

Town of Kentwood, Louisiana

Annual Financial Statements

As of and for the Year Then Ended December 31, 2019  
With Supplementary Information Schedules

**Town of Kentwood**  
**Annual Financial Statements**  
**As of and for the Year Ended December 31, 2019**  
**With Supplementary Information Schedules**

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Member  
LCPA

## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor Rochelle 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, 2019, 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, 2019, 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*

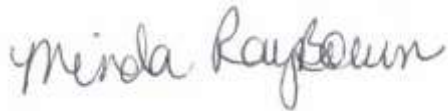
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Kentwood, Louisiana's basic financial statements. The accompanying schedules listed as Other Supplemental Information in the table of contents are presented for purposes of additional 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, 2019 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, 2019 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, and schedule of compensation, benefits, and other payments to agency head 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 October 29, 2020 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

October 29, 2020

**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, 2019

#### 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, 2019, the Town's assets exceeded its liabilities by \$8,015,749 (net position). Of this amount, \$1,481,509 (unrestricted net position) may be used to meet the Town's ongoing obligations to its citizens.
- For the year ended December 31, 2019, the Town's total net position increased by \$2,350,065.
- At December 31, 2019, the Town's governmental funds reported combined ending fund balances of \$2,135,159, a decrease of \$303,618 for the year. Of this amount, \$157,877 or seven percent is available for spending at the Town's discretion (unassigned fund balances).
- At December 31, 2019, the Town's proprietary funds reported combined ending net position of \$5,069,793, an increase of \$2,623,620 for the year. Unrestricted net position has a balance of \$523,160.
- For the year ended December 31, 2019, the Town's total long term debt for the proprietary fund decreased by \$133,782, due to principal payments of \$133,782.
- For the year ended December 31, 2019, the Town's total long term debt for governmental activities decreased by \$106,862, including bond premium, due to principal payments of \$106,459.

#### 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, 2019**

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, 2019**

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, 2019

#### 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 2019 and 2018

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and Other Assets	\$ 2,448,532	\$ 2,849,237	\$ 1,278,755	\$ 759,817	\$ 3,727,287	\$ 3,609,054
Capital Assets	2,898,020	2,917,134	6,960,680	4,862,134	9,858,700	7,779,268
<b>Total Assets</b>	<b>5,346,552</b>	<b>5,766,371</b>	<b>8,239,435</b>	<b>5,621,951</b>	<b>13,585,987</b>	<b>11,388,322</b>
Deferred Outflows of Resources						
Pension Related	268,293	366,978	59,678	77,785	327,971	444,763
<b>Total Deferred Outflows of Resources</b>	<b>268,293</b>	<b>366,978</b>	<b>59,678</b>	<b>77,785</b>	<b>327,971</b>	<b>444,763</b>
Liabilities:						
Long-Term Debt Outstanding	2,103,767	2,275,239	2,665,205	2,827,811	4,768,972	5,103,050
Other Liabilities	406,563	531,540	526,852	404,576	933,415	936,116
<b>Total Liabilities</b>	<b>2,510,330</b>	<b>2,806,779</b>	<b>3,192,057</b>	<b>3,232,387</b>	<b>5,702,387</b>	<b>6,039,166</b>
Deferred Inflows of Resources						
Pension Related	158,559	107,059	37,263	21,176	195,822	128,235
<b>Total Deferred Inflows of Resources</b>	<b>158,559</b>	<b>107,059</b>	<b>37,263</b>	<b>21,176</b>	<b>195,822</b>	<b>128,235</b>
Net Position:						
Net Investment in Capital Assets	1,671,802	1,653,482	4,535,180	2,314,409	6,206,982	3,967,891
Restricted	315,805	437,111	11,453	4,598	327,258	441,709
Unrestricted	958,349	1,128,918	523,160	127,166	1,481,509	1,256,084
<b>Total Net Position</b>	<b>\$ 2,945,956</b>	<b>\$ 3,219,511</b>	<b>\$ 5,069,793</b>	<b>\$ 2,446,173</b>	<b>\$ 8,015,749</b>	<b>\$ 5,665,684</b>

Approximately seventy-seven 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 nineteen 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, 2019

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, 2019 and 2018

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	\$ 344,823	\$ 311,485	\$ 2,278,460	\$ 2,220,351	\$ 2,623,283	\$ 2,531,836
Operating Grants and Contributions	75,367	77,000	5,505	6,450	80,872	83,450
Capital Grants and Contributions	49,942	345,240	-	12,000	49,942	357,240
General Revenues:						
Taxes	1,272,096	1,275,917	-	-	1,272,096	1,275,917
Tang Fire Dist 2 Allocation	602,497	582,479	-	-	602,497	582,479
Interest Income	40,235	48,698	7,961	7,242	48,196	55,940
Donations	27,531	17,075	25,000	-	52,531	17,075
Miscellaneous	16,594	12,508	-	550	16,594	13,058
On Behalf Payments	80,404	91,574	-	-	80,404	91,574
Other Nonoperating Revenue-Oil Lease	-	-	-	-	-	-
Gain (Loss) on Sale of Assets	-	673	-	-	-	673
<b>Total Revenues</b>	<b>2,509,489</b>	<b>2,762,649</b>	<b>2,316,926</b>	<b>2,246,593</b>	<b>4,826,415</b>	<b>5,009,242</b>
Expenses:						
General Government	755,490	992,482	-	-	755,490	992,482
Public Safety - Police Protection	802,196	754,509	-	-	802,196	754,509
Public Safety - Fire Protection	678,411	622,676	-	-	678,411	622,676
Public Works - Streets and Sanitation	545,461	578,935	-	-	545,461	578,935
Health and Welfare	6,594	6,594	-	-	6,594	6,594
Recreation	26,691	27,783	-	-	26,691	27,783
Economic Development	12,808	12,213	-	-	12,808	12,213
Bond Interest Expense	35,512	36,063	-	-	35,512	36,063
Capital Lease Interest	6,765	8,195	-	-	6,765	8,195
Water, Gas, and Sewer Utility	-	-	1,103,223	1,088,081	1,103,223	1,088,081
Nursing Home Property	-	-	32,659	-	32,659	-
Housing Assistance	-	-	390,221	386,281	390,221	386,281
<b>Total Expenses</b>	<b>2,869,928</b>	<b>3,039,450</b>	<b>1,526,103</b>	<b>1,474,362</b>	<b>4,396,031</b>	<b>4,513,812</b>
Change in Net Position Before Transfers	(360,439)	(276,801)	790,823	772,231	430,384	495,430
Transfers (Out) In	86,884	604,667	(501,203)	(631,029)	(414,319)	(26,362)
Capital Contributions	-	-	2,334,000	-	2,334,000	-
<b>Change in Net Position</b>	<b>(273,555)</b>	<b>327,866</b>	<b>2,623,620</b>	<b>141,202</b>	<b>2,350,065</b>	<b>469,068</b>
Net Position, Beginning Before Prior Per Adj	3,219,511	2,837,593	2,446,173	2,294,730	5,665,684	5,132,323
Prior Period Adjustment	-	54,052	-	10,241	-	64,293
Net Position, Beginning Restated	3,219,511	2,891,645	2,446,173	2,304,971	5,665,684	5,196,616
<b>Net Position, Ending</b>	<b>\$ 2,945,956</b>	<b>\$ 3,219,511</b>	<b>\$ 5,069,793</b>	<b>\$ 2,446,173</b>	<b>\$ 8,015,749</b>	<b>\$ 5,665,684</b>

## **Town of Kentwood**

### **Management's Discussion and Analysis As of and for the Year Ended December 31, 2019**

#### **Governmental Activities**

The Town's governmental net position decreased by \$273,555 or eight percent of the prior year ending net position of \$3,219,511.

Sales taxes increased \$35,358 to a balance of \$904,059 at December 31, 2019. Ad Valorem taxes decreased by \$38,630 totaling \$310,341 at fiscal year-end. The allocation for the Kentwood Volunteer Fire Department, from the Tangipahoa Rural Fire Protection District No. 2, increased by \$20,018 from \$582,479 at December 31, 2018, to \$602,497 at December 31, 2019. Capital Grants decreased \$295,298 at fiscal year-end.

Decreases in expenditures were most notable for General Government, with a \$236,992 decrease for 2019 (24%), decreasing from \$992,482 at prior fiscal year end to \$755,490 at December 31, 2019. For general government expenses, the biggest decrease was for bridge repairs due to the Flooding in 2016 of \$166,922 expended in the prior year.

#### **Business-Type Activities**

The business-type activities recorded an increase in net position of \$2,623,620 as compared to the 2018 increase in net position of \$141,202. The nonoperational increase in net position was caused by \$2,334,000 increase of capital contributions in the current year related to the donations of the Nursing Home properties. Net position before transfers and capital contributions for all business activities increased by \$790,923 in 2019, as compared to \$772,231 for 2018. Total operating expenses for the Utility Fund increased \$15,142 or one percent. Utility charges for services and rental lease income increased approximately \$58,109 or three percent in 2019. Housing assistance costs increased \$3,940 or about one percent for 2019.

## **Town of Kentwood**

### **Management's Discussion and Analysis As of and for the Year Ended December 31, 2019**

#### **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 \$2,135,159, \$1,139,972 of which is assigned for the volunteer fire department, \$104,989 is restricted for capital projects, \$92,298 is assigned for the LHFA fund for current repair work on units and future projects, \$331,424 is restricted for recreation operations or construction, and \$252,775 is restricted for construction due to bond proceeds. An amount of \$157,877 is unassigned and available for spending at the Town's discretion. An amount of \$55,824 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 \$341,974. The General Fund had \$214,294 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 fifteen 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, 2019 for the Special Revenue Funds. In the General Fund, revenues and other sources were less than five percent of the budgeted revenues and other sources. Actual revenues and other financing sources were \$214,965 less than budgeted revenues due to less transfers needed from the utility fund.

**Town of Kentwood**

**Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2019**

**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, 2019 amounts to \$9,858,700 (net of depreciation). The total increase in the Town's investment in capital assets for the current fiscal year was \$2,079,432 (net of depreciation).

Various small equipment for the street department was purchased for \$8,950. The administrative department had land with a fair market value of \$27,000 donated. A copier for the administrative department was purchased at a cost of \$569. Costs of \$75,846 were incurred during the fiscal year for the park project.

In the business-type activities, the Town purchased land for a lift station for \$1,500. The Town also had buildings and land donated with a fair market value of \$2,334,000.

