are allocated to the special revenue fund at the end of the year.

Funds are collected to the general fund and are coded to Due to Other Funds-Recreation Park. Debt service paid for the loan is paid out of the general fund and is coded to Due to Other Funds-Recreation Park. Differences between the collections and the disbursements are transferred to the ad valorem recreation account.

Cause: Officials may not have a thorough understanding of the accounting for the special revenue fund.

Effect: Budget to actual comparisons could be incorrect or skewed.

Recommendation: The town needs to deposit the ad valorem into the recreation account as they received. Payment for the annual debt service on the bonds should be paid from the debt service fund by transferring funds from the ad valorem recreation fund.

Status: Resolved.

Finding 2019-005 Budget Compliance

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

Condition: In the general fund, revenues and other sources were under budget by 9.17% or \$214,965.

Cause: Budgeted operating transfers in from the utility fund were \$744,000. Actual transfers from the utility fund were \$514,251. This created a variance of \$229,749 in operating transfers in.

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

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

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

**TOWN OF KENTWOOD, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Status: Unresolved.

Finding 2019-006 Collateralization of Banking Deposits

Criteria: Per R.S. 39:1225, The amount of the security must at all times be 100% of the funds on deposit except that portion insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC insurance currently insures up to \$250,000 in deposits for a single entity. Therefore, only funds greater than \$250,000 must be collateralized by entities located in parishes or municipalities both under and over 100k (See AG Op. No. 09-0073A).

Condition: The Town's banking deposits were undercollateralized at its main banking institution by \$7,024.

Cause: The Town's banking deposits were not collateralized the end of December 31, 2019.

Effect: The Town's may be exposed to credit risks that may potentially result in losses.

Recommendation: The Town' needs to compare its pledge reports from its banking institutions to the bank statements each month to ensure the deposits are not exposed to credit risk.

Management Response: We will implement policies and procedures to monitor the collateralization of the banking accounts.

Status: Resolved.