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)  
2019 and 2018**

Capital Assets	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 646,126	\$ 619,126	\$ 1,622,600	\$ 21,100	\$ 2,268,726	\$ 640,226
Construction in Progress	1,097,719	1,021,873	-	-	1,097,719	1,021,873
Buildings and Improvements	2,021,850	2,021,850	780,639	46,639	2,802,489	2,068,489
Machinery and Equipment	1,256,335	1,246,816	251,677	251,677	1,508,012	1,498,493
Infrastructure	48,623	48,623	-	-	48,623	48,623
Gas Utility System	-	-	806,868	806,868	806,868	806,868
Water Utility System	-	-	5,307,081	5,307,081	5,307,081	5,307,081
Sewer Utility System	-	-	4,644,314	4,644,314	4,644,314	4,644,314
Subtotal Capital Assets	5,070,653	4,958,288	13,413,179	11,077,679	18,483,832	16,035,967
Less: Accumulated Depreciation	(2,172,633)	(2,041,154)	(6,452,499)	(6,215,545)	(8,625,132)	(8,256,699)
<b>Capital Assets, Net</b>	<b>\$ 2,898,020</b>	<b>\$ 2,917,134</b>	<b>\$ 6,960,680</b>	<b>\$ 4,862,134</b>	<b>\$ 9,858,700</b>	<b>\$ 7,779,268</b>



## Town of Kentwood

### Management's Discussion and Analysis As of and for the Year Ended December 31, 2019

#### Long-Term Debt

At December 31, 2019, the Town had total long term debt outstanding from bonds payable and capital leases of \$3,794,936, not including unamortized bond premium of \$7,129. Of this total, \$207,564 is due within one year and \$3,587,372 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 2019 and 2018

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Capital Leases	\$ 149,006	\$ 205,465	\$ 5,334	\$ 20,999	\$ 154,340	\$ 226,464
Revenue Bonds	1,132,129	1,182,532	2,515,596	2,633,713	3,647,725	3,816,245
Total Outstanding Debt	<u>\$ 1,281,135</u>	<u>\$ 1,387,997</u>	<u>\$ 2,520,930</u>	<u>\$ 2,654,712</u>	<u>\$ 3,802,065</u>	<u>\$ 4,042,709</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**

## Statement A

**Town of Kentwood**  
**Statement of Net Position**  
**As of December 31, 2019**

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 170,039	\$ 526,002	\$ 696,041
Receivables, Net:			
Accounts	-	286,308	286,308
Intergovernmental	399,845	37,305	437,150
Taxes	250,029	-	250,029
Other	1,040,535	39,152	1,079,687
Due From Other Funds	142,194	98,456	240,650
Inventory	22,722	4,862	27,584
Prepaid Insurance	55,824	995	56,819
<b>Total Current Assets</b>	<b>2,081,188</b>	<b>993,080</b>	<b>3,074,268</b>
Restricted Assets:			
Restricted Cash and Cash Equivalents	367,344	285,675	653,019
<b>Total Restricted Assets</b>	<b>367,344</b>	<b>285,675</b>	<b>653,019</b>
Capital Assets:			
Land	646,126	1,622,600	2,268,726
Construction in Progress	1,097,719	-	1,097,719
Capital Assets, Net	1,154,175	5,338,080	6,492,255
<b>Total Capital Assets, Net</b>	<b>2,898,020</b>	<b>6,960,680</b>	<b>9,858,700</b>
<b>Total Assets</b>	<b>5,346,552</b>	<b>8,239,435</b>	<b>13,585,987</b>
<b>Deferred Outflows of Resources</b>			
Pension Related	268,293	59,678	327,971
<b>Total Deferred Outflows of Resources</b>	<b>268,293</b>	<b>59,678</b>	<b>327,971</b>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	62,705	87,840	150,545
Other Accrued Payables	152,212	25,933	178,145
Due To Other Funds	98,456	142,194	240,650
Customer Deposits	-	142,394	142,394
Accrued Interest	14,117	-	14,117
Bonds Payable	50,000	123,157	173,157
Capital Leases	29,073	5,334	34,407
<b>Total Current Liabilities</b>	<b>406,563</b>	<b>526,852</b>	<b>933,415</b>
Long Term Liabilities:			
Bonds Payable	1,082,129	2,392,439	3,474,568
Capital Leases	119,933	-	119,933
Net Pension Liability	810,944	237,772	1,048,716
Accrued Sick Leave Convertible to Retirement	90,761	34,994	125,755
<b>Total Long Term Liabilities</b>	<b>2,103,767</b>	<b>2,665,205</b>	<b>4,768,972</b>
<b>Total Liabilities</b>	<b>2,510,330</b>	<b>3,192,057</b>	<b>5,702,387</b>
<b>Deferred Inflows of Resources</b>			
Pension Related	158,559	37,263	195,822
<b>Total Deferred Inflows of Resources</b>	<b>158,559</b>	<b>37,263</b>	<b>195,822</b>
<b>Net Position</b>			
Net Investment in Capital Assets	1,671,802	4,535,180	6,206,982
Restricted for:			
Capital Projects and Debt Service	315,805	8,047	323,852
Housing Activities	-	3,406	3,406
Unrestricted	958,349	523,160	1,481,509
<b>Total Net Position</b>	<b>\$ 2,945,956</b>	<b>\$ 5,069,793</b>	<b>\$ 8,015,749</b>

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

**Town of Kentwood**  
**Statement of Activities**  
**For the year ended December 31, 2019**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants &amp; Contributions</u>	<u>Capital Grants &amp; Contributions</u>
<b>Governmental Activities</b>				
General Government	\$ 755,490	\$ 196,497	\$ 6,423	\$ -
Public Safety - Police Protection	802,196	32,770	7,398	-
Public Safety - Fire Protection	678,411	-	58,587	-
Public Works - Streets and Sanitation	545,461	98,366	2,959	-
Health and Welfare	6,594	-	-	-
Recreation	26,691	1,300	-	49,942
Economic Development	12,808	15,890	-	-
Bond Interest Expense	35,512	-	-	-
Capital Lease Interest	6,765	-	-	-
<b>Total Governmental Activities</b>	<u>\$ 2,869,928</u>	<u>\$ 344,823</u>	<u>\$ 75,367</u>	<u>\$ 49,942</u>
<b>Business-type Activities</b>				
Gas	\$ 455,848	\$ 514,333	\$ 4,416	\$ -
Water	484,780	694,082	1,041	-
Sewer	162,595	586,856	48	-
Nursing Home Property	32,659	112,546	-	2,334,000
Housing Assistance	390,221	370,643	-	-
<b>Total Business-type Activities</b>	<u>\$ 1,526,103</u>	<u>\$ 2,278,460</u>	<u>\$ 5,505</u>	<u>\$ 2,334,000</u>

**General Revenues:**

Taxes:

Property Taxes

Intergovernmental - Allocation from Tangipahoa Fire District Number 2

Sales Taxes

Franchise Taxes

Other

Interest Income

Donated Capital Assets

Miscellaneous

On Behalf Payments - State Supplemental Pay for Police

Operating Transfers In (Out) to Town Funds

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

**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**

<b>Net (Expenses) Revenues and Changes of Primary Government</b>			
<b>Net (Expenses) Revenues</b>	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
\$ (552,570)	\$ (552,570)	\$ -	\$ (552,570)
(762,028)	(762,028)	-	(762,028)
(619,824)	(619,824)	-	(619,824)
(444,136)	(444,136)	-	(444,136)
(6,594)	(6,594)	-	(6,594)
24,551	24,551	-	24,551
3,082	3,082	-	3,082
(35,512)	(35,512)	-	(35,512)
(6,765)	(6,765)	-	(6,765)
\$ (2,399,796)	(2,399,796)	-	(2,399,796)
\$ 62,901	-	62,901	62,901
210,343	-	210,343	210,343
424,309	-	424,309	424,309
2,413,887	-	2,413,887	2,413,887
(19,578)	-	(19,578)	(19,578)
\$ 3,091,862	-	3,091,862	3,091,862
	310,341	-	310,341
	602,497	-	602,497
	904,059	-	904,059
	46,478	-	46,478
	11,218	-	11,218
	40,235	7,961	48,196
	27,531	25,000	52,531
	16,594	-	16,594
	80,404	-	80,404
	501,203	(501,203)	-
	(414,319)	-	(414,319)
	2,126,241	(468,242)	1,657,999
	(273,555)	2,623,620	2,350,065
	3,219,511	2,446,173	5,665,684
	\$ 2,945,956	\$ 5,069,793	\$ 8,015,749

# Basic Financial Statements

## Fund Financial Statements

**Town of Kentwood**  
**Balance Sheet, Governmental Funds**  
**As of December 31, 2019**

	<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>
<b>Assets</b>							
Cash and Equivalents	\$ 80,536	\$ 6,882	\$ 93,799	\$ 85,020	\$ -	\$ -	\$ 266,237
Receivables, Net:							-
Intergovernmental	220,211	1,216,457	-	-	-	-	1,436,668
Ad Valorem Taxes	153,842	-	-	80,025	-	-	233,867
Franchise Taxes	11,541	-	-	-	-	-	11,541
Gaming	4,621	-	-	-	-	-	4,621
Other	3,712	-	-	-	-	-	3,712
Due From Other Funds	355,737	2,664	-	278,783	-	249,942	887,126
Inventory	22,722	-	-	-	-	-	22,722
Prepaid Insurance	22,691	31,101	2,032	-	-	-	55,824
Restricted Cash	104,989	-	-	-	116,119	50,038	271,146
<b>Total Assets</b>	<u>\$ 980,602</u>	<u>\$ 1,257,104</u>	<u>\$ 95,831</u>	<u>\$ 443,828</u>	<u>\$ 116,119</u>	<u>\$ 299,980</u>	<u>\$ 3,193,464</u>
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts Payable	\$ 59,871	\$ 2,834	\$ -	\$ -	\$ -	\$ -	\$ 62,705
Other Accrued Liabilities	84,559	19,148	1,300	-	-	47,205	152,212
Due to Other Funds	494,198	64,049	201	112,404	172,536	-	843,388
Total Liabilities	<u>638,628</u>	<u>86,031</u>	<u>1,501</u>	<u>112,404</u>	<u>172,536</u>	<u>47,205</u>	<u>1,058,305</u>
Fund Balances:							
Nonspendable	22,691	31,101	2,032	-	-	-	55,824
Restricted	104,989	-	-	331,424	-	252,775	689,188
Assigned	-	1,139,972	92,298	-	-	-	1,232,270
Unassigned	214,294	-	-	-	(56,417)	-	157,877
Total Fund Balances	<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>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 980,602</u>	<u>\$ 1,257,104</u>	<u>\$ 95,831</u>	<u>\$ 443,828</u>	<u>\$ 116,119</u>	<u>\$ 299,980</u>	<u>\$ 3,193,464</u>

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

**Statement D**

**Town of Kentwood  
Reconciliation of the Governmental Funds Balance Sheet  
to the Government-Wide Financial Statement of Net Position  
As of December 31, 2019**

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

<b>Fund Balances, Total Governmental Funds (Statement C)</b>	\$	2,135,159
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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		2,898,020
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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		(810,944)
Deferred Outflows of Resources		268,293
Deferred Inflows of Resources		(158,559)
Capital Lease Payable		(149,006)
Accrued Interest		(14,117)
Bonds Payable		(1,125,000)
Unamortized Bond Premium		(7,129)

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		(90,761)
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<b>Net Position of Governmental Activities (Statement A)</b>	\$	<u><u>2,945,956</u></u>
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The accompanying notes are an integral part of these financial statements.



**Town of Kentwood**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Governmental Funds**  
**For the year ended December 31, 2019**

	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
<b>Revenues</b>							
Taxes	\$ 1,160,626	\$ 543,114	\$ -	\$ 111,470	\$ -	\$ -	\$ 1,815,210
Licenses and Permits	160,797	-	-	-	-	-	160,797
Intergovernmental	9,992	98,751	-	-	-	49,942	158,685
Charges for Services	32,718	-	15,890	1,300	-	-	49,908
Fines and Forfeitures	19,338	-	-	-	-	-	19,338
Sanitation Fees	98,366	-	-	-	-	-	98,366
Interest	3,691	31,576	594	103	2,006	2,265	40,235
Donations	27,531	-	-	-	-	-	27,531
On Behalf Payments - Supplemental Pay	80,404	-	-	-	-	-	80,404
Miscellaneous	20,626	12,382	-	-	-	-	33,008
<b>Total Revenues</b>	<u>1,614,089</u>	<u>685,823</u>	<u>16,484</u>	<u>112,873</u>	<u>2,006</u>	<u>52,207</u>	<u>2,483,482</u>
<b>Expenditures</b>							
General Government	723,303	-	-	-	-	-	723,303
Public Safety:							
Police	700,815	-	-	-	-	-	700,815
Fire	99,709	556,219	-	-	-	-	655,928
Public Works	517,436	-	-	-	-	-	517,436
Health and Welfare	6,594	-	-	-	-	-	6,594
Recreation	(5)	-	-	3,280	-	-	3,275
Economic Development	-	-	4,625	-	-	-	4,625
Capital Outlays	36,519	414,319	-	-	-	75,846	526,684
Debt Service							
Principal	56,459	-	-	-	50,000	-	106,459
Interest	6,994	-	-	-	36,190	-	43,184
<b>Total Expenditures</b>	<u>2,147,824</u>	<u>970,538</u>	<u>4,625</u>	<u>3,280</u>	<u>86,190</u>	<u>75,846</u>	<u>3,288,303</u>
<b>Excess (Deficiency) of Revenues Over (Under) (Expenditures)</b>	<u>(533,735)</u>	<u>(284,715)</u>	<u>11,859</u>	<u>109,593</u>	<u>(84,184)</u>	<u>(23,639)</u>	<u>(804,821)</u>
<b>Other Financing Sources (Uses)</b>							
Operating Transfers In	514,251	-	-	-	-	-	514,251
Operating Transfers (Out)	(13,048)	-	-	-	-	-	(13,048)
Sale of Fixed Assets	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>501,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>501,203</u>
<b>Net Change in Fund Balances</b>	<u>(32,532)</u>	<u>(284,715)</u>	<u>11,859</u>	<u>109,593</u>	<u>(84,184)</u>	<u>(23,639)</u>	<u>(303,618)</u>
<b>Fund Balances, Beginning</b>	374,506	1,455,788	82,471	221,831	27,767	276,414	2,438,777
<b>Fund Balances, Ending</b>	<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>

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, 2019**

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

**Net Change in Fund Balances, Total Governmental Funds, Statement E** \$ (303,618)

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	526,684	
Less:		
Transfer of capital asset additions to Tangipahoa Fire District Number 2	(414,319)	
Current year depreciation	<u>(131,479)</u>	(19,114)

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)		(5,486)
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Non-employer contributions to cost-sharing pension plan		26,007
Pension Expense		(78,710)

Accrued interest expense is not due and payable in the current period and, therefore, is not reported in the governmental funds		504
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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>56,459</u>
<b>Change in Net Position of Governmental Activities, Statement B</b>		<b>\$ <u>(273,555)</u></b>

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

**Town of Kentwood**  
**Statement of Net Position - Proprietary Funds**  
**As of December 31, 2019**

	<u>Utility Fund</u>	<u>Housing Assistance Fund</u>	<u>Total Enterprise Funds</u>
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 526,002	\$ -	\$ 526,002
Receivables, Net	285,442	-	285,442
Due From State	37,305	-	37,305
Due From Other Funds	98,456	-	98,456
Rental Receivable	40,018	-	40,018
Inventory	4,862	-	4,862
Prepaid Insurance	995	-	995
Total Current Assets	<u>993,080</u>	<u>-</u>	<u>993,080</u>
Restricted Assets:			
Restricted Cash and Cash Equivalents	245,871	39,804	285,675
Total Restricted Assets	<u>245,871</u>	<u>39,804</u>	<u>285,675</u>
Property, Plant, and Equipment			
Land	22,600	-	22,600
Property, Plant and Equipment, Net	6,938,080	-	6,938,080
Total Property, Plant, and Equipment	<u>6,960,680</u>	<u>-</u>	<u>6,960,680</u>
<b>Total Assets</b>	<u>8,199,631</u>	<u>39,804</u>	<u>8,239,435</u>
<b>Deferred Outflows of Resources</b>			
Pension Related	59,678	-	59,678
<b>Total Deferred Outflows of Resources</b>	<u>59,678</u>	<u>-</u>	<u>59,678</u>
<b>Liabilities</b>			
Current Liabilities (Payable From Current Assets):			
Accounts Payable	87,840	-	87,840
Other Accrued Payables	25,933	-	25,933
Due To Other Funds	106,363	-	106,363
Total Current Liabilities (Payable From Current Assets)	<u>220,136</u>	<u>-</u>	<u>220,136</u>
Current Liabilities (Payable From Restricted Assets):			
Customer Deposits	142,394	-	142,394
Revenue Bonds Payable	123,157	-	123,157
Capital Lease Payable	5,334	-	5,334
Due To Other Funds	-	35,831	35,831
Total Current Liabilities (Payable From Restricted Assets)	<u>270,885</u>	<u>35,831</u>	<u>306,716</u>
Long Term Liabilities:			
Bonds Payable	2,392,439	-	2,392,439
Net Pension Liability	237,772	-	237,772
Accrued Sick Leave Convertible to Retirement	34,994	-	34,994
Total Long Term Liabilities	<u>2,665,205</u>	<u>-</u>	<u>2,665,205</u>
<b>Total Liabilities</b>	<u>3,156,226</u>	<u>35,831</u>	<u>3,192,057</u>
<b>Deferred Inflows of Resources</b>			
Pension Related	37,263	-	37,263
<b>Total Deferred Inflows of Resources</b>	<u>37,263</u>	<u>-</u>	<u>37,263</u>
<b>Net Position</b>			
Net Investment in Capital Assets	4,535,180	-	4,535,180
Restricted for:			
Capital Projects and Debt Service	8,047	-	8,047
Housing Activities	-	3,406	3,406
Unrestricted	522,593	567	523,160
<b>Total Net Position</b>	<u>\$ 5,065,820</u>	<u>\$ 3,973</u>	<u>\$ 5,069,793</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, 2019**

	<u>Gas Utility</u> <u>System</u>	<u>Water</u> <u>Utility</u> <u>System</u>	<u>Sewer</u> <u>Utility</u> <u>System</u>	<u>Nursing</u> <u>Home</u> <u>Property</u>	<u>Utility Fund</u>	<u>Housing</u> <u>Assistance</u> <u>Fund</u>	<u>Total</u> <u>Enterprise</u> <u>Funds</u>
<b>Operating Revenues</b>							
Gas Sales	\$ 494,461	\$ -	\$ -	\$ -	\$ 494,461	\$ -	\$ 494,461
Less Cost of Gas Sold	(179,770)	-	-	-	(179,770)	-	(179,770)
Gross Profit on Gas Sales	314,691	-	-	-	314,691	-	314,691
Water Sales	-	645,144	-	-	645,144	-	645,144
Sewer Service Charges	-	-	571,158	-	571,158	-	571,158
Intergovernmental - Pension Paid by Others	4,416	1,041	48	-	5,505	-	5,505
HUD Contributions	-	-	-	-	-	370,643	370,643
Lease Rental and Maintenance Income	-	-	-	112,546	112,546	-	112,546
Other	19,872	48,938	15,698	-	84,508	-	84,508
<b>Total Operating Revenues</b>	<u>338,979</u>	<u>695,123</u>	<u>586,904</u>	<u>112,546</u>	<u>1,733,552</u>	<u>370,643</u>	<u>2,104,195</u>
<b>Operating Expenses</b>							
Bad Debts	-	-	-	-	-	-	-
Cathodic Protection	3,389	-	-	-	3,389	-	3,389
Depreciation	9,133	132,692	83,704	11,425	236,954	-	236,954
Employee Benefits	67,537	17,893	1,405	-	86,835	18,162	104,997
Housing and Utility Assistance	-	-	-	-	-	330,375	330,375
Insurance	3,806	2,311	361	-	6,478	203	6,681
Other	26,732	16,793	4,176	280	47,981	4,250	52,231
Professional Fees	-	2,374	-	175	2,549	-	2,549
Repairs and Maintenance	22,495	75,723	49,518	4,382	152,118	-	152,118
Salaries and Wages	136,169	34,631	1,319	1,044	173,163	37,231	210,394
Supplies	6,818	1,687	1,626	-	10,131	-	10,131
Utilities	-	64,602	20,486	15,353	100,441	-	100,441
Water Treatment	-	27,637	-	-	27,637	-	27,637
<b>Total Operating Expenses</b>	<u>276,079</u>	<u>376,343</u>	<u>162,595</u>	<u>32,659</u>	<u>847,676</u>	<u>390,221</u>	<u>1,237,897</u>
<b>Operating Income (Loss)</b>	<u>62,900</u>	<u>318,780</u>	<u>424,309</u>	<u>79,887</u>	<u>885,876</u>	<u>(19,578)</u>	<u>866,298</u>
<b>Nonoperating Revenues (Expenses)</b>							
Donations	-	25,000	-	-	25,000	-	25,000
Interest Income	2,820	3,720	1,212	-	7,752	209	7,961
Interest Expense	-	(108,436)	-	-	(108,436)	-	(108,436)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>2,820</u>	<u>(79,716)</u>	<u>1,212</u>	<u>-</u>	<u>(75,684)</u>	<u>209</u>	<u>(75,475)</u>
<b>Income (Loss) Before Contributions and Transfers</b>	65,720	239,064	425,521	79,887	810,192	(19,369)	790,823
<b>Contributions and Transfers</b>							
Capital Contributions	-	-	-	2,334,000	2,334,000	-	2,334,000
Operating Transfers In	-	-	-	-	-	13,048	13,048
Operating Transfers Out	(514,251)	-	-	-	(514,251)	-	(514,251)
<b>Change in Net Position</b>	(448,531)	239,064	425,521	2,413,887	2,629,941	(6,321)	2,623,620
<b>Total Net Position, Beginning</b>					<u>2,435,879</u>	<u>10,294</u>	<u>2,446,173</u>
<b>Total Net Position, Ending</b>					<u>\$ 5,065,820</u>	<u>\$ 3,973</u>	<u>\$ 5,069,793</u>

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

## Statement I

**Town of Kentwood**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended December 31, 2019**

	<u>Utility Fund</u>	<u>Housing Assistance Fund</u>	<u>Total Enterprise Funds</u>
<b>Cash Flows From Operating Activities</b>			
Received From Customers	\$ 1,832,010	\$ -	\$ 1,832,010
Received From the Department of Housing and Urban Development	-	370,643	370,643
Received for Meter Deposit Fees	(4,828)	-	(4,828)
Other Receipts	11,451	-	11,451
Received for Interfund Services	(92,675)	-	(92,675)
Received for (Payments for) Interfund Services	93,906	29,569	123,475
Payments for Operations	(522,613)	(334,828)	(857,441)
Payments to Employees	(259,613)	(55,393)	(315,006)
Net Cash Provided (Used) by Operating Activities	<u>1,057,638</u>	<u>9,991</u>	<u>1,067,629</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Transfers From (To) Other Funds	(514,251)	13,048	(501,203)
Received From Donations	25,000	-	25,000
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(489,251)</u>	<u>13,048</u>	<u>(476,203)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Capital Contributions Received	-	-	-
(Payments for) Capital Acquisitions	(1,500)	-	(1,500)
Principal Proceeds from (Repayments for) Long Term Debt	(133,782)	-	(133,782)
Interest Payments for Long Term Debt	(108,436)	-	(108,436)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(243,718)</u>	<u>-</u>	<u>(243,718)</u>
<b>Cash Flows From Investing Activities</b>			
Receipt of Interest	7,752	209	7,961
Net Cash Provided (Used) by Investing Activities	<u>7,752</u>	<u>209</u>	<u>7,961</u>
<b>Net Cash Increase (Decrease) in Cash and Cash Equivalents</b>	332,421	23,248	355,669
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>439,452</u>	<u>16,556</u>	<u>456,008</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 771,873</u>	<u>\$ 39,804</u>	<u>\$ 811,677</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:</b>			
Cash and Cash Equivalents, Unrestricted	\$ 526,002	\$ -	\$ 526,002
Cash and Cash Equivalents, Restricted	245,871	39,804	285,675
Total Cash and Cash Equivalents	<u>\$ 771,873</u>	<u>\$ 39,804</u>	<u>\$ 811,677</u>

(Continued)

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

## Statement I

**Town of Kentwood**  
**Statement of Cash Flows**  
**Proprietary Funds**  
For the year ended December 31, 2019

	<u>Utility Fund</u>	<u>Housing Assistance Fund</u>	<u>Total Enterprise Funds</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)</b>			
<b>by Operating Activities</b>			
Operating Income (Loss)	\$ 885,876	\$ (19,578)	\$ 866,298
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided			
by Operating Activities:			
Depreciation	236,954	-	236,954
(Increase) decrease in Accounts Receivable	8,701	-	8,701
(Increase) decrease in Unbilled Receivable	(78,562)	-	(78,562)
(Increase) decrease in Inventory	(733)	-	(733)
(Increase) decrease in Deferred Outflows of Resources	18,107	-	18,107
(Increase) decrease in Due (to) and from Other Funds	1,231	29,569	30,800
Increase (decrease) in Accounts Payable	8,089	-	8,089
Increase (Decrease) in Compensated Absences	(1,781)	-	(1,781)
Increase (decrease) in Accrued Expenses	(31,503)	-	(31,503)
Increase (decrease) in Deferred Inflows of Resources	16,087	-	16,087
Increase (decrease) in Customer Deposits	(4,828)	-	(4,828)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,057,638</u>	<u>\$ 9,991</u>	<u>\$ 1,067,629</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, 2019**

**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 993 water customers, 414 gas customers, and 844 sewer customers inside and outside of the Town limits. The Town employs 29 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, 2019**

*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 \$327,971 and deferred inflows related to pension of \$195,822 at December 31, 2019.

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, 2019**

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, 2019, 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, 2019, 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, 2019, 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, 2019, 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, 2019**

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</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, 2019**

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

**Town of Kentwood**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2019**

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:

	<b>Minimum Years of Service</b>		
	<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 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*

**Town of Kentwood**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2019**

*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, 2019.

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.

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- **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, 2019, 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.

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**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, 2019 for the Special Revenue Funds. In the General Fund, revenues and other sources were less than five percent of the budgeted revenues and other sources. Actual revenues were \$214,965 less than budgeted revenues due to less transfers needed from the utility fund.

**3. Cash and Cash Equivalents**

At December 31, 2019, the Town has cash and cash equivalents (book balances) as follows:

	<b>December 31, 2019</b>
Cash on Hand	\$ 798
Demand Deposits	1,047,971
Louisiana Asset Management Pool	300,291
Total Cash and Cash Equivalents	\$ 1,349,060

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



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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.

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. At December 31, 2019, the municipality has \$1,107,160 in deposits (collected bank balances), consisting of \$967,526 in demand deposits within two banks and \$139,634 in trust accounts at one bank. The demand deposits in the first bank consist of \$753,735 in demand deposits for the Town of Kentwood and \$6,818 in demand deposits for the Kentwood Volunteer Fire Department. The demand deposits of \$753,735 are secured from risk by federal deposit insurance of \$250,000 and pledged securities of \$496,711. The \$496,711 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 \$7,024 of demand deposits is uncollateralized and subject to custodial credit risk. The \$6,818 in demand deposits is secured from risk by federal deposit insurance of \$250,000. The demand deposits in the second bank consist of \$206,973 in demand deposits. These are secured from risk by \$250,000 of federal deposit insurance. The \$139,634 in trust accounts are secured from risk by the Trust Department of the respective bank and consisted of U.S. Treasury Obligations.

Even though the pledged securities are 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:* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a formal policy for custodial risk. However, 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.

LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The Town records its LAMP deposits within cash and cash equivalents.

#### **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

In accordance with GASB Codification Section I50.165, the investment in the Louisiana Asset Management Pool (LAMP) at December 31, 2019, is not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. The investment in LAMP is stated at the value of the pool shares, which is the same as the fair value.

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

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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 46 days as of December 31, 2019.
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. LAMP, Inc., issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP, Inc. That report may be obtained by calling (800) 249-5267.

There were no investments held by the Town at December 31, 2019. In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments, when held, are carried at fair market value, with the estimated fair market value based on quoted market prices. *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.

## **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, 2019. Non-exchange transactions collectible but

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not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded only if paid within 60 days since they would be considered both measurable and available. Proprietary fund revenues consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging and write-off of accounts receivable.

The Governmental Fund receivables at December 31, 2019 consist of the following:

<b>Government Receivables</b>	<b>General Fund</b>	<b>Volunteer Fire Department</b>	<b>Recreation Ad Valorem Special Revenue Fund</b>	<b>Recreation Capital Projects Fund</b>	<b>Total Governmental Funds</b>
Taxes:					
Ad Valorem	\$ 153,842	\$ -	\$ 80,025	\$ -	\$ 233,867
Public Utility Franchise	11,541	-	-	-	11,541
Gaming	4,621	-	-	-	4,621
Intergovernmental:					
Tangipahoa Parish School Board, Sales Tax	76,097	-	-	-	76,097
Tangipahoa Parish School Board, School Officer	-	-	-	-	-
State of Louisiana, Beer Tax	1,874	-	-	-	1,874
Village of Tangipahoa - Ad Valorem	-	8,200	-	-	8,200
FEMA Receivable	142,240	-	-	-	142,240
Tangipahoa Parish Council	-	171,349	-	-	171,349
Tangipahoa Parish Council-Cash	-	1,036,908	-	-	1,036,908
Land & Water Conservation Grant	-	-	-	-	-
Other Receivables	3,712	-	-	-	3,712
<b>Total Government Receivables</b>	<b>\$ 393,927</b>	<b>\$ 1,216,457</b>	<b>\$ 80,025</b>	<b>\$ -</b>	<b>\$ 1,690,409</b>

The Enterprise Fund accounts receivable at December 31, 2019 consists of the following:

	<b>Year Ended December 31, 2019</b>
Accounts Receivable	
Current	\$ 190,746
31 - 60 Days	38,503
61 - 90 Days	12,042
Over 90 Days	5,108
Subtotal	246,399
Less Allowance for Bad Debt	11,232
Accounts Receivables, Net	235,167
Accrued Billings	45,623
NSF Checks Receivable	5,518
Credit Card Receivable	(866)
<b>Total Accounts Receivable</b>	<b>\$ 285,442</b>

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**6. Interfund Receivables/Payables**

The following is a detailed list of interfund balances reported in the fund financial statements on December 31, 2019:

<b>Interfund Balances</b>	<b><u>Due From</u></b>	<b><u>Due To</u></b>
	<b><u>Other Funds</u></b>	<b><u>Other Funds</u></b>
<b>General Fund</b>		
Volunteer Fire Department	\$ 64,049	\$ 2,664
Louisiana Housing Finance Authority (LHFA)	201	-
Recreation Ad Valorem	-	252,260
Recreation Debt Service Fund	146,013	-
Utility Fund	106,363	98,456
Housing Assistance Fund	35,831	-
<b>Special Revenue Fund</b>		
Volunteer Fire Department		
General Fund	2,664	64,049
Louisiana Housing Finance Authority (LHFA)		
General Fund	-	201
Recreation Ad Valorem		
General Fund	252,260	-
<b>Debt Service Fund</b>		
General Fund	-	146,013
<b>Proprietary Funds</b>		
Utility Fund		
General Fund	98,456	106,363
Housing Assistance Fund		
General Fund	-	35,831
<b>Total Interfund Balances</b>	<b><u>\$ 705,837</u></b>	<b><u>\$ 705,837</u></b>

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.

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**7. Restricted Assets**

Total restricted assets for the Town of Kentwood at December 31, 2019 were as follows:

	<b>December 31, 2019</b>
Restricted Cash and Cash Equivalents	
Customer Deposits	\$ 150,441
Water Construction Account	95,430
Housing Assistance Account	39,804
LHFA Grant Account	93,818
Industrial Development	107,369
Park Project Construction	50,038
Bond Sinking Account	28,593
Bond Reserve Account	87,526
Total Restricted Assets	\$ 653,019

**8. Capital Assets**

Capital assets and depreciation activity as of and for the year ended December 31, 2019 for governmental activities is as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental Activities Capital Assets:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 619,126	\$ 27,000	\$ -	\$ 646,126
Construction in Progress	1,021,873	75,846	-	1,097,719
Total Capital Assets Not Being Depreciated	1,640,999	102,846	-	1,743,845
Capital Assets Being Depreciated:				
Buildings and Improvements	2,021,850	-	-	2,021,850
Vehicles and Equipment	1,246,816	9,519	-	1,256,335
Infrastructure	48,623	-	-	48,623
Total Capital Assets Being Depreciated	3,317,289	9,519	-	3,326,808
Less Accumulated Depreciation for:				
Buildings and Improvements	1,054,085	45,499	-	1,099,584
Vehicles and Equipment	958,715	83,751	-	1,042,466
Infrastructure	28,354	2,229	-	30,583
Total Accumulated Depreciation	2,041,154	131,479	-	2,172,633
Total Capital Assets Being Depreciated, Net	1,276,135	(121,960)	-	1,154,175
<b>Total Governmental Activities Capital Assets, Net</b>	\$ 2,917,134	\$ (19,114)	\$ -	\$ 2,898,020

Depreciation was charged to governmental functions as follows:

General Government	\$ 20,373
Public Safety - Police Protection	40,693
Public Safety - Fire Protection	13,553
Public Works - Streets and Sanitation	25,261
Recreation	23,416
Economic Development	8,183
	\$ 131,479

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During 2019, capital expenditures in the Volunteer Fire Department Fund of \$414,319 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.

Various small equipment for the street department was purchased for \$8,950. The administrative department had land with a fair market value of \$27,000 donated. A copier for the administrative department was purchased at a cost of \$569. Costs of \$75,846 were incurred during the fiscal year for the park project.

Costs of \$75,846 were incurred during the fiscal year for Phase 1A of the park project. See *Footnote 22. Other Commitments* on page 68 for additional detail on the park project.

Included in vehicles and equipment are four Dodge Chargers, a dump truck, and a Freightliner fire truck acquired in a prior fiscal period financed under capital leases in the gross amount of \$389,454 with related accumulated depreciation of \$247,715.

Capital assets and depreciation activity as of and for the year ended December 31, 2019 for business-type activities is as follows:

<b>Business - Type Activities Capital Assets:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital Assets Not Being Depreciated:				
Land	\$ 21,100	\$ 1,601,500	\$ -	\$ 1,622,600
Construction in Progress	-	-	-	-
<b>Total Capital Assets Not Being Depreciated</b>	<b>21,100</b>	<b>1,601,500</b>	<b>-</b>	<b>1,622,600</b>
Capital Assets Being Depreciated:				
Buildings and Improvements	46,639	734,000	-	780,639
Vehicles and Equipment	251,677	-	-	251,677
Gas Utility System	806,868	-	-	806,868
Water Utility System	5,307,081	-	-	5,307,081
Sewer Utility System	4,644,314	-	-	4,644,314
<b>Total Capital Assets Being Depreciated</b>	<b>11,056,579</b>	<b>734,000</b>	<b>-</b>	<b>11,790,579</b>
Less Accumulated Depreciation for:				
Buildings and Improvements	46,639	11,425	-	58,064
Vehicles and Equipment	194,396	9,796	-	204,192
Gas Utility System	715,160	5,868	-	721,028
Water Utility System	1,758,904	129,426	-	1,888,330
Sewer Utility System	3,500,446	80,439	-	3,580,885
<b>Total Accumulated Depreciation</b>	<b>6,215,545</b>	<b>236,954</b>	<b>-</b>	<b>6,452,499</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>4,841,034</b>	<b>497,046</b>	<b>-</b>	<b>5,338,080</b>
<b>Total Business - Type Activities Capital Assets, Net</b>	<b>\$ 4,862,134</b>	<b>\$ 2,098,546</b>	<b>\$ -</b>	<b>\$ 6,960,680</b>

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In the business-type activities, the Town purchased land for a lift station for \$1,500. The Town also had buildings and land donated with a fair market value of \$2,334,000.

Included in vehicles and equipment is a Caterpillar backhoe acquired in a prior fiscal period financed under capital leases in the gross amount of \$74,424 with related accumulated depreciation of \$31,781.

**9. Interfund Transfers**

The following is a detailed list of interfund transfers reported in the fund financial statements on December 31, 2019:

<b>Interfund Transfers</b>	<u><b>Transfers In</b></u>	<u><b>Transfers Out</b></u>
<b>General Fund</b>		
Utility Fund	\$ 514,251	\$ -
Housing Assistance Fund	-	13,048
<b>Proprietary Funds</b>		
Utility Fund		
General Fund	-	514,251
Housing Assistance Fund		
General Fund	13,048	-
<b>Total Interfund Transfers</b>	<u>\$ 527,299</u>	<u>\$ 527,299</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, 2019 are as follows:

	<u><b>General Fund</b></u>	<u><b>Volunteer Fire Department</b></u>	<u><b>LHFA Special Revenue Fund</b></u>	<u><b>Recreation Capital Project Fund</b></u>	<u><b>Total Governmental Funds</b></u>
<b>Governmental Funds Payable</b>					
Accounts	\$ 59,871	\$ 2,834	\$ -	\$ -	\$ 62,705
Accrued Salaries	38,091	12,105	-	-	50,196
Payroll Taxes	884	-	-	-	884
Compensated Absences	33,668	7,043	-	-	40,711
Construction Payable	2,250	-	-	-	2,250
Retainage Payable	-	-	-	47,205	47,205
Other	-	-	1,300	-	1,300
Due to Other Governments	2,585	-	-	-	2,585
Retirement	7,081	-	-	-	7,081
<b>Total Government Funds Payable</b>	<u>\$ 144,430</u>	<u>\$ 21,982</u>	<u>\$ 1,300</u>	<u>\$ 47,205</u>	<u>\$ 214,917</u>

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The Enterprise Fund payables at December 31, 2019 are as follows:

<b>Enterprise Funds Payable</b>	<u>Utility Fund</u>	<u>Housing Assistance Fund</u>	<u>Total Enterprise Funds</u>
Accounts	\$ 87,840	\$ -	\$ 87,840
Due to Other Governments			
State-Unclaimed Property	2,975	-	2,975
Retainage Payable	-	-	-
Salaries Payable	11,124	-	11,124
Vacation Payable	11,834	-	11,834
<b>Total Enterprise Funds Payable</b>	<u>\$ 113,773</u>	<u>\$ -</u>	<u>\$ 113,773</u>

**11. Short-Term Debt**

The Town had no short-term debt outstanding at December 31, 2019, 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, 2019, the Town had the following capital leases.

	<u>Capital Lease Payable End of Year</u>	<u>Due Within One Year</u>
The Town entered into a lease purchase agreement to purchase four 2014 Dodge Chargers, a dump truck, and a Caterpillar backhoe for a total lease amount \$275,643. The lease is payable in sixty monthly payments of \$4,970.38 due on the first day of each month. The Dodge Chargers and the dump truck are being depreciated over their estimated useful lives of five years. This portion of the lease is recorded within the governmental funds as a capital lease in the General Fund. The backhoe is being depreciated over its estimated useful life of ten years. This portion of the lease is recorded within the Enterprise funds as a capital lease in the Utility Fund.	\$ 19,752	\$ 19,752
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.	134,588	14,655
	<u>\$ 154,340</u>	<u>\$ 34,407</u>



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**13. Long-Term Obligations**

The following is a summary of long-term obligation transactions for the year ended December 31, 2019:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Long-Term Obligations</u>
	<u>Capital Leases</u>	<u>Revenue Bonds</u>	<u>Capital Leases</u>	<u>Revenue Bonds</u>	
Beginning Balance	\$ 205,465	\$ 1,175,000	\$ 20,999	\$ 2,633,713	\$ 4,035,177
Additions	-	-	-	-	-
Deletions	(56,459)	(50,000)	(15,665)	(118,117)	(240,241)
Ending Balance	<u>149,006</u>	<u>1,125,000</u>	<u>5,334</u>	<u>2,515,596</u>	<u>3,794,936</u>
Plus Unamortized Premium	-	7,129	-	-	7,129
Total Ending Balance	<u>\$ 149,006</u>	<u>\$ 1,132,129</u>	<u>\$ 5,334</u>	<u>\$ 2,515,596</u>	<u>\$ 3,802,065</u>

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Long-Term Obligations</u>
	<u>Capital Leases</u>	<u>Revenue Bonds</u>	<u>Capital Leases</u>	<u>Revenue Bonds</u>	
Current Portion	\$ 29,073	\$ 50,000	\$ 5,334	\$ 123,157	\$ 207,564
Long-Term Portion	<u>119,933</u>	<u>1,075,000</u>	<u>-</u>	<u>2,392,439</u>	<u>3,587,372</u>
	<u>149,006</u>	<u>1,125,000</u>	<u>5,334</u>	<u>2,515,596</u>	<u>3,794,936</u>
Plus Unamortized Premium	-	7,129	-	-	7,129
	<u>\$ 149,006</u>	<u>\$ 1,132,129</u>	<u>\$ 5,334</u>	<u>\$ 2,515,596</u>	<u>\$ 3,802,065</u>

Bonds Payable as of December 31, 2019 are as follows:

	<u>Bonds Payable End of Year</u>	<u>Due Within One Year</u>
Business Type Fund: \$ 3,051,608 Utilities Revenue Certificates of Indebtedness, Series 2014 Dated 10/29/2014 due in monthly installments of principal and interest of \$ 18,843 through 12/15/1934 interest at 4.186%	\$ 2,515,596	\$ 123,157
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.	<u>1,125,000</u>	<u>50,000</u>
	<u>\$ 3,640,596</u>	<u>\$ 173,157</u>

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The annual requirements to amortize all debt outstanding at December 31, 2019, including interest payments of \$1,293,294 are as follows:

Year Ending 12/31/19	Utilities Revenue Certificates of Indebtedness, Series 2014 - \$3,051,608			Revenue Bonds, Series 2017 - \$1,200,000					
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 123,157	\$ 102,958	\$ 226,115	\$ 50,000	\$ 35,365	\$ 85,365			
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 to 2029	826,462	304,112	1,130,574	290,000	131,695	421,695			
2030 to 2034	1,018,503	112,072	1,130,575	345,000	79,750	424,750			
2035 to 2037	-	-	-	235,000	14,300	249,300			
	<u>\$ 2,515,596</u>	<u>\$ 876,128</u>	<u>\$ 3,391,724</u>	<u>\$ 1,125,000</u>	<u>\$ 392,318</u>	<u>\$ 1,517,318</u>			

Year Ending 12/31/19	Capital Lease - Police Cars, Dump Truck, Backhoe - \$275,643			Capital Lease - Fire Truck - \$188,235			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 19,751	\$ 130	\$ 19,881	\$ 14,655	\$ 5,258	\$ 19,913	\$ 207,563	\$ 143,711	\$ 351,274
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 to 2029	-	-	-	55,359	4,381	59,740	1,171,821	440,188	1,612,009
2030 to 2034	-	-	-	-	-	-	1,363,503	191,822	1,555,325
2035 to 2037	-	-	-	-	-	-	235,000	14,300	249,300
	<u>\$ 19,751</u>	<u>\$ 130</u>	<u>\$ 19,881</u>	<u>\$ 134,589</u>	<u>\$ 24,718</u>	<u>\$ 159,307</u>	<u>\$ 3,794,936</u>	<u>\$ 1,293,294</u>	<u>\$ 5,088,230</u>

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

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

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

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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 \$1,710,763.

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, 2019, the Town maintained a ratio of "Net Revenues" to debt principal and interest obligations that exceeded the required ratio of 125%.

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

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

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, 2019 the Sinking Fund was fully-funded at \$28,593.

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Series 2017 Revenue Bonds also established a Reserve Fund. This fund was initially funded with proceeds of the bonds. At December 31, 2019 the Reserve Fund was fully-funded at \$87,526.

Payments on the Series 2017 bond began March 2018. The gross recreation ad valorem revenues recognized during the current year were \$111,470.

## **15. Retirement Systems**

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

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

### **A. Municipal Employee Retirement System of Louisiana (System)**

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

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

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

#### Retirement Benefits:

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

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

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.
3. Under age 60 with ten (10) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years creditable service at death of member.

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

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of creditable service. 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. Seven years or more of service, at age sixty-seven or thereafter.
2. Ten years or more of service, at age sixty-two, or thereafter.
3. Thirty years or more of service, at age fifty-five or thereafter.
4. Twenty-five years of service credit at any age, exclusive of military service and unused annual sick leave.

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.

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.

1. Surviving spouse who is not eligible for social security survivorship or retirement benefits, married no less than twelve (12) months immediately preceding death of member, shall be paid a monthly benefit equal to thirty percent of the member's final compensation, payable when the surviving spouse attains the age of sixty years or becomes disabled and payable for as long as the surviving spouse lives, or
2. A monthly benefit equal to the actuarial equivalent of the benefit described above, but not less than fifteen percent of the member's final compensation, payable upon the death of the member and payable for as long as the surviving spouse lives. Selecting this benefit precludes the survivor from eligibility for the thirty-percent benefit payable when the surviving spouse attains the age of sixty years.

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.

Any member of Plan A or Plan B who had not withdrawn their accumulated contributions and had at least twenty years of service credit at time of death, surviving spouse shall receive benefits for as long as he/she lives as outlined in the statutes.

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.

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

Disability Benefits:

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service; in which he would receive a regular retirement under retirement provisions. 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 thirty percent of his final average compensation or two percent of his final average compensation multiplied by his years of creditable service, whichever is greater; or an amount equal to two percent of the member's final average compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.

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](http://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 14 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, 2019. During the year ending December 31, 2019, the Town recognized revenue as a result of support received from non-employer contributing entities of \$16,196 for its participation in MERS-Plan B.

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The Town of Kentwood contributions to the System under Plan B for the years ending December 31, 2019 and 2018 were \$60,713, and \$59,562, 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, 2019, the Town reported a liability of \$537,386 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2019 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, 2019, the Town's proportion was 0.614286%, which was a decrease of 0.141503% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized pension expense for the MERS System of \$57,694 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At December 31, 2019, 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	\$ -	\$ (23,836)
Changes of Assumptions	32,759	-
Net difference between projected and actual earnings on pension plan investments	56,599	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	5,819	(82,158)
Employer contributions subsequent to the measurement date	29,493	-
Total	\$ 124,670	\$ (105,994)

The Town reported a total of \$29,493 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2019 which will be recognized as a reduction in net pension liability in the year ended December 31, 2020.

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>	
2020	\$ (7,704)
2021	\$ (15,564)
2022	\$ 7,534
2023	\$ 4,917
	\$ (10,817)

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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, 2019 is as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	3 years (Plan B)
Investment Rate of Return	7.0%, 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, 2019 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>
Public Equity	50%	2.15%
Public Fixed Income	35%	1.51%
Alternatives	15%	0.64%
Totals	<u>100%</u>	<u>4.30%</u>
Inflation		<u>2.70%</u>
Expected Arithmetic Nominal Rate		<u>7.00%</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 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 proved 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 7.0%, 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, 2019:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rates	6.000%	7.000%	8.000%
Town of Kentwood Share of NPL	\$ 716,197	\$ 537,386	\$ 386,160

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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 forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent 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 three percent and two and a half percent, 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 twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month

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whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments:

The Board of Trustees is authorized to provide annual cost-of-living adjustments 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.

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 thirty-six 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.

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](http://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, 2019, total contributions due for employers and employees were 42.25%. The employer and employee contribution rates for members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 32.25% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 32.25% and 8%, respectively. The employer

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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 34.75% 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, 2019. During the year ending December 31, 2019, the Town recognized revenue as a result of support received from non-employer contributing entities of \$7,398 for its participation in MPERS.

The Town of Kentwood contributions to the System under Plan B for the years ending December 31, 2019 and 2018 were \$28,223 and \$38,628, 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, 2019, the Town reported a liability of \$326,341 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2019 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, 2019, the Town's proportion was 0.035934%, which was a decrease of 0.008003% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized pension expense for the MPERS System of \$88,911 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At December 31, 2019, 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	\$ 685	\$ (10,040)
Changes of Assumptions	18,288	-
Net difference between projected and actual earnings on pension plan investments	21,202	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	60,128	(47,424)
Employer contributions subsequent to the measurement date	10,919	-
<b>Total</b>	<b>\$ 111,222</b>	<b>\$ (57,464)</b>

The Town reported a total of \$10,919 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2019 which will be recognized as a reduction in net pension liability in the year ended December 31, 2020.

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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>	
2020	\$ 45,681
2021	\$ (294)
2022	\$ (7,843)
2023	\$ 5,295
	<u>\$ 42,839</u>

*Actuarial Assumptions.* A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 is as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.125%, 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	9.75%
3-23 years of service	4.75%
Over 23 years of service	4.25%
Mortality	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 members.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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

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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.

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, 2019 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	48.50%	3.28%
Fixed Income	33.50%	0.80%
Alternatives	18.00%	1.06%
Other	0.00%	0.00%
Totals	<u>100.00%</u>	<u>5.14%</u>
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Rate		<u>7.89%</u>

The discount rate used to measure the total pension liability was 7.125%. 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 7.125%, 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, 2019:

	1% Decrease	Current Discount Rate	1% Increase
Rates	6.125%	7.125%	8.125%
Town of Kentwood Share of NPL	\$ 454,700	\$ 326,341	\$ 218,660

**C. Firefighters Retirement System of Louisiana (System)**

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

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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 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.

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

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Firefighters' Retirement System Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060 or at [www.lafirefightersret.com](http://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 26.50 percent of annual covered salary for the plan years ending in 2019 and 2018. 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, 2019. During the year ending December 31, 2019, the Town recognized revenue as a result of support received from non-employer contributing entities of \$7,920 for its participation in FRS.

The Town of Kentwood contributions to the System under Plan B for the years ending December 31, 2019 and 2018 were \$21,877 and \$23,885, 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, 2019, the Town reported a liability of \$184,989 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2019 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, 2019, the Town's proportion was 0.029542%, which was a decrease of 0.000034% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized pension expense for the FRS System of \$35,826 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At December 31, 2019, 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	\$ -	\$ (13,344)
Changes of Assumptions	16,830	(13)
Net difference between projected and actual earnings on pension plan investments	12,440	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	50,680	(19,007)
Employer contributions subsequent to the measurement date	12,129	-
Total	\$ 92,079	\$ (32,364)



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The Town reported a total of \$12,129 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2019 which will be recognized as a reduction in net pension liability in the year ended December 31, 2020.

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>	
2020	\$ 683
2021	\$ 11,771
2022	\$ 17,225
2023	\$ 14,639
2024	\$ 2,669
2025	\$ 599
	<u>\$ 47,586</u>

*Actuarial Assumptions.* A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 is as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.15% per annum (net of investment expenses, including inflation) (decreased from 7.30% in 2018)
Expected Remaining Service Lives	7 years
Inflation Rate	2.50% per annum (decreased from 2.70% in 2018)
Salary Increases	Vary from 14.75% in the first two years of service to 4.50% with 25 or more years of service; includes inflation and merit increases
Cost of Living Adjustments	For the purposes of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

The mortality rate 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. 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. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

The estimated 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

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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, 2.75%. The resulting long-term expected arithmetic nominal rates of return was 7.94% as of June 30, 2019.

Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Type		Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	U.S. Equity	21.50%	5.98%
	Non-U.S. Equity	17.50%	7.52%
	Global Equity	10.00%	6.59%
Fixed Income	Fixed Income	31.00%	2.17%
Alternatives	Real Estate	6.00%	4.14%
	Private Equity	4.00%	10.52%
Multi-Asset Strategies	Global Tactical Asset Allocation	5.00%	4.37%
	Risk Parity	5.00%	4.67%
		<u>100.00%</u>	

The discount rate used to measure the total pension liability was 7.15%. 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 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 7.15%, 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, 2019:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
Rates	6.15%	7.15%	8.15%
Town of Kentwood Share of NPL	\$ 267,877	\$ 184,989	\$ 115,420

**16. Restricted Fund Balances/Net Position**

At December 31, 2019, the General Fund had \$22,691 non-spendable fund balance, representing the value of prepaid insurance at fiscal year-end. The General Fund also had \$104,989 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.

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At December 31, 2019, the Volunteer Fire Department had \$31,101 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, 2019, 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, 2019, the Recreation Ad Valorem special revenue fund had \$331,424 in fund balance restricted for specific use for operations and improvements for recreation.

At December 31, 2019, the Recreation Capital Project Fund had \$252,775 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, 2019, the Housing Assistance Fund, consisting of the United States Department of Housing and Urban Development (HUD) Housing Choice Voucher Program recorded net position of \$3,406, 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, 2019, 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, 2019, 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 \$80,404 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 1/15<sup>th</sup> 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

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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 31<sup>st</sup> of each previous year, shall be provided to the District no later than January 31<sup>st</sup> 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

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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, 2019, 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, 2019, that the total reimbursement due the Town of Kentwood for salaries shall not exceed two-hundred fifty thousand dollars (\$250,000).

## **22. Other Commitments**

In 2017, the Town entered into a professional services contract with Newell Engineering, LLC for the park project construction in the amount of \$84,996, including change orders. As of December 31, 2019, the Town has incurred \$79,684 in costs for this construction project. There is approximately \$5,312 remaining in contracts pertaining to engineering costs.

In a special board meeting on June 5, 2018, the Town accepted the low and only bid from Magee Builders, LLC of \$954,116 for Phase 1A of the park project. As of December 31, 2019, the Town has incurred \$896,910 in costs for this construction project. There is approximately \$57,206, including retainage, remaining in contracts pertaining to construction costs.

Per the engineer, the total projected cost of all phases of the park project is approximately \$1,800,000. Construction of Phase 1B is budgeted at \$450,000. Construction of Phase 2 is budgeted at \$250,000. The total estimated funds available for all phases of the park project are \$1,800,000. This includes the funds from the bond issuance, after bond closing costs, of \$1,100,000, 2018 Louisiana Water Conservation Fund Grant of \$250,000, State Capital Outlay Grant of \$200,000, and anticipated 2020 Louisiana Water Conservation Fund Grant of \$250,000.

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**23. 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, 2019 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, 2019 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, 2019 was \$10,500. Annual minimum lease payments to be received are \$25,200 for 2020 through 2024 and \$18,900 for 2025.

Another modular building was donated to the Town with a value of \$150,000. Related accumulated depreciation for this building at December 31, 2019 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, 2019 was \$17,500. Minimum lease payments to be received are \$21,000 for 2020. **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, 2019 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, 2019 was \$70,000. Minimum lease payments to be received are \$84,000 for 2020. **This lease was not renewed at the end of the term.**

**24. Subsequent Events**

Phase 1A of the Park Project was deemed substantially complete at February 5, 2020. See Note 22.

On February 28, 2020, the Town entered into an operating lease agreement with Southeast Regional Medical Center for the Northwest wing of the nursing home building along with the kitchen and dining room. The lease term is through May 31, 2025. Rental income for this property is \$5,000 for the remainder of February and March 2020, \$5,000 each month for April and May 2020, and \$15,000 per month beginning June 1, 2020. Utilities up to \$3,500 are included in the rental payment.

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. As the COVID-19 pandemic is complex and rapidly evolving, at this point we cannot reasonably estimate the duration or severity of this pandemic nor its impact on the entity, its financial position, change in financial position, or cash flows.

Subsequent events have been evaluated by management through October 29, 2020, 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, 2019.

# Required Supplementary Information (Part II)

## Schedule 1

**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, 2019**

	<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>
<b>Revenues</b>				
Taxes	\$ 1,135,200	\$ 1,155,875	\$ 1,160,626	\$ 4,751
Licenses and Permits	138,900	156,750	160,797	4,047
Intergovernmental	78,800	10,000	9,992	(8)
Charges for Services	37,300	32,900	32,718	(182)
Fines and Forfeitures	16,500	17,700	19,338	1,638
Sanitation Fees	101,500	98,800	98,366	(434)
Interest	4,500	3,700	3,691	(9)
On Behalf Payments - Supplemental Pay	82,500	82,700	80,404	(2,296)
Donations	2,000	27,530	27,531	1
Miscellaneous	11,300	13,350	20,626	7,276
<b>Total Revenues</b>	<u>1,608,500</u>	<u>1,599,305</u>	<u>1,614,089</u>	<u>14,784</u>
<b>Expenditures</b>				
General Government	877,700	821,400	723,303	98,097
Public Safety:				
Police	831,000	773,850	700,815	73,035
Fire	101,800	66,700	99,709	(33,009)
Public Works - Streets and Sanitation	589,400	559,100	517,436	41,664
Health and Welfare	6,600	6,600	6,594	6
Recreation	3,500	-	(5)	5
Capital Outlays	104,000	38,000	36,519	1,481
Debt Service				
Principal	56,525	56,625	56,459	166
Interest	6,985	6,985	6,994	(9)
<b>Total Expenditures</b>	<u>2,577,510</u>	<u>2,329,260</u>	<u>2,147,824</u>	<u>181,436</u>
<b>Excess Revenues (Expenditures)</b>	<u>(969,010)</u>	<u>(729,955)</u>	<u>(533,735)</u>	<u>196,220</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	991,210	744,000	514,251	(229,749)
Operating Transfers (Out)	(23,200)	(13,050)	(13,048)	2
Sale of Fixed Assets	1,000	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>969,010</u>	<u>730,950</u>	<u>501,203</u>	<u>(229,747)</u>
<b>Net Change in Fund Balances</b>	<u>-</u>	<u>995</u>	<u>(32,532)</u>	<u>(33,527)</u>
<b>Fund Balances, Beginning</b>	<u>374,506</u>	<u>374,506</u>	<u>374,506</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 374,506</u>	<u>\$ 375,501</u>	<u>\$ 341,974</u>	<u>\$ (33,527)</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, 2019**

Revenues	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	GAAP Basis	Favorable (Unfavorable)
<b>Taxes</b>				
Ad Valorem	\$ 166,700	\$ 179,000	\$ 198,871	\$ 19,871
Sales Taxes	910,000	920,000	904,059	(15,941)
Franchise Taxes	48,000	46,500	46,478	(22)
Alcoholic Beverage Taxes	7,500	8,250	7,993	(257)
Gaming	-	-	-	-
Chain Store Taxes	3,000	2,125	3,225	1,100
<b>Total Taxes</b>	<b>1,135,200</b>	<b>1,155,875</b>	<b>1,160,626</b>	<b>4,751</b>
<b>Licenses and Permits</b>				
Business Privilege and Insurance License	129,000	145,000	147,433	2,433
Building Permits	1,000	2,500	2,594	94
Electric Permits	4,000	4,250	4,425	175
Liquor Licenses	4,900	5,000	6,345	1,345
<b>Total Licenses and Permits</b>	<b>138,900</b>	<b>156,750</b>	<b>160,797</b>	<b>4,047</b>
<b>Intergovernmental</b>				
Federal Grants				
USDA - Police Car Grants	62,000	-	-	-
State Grants				
LGAP Grants	7,000	-	-	-
Other				
Fire District Reimbursement	9,800	10,000	9,992	(8)
<b>Total Intergovernmental</b>	<b>78,800</b>	<b>10,000</b>	<b>9,992</b>	<b>(8)</b>
<b>Miscellaneous Revenues</b>				
Charges for Services	37,300	32,900	32,718	(182)
Fines and Forfeitures	16,500	17,700	19,338	1,638
Sanitation Fees	101,500	98,800	98,366	(434)
Interest	4,500	3,700	3,691	(9)
On Behalf Payments - Supplemental Pay	82,500	82,700	80,404	(2,296)
Donations	2,000	27,530	27,531	1
Miscellaneous	11,300	13,350	20,626	7,276
<b>Total Miscellaneous Revenues</b>	<b>255,600</b>	<b>276,680</b>	<b>282,674</b>	<b>5,994</b>

(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, 2019**

Expenditures	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
<b>General Government</b>				
Salaries				
Mayor and Aldermen	70,000	70,000	69,491	509
Clerical	133,000	136,500	138,883	(2,383)
Janitorial	11,500	11,200	12,196	(996)
Museum	16,700	9,400	9,258	142
Attorney	5,200	5,200	5,200	-
Benefits				
Health Insurance	90,000	86,000	61,779	24,221
Retirement	42,000	29,500	29,236	264
Other Benefits	-	-	-	-
Payroll Taxes	90,350	67,000	65,763	1,237
General and Administrative	21,000	5,000	2,419	2,581
Insurance	127,700	132,600	109,459	23,141
Other Operating				
Aldermen Travel	5,000	3,500	3,414	86
Assessor Taxroll	2,000	2,000	-	2,000
Computer Expense	10,500	5,000	5,878	(878)
Coroner's Fees	5,000	4,000	2,591	1,409
Council on Aging	2,400	2,400	2,600	(200)
Dues and Subscription	2,000	2,500	2,734	(234)
Mayor's Expense	3,000	2,000	1,476	524
Meeting and Travel Expense	11,500	12,300	10,483	1,817
Miscellaneous	21,900	36,600	33,197	3,403
Museum	1,000	-	-	-
Promotion	2,800	3,000	2,452	548
Uniforms	1,000	500	275	225
Zoning	750	500	140	360
Professional Fees	108,000	108,000	71,964	36,036
Rent - Community Center	4,800	4,800	4,600	200
Repairs and Maintenance				
City Hall	3,000	1,600	1,320	280
Civic Center	2,000	1,500	593	907
Community Center	1,000	500	275	225
Council on Aging	1,000	500	79	421
Health Unit	500	500	21	479
Martin Luther King Park	1,000	2,000	1,667	333
Museum	2,500	1,000	280	720
Supplies	11,000	16,000	16,774	(774)
Telephone	-	-	491	(491)
Utilities				
City Hall	30,000	32,000	29,159	2,841
Civic Center	7,000	5,500	5,601	(101)
Commodity Center	5,000	5,000	5,602	(602)
Council on Aging	6,000	5,000	5,279	(279)
Health Unit	5,000	4,000	4,001	(1)
Martin Luther King Park	6,000	1,000	831	169
Museum	7,600	5,800	5,842	(42)
<b>Total General Government</b>	<b>877,700</b>	<b>821,400</b>	<b>723,303</b>	<b>98,097</b>

(Continued)

See independent auditor's report.

## Schedule 2

**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, 2019**

	<b>Budgeted Amounts</b>		<b>Actual Amounts GAAP Basis</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>Favorable (Unfavorable)</b>
<b>Public Safety:</b>				
Police				
Salaries	561,500	521,000	474,103	46,897
Benefits - Retirement	154,400	129,800	127,129	2,671
Fuel	43,000	40,000	36,332	3,668
General and Administrative	11,000	6,500	5,865	635
Insurance - Workers Compensation	25,000	31,100	22,263	8,837
Other operating				
Court Attendance	1,500	1,000	600	400
Housing Prisoners	1,000	-	24	(24)
Miscellaneous	4,000	3,950	3,468	482
Office Expense	3,000	3,000	2,188	812
Schools and Seminars	4,000	4,500	4,453	47
Special Fund	1,000	-	-	-
Uniforms	4,000	5,000	4,641	359
Repairs and Maintenance	8,000	15,000	12,192	2,808
Supplies	6,000	7,000	4,903	2,097
Telephone	3,600	6,000	2,654	3,346
<b>Total Police</b>	<b>831,000</b>	<b>773,850</b>	<b>700,815</b>	<b>73,035</b>
Fire				
Salaries	41,300	37,300	82,028	(44,728)
Benefits - Retirement	20,000	4,900	4,813	87
Fuel	1,000	600	714	(114)
General and Administrative	-	-	-	-
Insurance - Workers Compensation	13,500	8,500	2,529	5,971
Other operating	13,000	7,400	4,292	3,108
Repairs and Maintenance - Fire Truck	12,000	7,000	4,877	2,123
Telephone	1,000	1,000	456	544
<b>Total Fire</b>	<b>101,800</b>	<b>66,700</b>	<b>99,709</b>	<b>(33,009)</b>
<b>Total Public Safety</b>	<b>932,800</b>	<b>840,550</b>	<b>800,524</b>	<b>40,026</b>

(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, 2019**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Favorable (Unfavorable)</b>
<b>Public Works - Streets and Sanitation</b>				
Salaries	105,000	105,000	97,083	7,917
Benefits	20,900	22,000	20,553	1,447
Fuel	6,000	4,400	3,940	460
Garbage Collection	288,500	269,000	266,086	2,914
Insurance - Workers Compensation	11,000	10,500	4,758	5,742
Other operating	3,500	3,900	2,461	1,439
Repairs and Maintenance				
Cemetery	24,000	10,000	10,000	-
Equipment	15,000	15,000	12,290	2,710
Maintenance Contract	-	-	-	-
Street and Bridge	10,000	16,300	-	16,300
Street and Bridge - Flood	-	-	-	-
Tree	2,000	500	-	500
Supplies	7,500	6,000	4,205	1,795
Utilities - Street Lights	96,000	96,500	96,060	440
<b>Total Public Works - Streets and Sanitation</b>	<b>589,400</b>	<b>559,100</b>	<b>517,436</b>	<b>41,664</b>
<b>Health and Welfare</b>				
Other operating	6,600	6,600	6,594	6
<b>Total Health and Welfare</b>	<b>6,600</b>	<b>6,600</b>	<b>6,594</b>	<b>6</b>
<b>Recreation</b>				
Other operating	2,000	-	(5)	5
Utilities	1,500	-	-	-
<b>Total Recreation</b>	<b>3,500</b>	<b>-</b>	<b>(5)</b>	<b>5</b>
<b>Capital Outlays</b>				
General Government	-	29,000	27,569	1,431
Public Works - Streets and Sanitation	104,000	9,000	8,950	50
<b>Total Capital Outlays</b>	<b>104,000</b>	<b>38,000</b>	<b>36,519</b>	<b>1,481</b>
<b>Debt Service</b>				
Principal	56,525	56,625	56,459	166
Interest	6,985	6,985	6,994	(9)
<b>Total Debt Service</b>	<b>63,510</b>	<b>63,610</b>	<b>63,453</b>	<b>157</b>
<b>Excess Revenues (Expenditures)</b>	<b>(969,010)</b>	<b>(729,955)</b>	<b>(533,735)</b>	<b>196,220</b>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	991,210	744,000	514,251	(229,749)
Operating Transfers (Out)	(23,200)	(13,050)	(13,048)	2
Sale of Fixed Assets	1,000	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>969,010</b>	<b>730,950</b>	<b>501,203</b>	<b>(229,747)</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>995</b>	<b>(32,532)</b>	<b>(33,527)</b>
<b>Fund Balances, Beginning</b>	<b>374,506</b>	<b>374,506</b>	<b>374,506</b>	<b>-</b>
<b>Fund Balances, Ending</b>	<b>\$ 374,506</b>	<b>\$ 375,501</b>	<b>\$ 341,974</b>	<b>\$ (33,527)</b>

(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, 2019**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>GAAP Basis</b>	<b>Favorable (Unfavorable)</b>
<b>Revenues</b>				
Ad Valorem Taxes	\$ 580,000	\$ 591,700	\$ 543,114	\$ (48,586)
Intergovernmental				
Ad Valorem Taxes-Village of Tangipahoa	8,200	8,200	8,200	-
Fire Insurance Rebate - Tangipahoa	33,000	34,800	34,788	(12)
Fire Insurance Rebate - St. Helena	3,500	-	-	-
State Grant - LA Forestry	4,000	4,500	4,580	80
State Revenue Sharing	-	-	51,183	51,183
Interest	20,000	32,300	31,576	(724)
Miscellaneous	1,000	100	12,382	12,282
<b>Total Revenues</b>	<u>649,700</u>	<u>671,600</u>	<u>685,823</u>	<u>14,223</u>
<b>Expenditures</b>				
Public Safety:				
Fire				
Salaries				
Administrative	12,000	1,150	1,108	42
Fire Chief	7,000	7,800	7,800	-
Firefighters	150,000	176,500	180,976	(4,476)
Maintenance	6,000	4,300	4,139	161
Benefits	55,500	70,950	71,493	(543)
Payroll Taxes	12,000	14,500	14,072	428
Fuel	25,000	14,000	13,281	719
Insurance	58,500	62,800	67,134	(4,334)
Other operating				
Firemen Related Expenses	-	-	279	(279)
Dues and Subscriptions	500	2,500	7,824	(5,324)
Office	1,000	3,100	1,954	1,146
Miscellaneous	3,000	3,500	5,923	(2,423)
Public Education	7,500	5,800	-	5,800
Training and Tuition	12,000	17,000	13,600	3,400
Volunteer Firemen Expense	30,000	26,000	25,613	387
Professional Fees	10,000	12,000	7,621	4,379
Rent	-	-	1,540	(1,540)
Repairs and Maintenance	45,000	40,000	53,267	(13,267)
Supplies	42,000	57,300	53,131	4,169
Telephone	-	-	10,507	(10,507)
Utilities	22,000	28,000	14,957	13,043
Total Public Safety - Fire	<u>499,000</u>	<u>547,200</u>	<u>556,219</u>	<u>(9,019)</u>
Capital Outlays - Fire Protection	800,000	448,000	414,319	33,681
<b>Total Expenditures</b>	<u>1,299,000</u>	<u>995,200</u>	<u>970,538</u>	<u>24,662</u>
<b>Excess Revenues (Expenditures)</b>	<u>(649,300)</u>	<u>(323,600)</u>	<u>(284,715)</u>	<u>38,885</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	-	-
Other Nonoperating Revenue	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(649,300)</u>	<u>(323,600)</u>	<u>(284,715)</u>	<u>38,885</u>
<b>Fund Balances, Beginning</b>	1,455,788	1,455,788	1,455,788	-
<b>Fund Balances, Ending</b>	<u>\$ 806,488</u>	<u>\$ 1,132,188</u>	<u>\$ 1,171,073</u>	<u>\$ 38,885</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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable</u>
<b>Revenues</b>				
Rental Income	\$ 15,600	\$ 14,850	\$ 15,890	\$ 1,040
Interest	500	600	594	(6)
<b>Total Revenues</b>	<u>16,100</u>	<u>15,450</u>	<u>16,484</u>	<u>1,034</u>
<b>Expenditures</b>				
General and Administrative	250	250	-	250
Insurance	2,500	5,100	4,621	479
Repairs and Maintenance	1,500	500	4	496
<b>Total Expenditures</b>	<u>4,250</u>	<u>5,850</u>	<u>4,625</u>	<u>1,225</u>
<b>Excess Revenues (Expenditures)</b>	<u>11,850</u>	<u>9,600</u>	<u>11,859</u>	<u>2,259</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>11,850</u>	<u>9,600</u>	<u>11,859</u>	<u>2,259</u>
<b>Fund Balances, Beginning</b>	<u>83,353</u>	<u>82,471</u>	<u>82,471</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 95,203</u>	<u>\$ 92,071</u>	<u>\$ 94,330</u>	<u>\$ 2,259</u>

See independent auditor's report.

## Schedule 5

**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, 2019**

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable
	Original	Final		
<b>Revenues</b>				
Ad Valorem Taxes	\$ 115,000	\$ 112,000	\$ 111,470	\$ (530)
Federal Grant	-	-	-	-
Interest	-	-	103	103
Miscellaneous	-	1,300	1,300	-
<b>Total Revenues</b>	<u>115,000</u>	<u>113,300</u>	<u>112,873</u>	<u>(427)</u>
<b>Expenditures</b>				
Recreation	-	2,600	3,280	(680)
Capital Outlays	-	-	-	-
Debt Service				
Principal	86,200	86,200	-	86,200
Interest	-	-	-	-
<b>Total Expenditures</b>	<u>86,200</u>	<u>88,800</u>	<u>3,280</u>	<u>85,520</u>
<b>Excess Revenues (Expenditures)</b>	<u>28,800</u>	<u>24,500</u>	<u>109,593</u>	<u>85,093</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>28,800</u>	<u>24,500</u>	<u>109,593</u>	<u>85,093</u>
<b>Fund Balances, Beginning</b>	<u>166,377</u>	<u>221,831</u>	<u>221,831</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 195,177</u>	<u>\$ 246,331</u>	<u>\$ 331,424</u>	<u>\$ 85,093</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**

	<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Employer's Covered- Employee Payroll</b>	<b>Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
<b>2015</b>	0.765597%	\$ 520,336	\$ 533,117	97.602590%	68.713552%
<b>2016</b>	0.783284%	\$ 649,271	\$ 591,736	109.723086%	63.337630%
<b>2017</b>	0.822505%	\$ 711,658	\$ 625,078	113.851071%	62.493982%
<b>2018</b>	0.755789%	\$ 639,270	\$ 584,323	109.403532%	65.598132%
<b>2019</b>	0.614286%	\$ 537,386	\$ 469,974	114.343772%	66.138762%

\* 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**

	<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Employer's Covered- Employee Payroll</b>	<b>Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
<b>2015</b>	0.019332%	\$ 151,446	\$ 53,981	280.554269%	70.7303%
<b>2016</b>	0.021724%	\$ 203,615	\$ 86,564	235.219029%	66.0422%
<b>2017</b>	0.035481%	\$ 309,764	\$ 170,900	181.254535%	70.0815%
<b>2018</b>	0.043937%	\$ 371,446	\$ 131,275	282.952580%	71.8871%
<b>2019</b>	0.035934%	\$ 326,341	\$ 112,218	290.809852%	71.0078%

\* 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**

	<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Employer's Covered- Employee Payroll</b>	<b>Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered- Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
<b>2015</b>	0.012393%	\$ 66,886	\$ 26,338	253.952464%	72.45%
<b>2016</b>	0.015281%	\$ 99,952	\$ 55,187	181.115118%	68.16%
<b>2017</b>	0.026933%	\$ 154,376	\$ 57,895	266.648243%	73.55%
<b>2018</b>	0.029576%	\$ 170,123	\$ 61,449	276.852349%	74.76%
<b>2019</b>	0.029542%	\$ 184,989	\$ 71,399	259.091864%	73.96%

\* 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, 2019**

**Municipal Employees' Retirement System**

	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Employee Payroll</b>	<b>Contributions as a % of Covered Employee Payroll</b>
<b>2015</b>	\$ 52,504	\$ 52,504	-	\$ 559,837	9.3784%
<b>2016</b>	61,823	61,823	-	610,624	10.1246%
<b>2017</b>	71,707	71,707	-	622,325	11.5224%
<b>2018</b>	69,767	69,767	-	511,342	13.6439%
<b>2019</b>	60,814	60,814	-	440,096	13.8183%

*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, 2019**

**Municipal Police Employees' Retirement System**

	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Employee Payroll</b>	<b>Contributions as a % of Covered Employee Payroll</b>
<b>2015</b>	\$ 12,884	\$ 12,884	-	\$ 51,163	25.1823%
<b>2016</b>	28,611	28,611	-	103,632	27.6083%
<b>2017</b>	40,564	40,564	-	162,807	24.9154%
<b>2018</b>	38,628	38,628	-	99,978	38.6365%
<b>2019</b>	28,223	28,223	-	87,254	32.3458%

*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, 2019**

**State of Louisiana Firefighters' Retirement System**

	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Employee Payroll</b>	<b>Contributions as a % of Covered Employee Payroll</b>
<b>2015</b>	\$ 7,667	\$ 7,667	-	\$ 32,449	23.6278%
<b>2016</b>	13,700	13,700	-	58,300	23.4991%
<b>2017</b>	17,164	17,164	-	59,721	28.7403%
<b>2018</b>	18,748	18,748	-	70,692	26.5207%
<b>2019</b>	21,672	21,672	-	80,171	27.0322%

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

See independent auditor's report.

## Other Supplementary Information

**Town of Kentwood**  
**Schedule of Net Position**  
**Proprietary Fund Type - Utility Fund**  
**As of December 31, 2019**  
**(with 2018 summarized comparative information)**

	<b>Utility Fund</b>	
	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 526,002	\$ 185,243
Receivables, Net	285,442	292,712
Due From Other Funds	98,456	5,781
Due From State	37,305	192
Rental Receivable	40,018	-
Inventory	4,862	4,129
Prepaid Insurance	995	995
Total Current Assets	<u>993,080</u>	<u>489,052</u>
Restricted Assets:		
Restricted Cash and Cash Equivalents	245,871	254,209
Total Restricted Assets	<u>245,871</u>	<u>254,209</u>
Property, Plant, and Equipment		
Land	22,600	21,100
Construction in Progress	-	-
Property, Plant and Equipment, Net	6,938,080	4,841,034
Total Property, Plant, and Equipment	<u>6,960,680</u>	<u>4,862,134</u>
<b>Total Assets</b>	<u>8,199,631</u>	<u>5,605,395</u>
<b>Deferred Outflows of Resources</b>		
Pension Related	59,678	77,785
<b>Total Deferred Outflows of Resources</b>	<u>59,678</u>	<u>77,785</u>
<b>Liabilities</b>		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	87,840	77,855
Other Accrued Payables	25,933	26,997
Construction Payables	-	-
Due To Other Funds	106,363	12,457
Total Current Liabilities (Payable From Current Assets)	<u>220,136</u>	<u>117,309</u>
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits	142,394	147,222
Revenue Bonds Payable	123,157	118,117
Capital Lease Payable	5,334	15,666
Total Current Liabilities (Payable From Restricted Assets)	<u>270,885</u>	<u>281,005</u>
Long Term Liabilities:		
Bonds Payable	2,392,439	2,515,596
Capital Lease Payable	-	5,333
Net Pension Liability	237,772	272,413
Accrued Sick Leave Convertible to Retirement	34,994	34,469
Total Long Term Liabilities	<u>2,665,205</u>	<u>2,827,811</u>
<b>Total Liabilities</b>	<u>3,156,226</u>	<u>3,226,125</u>
<b>Deferred Inflows of Resources</b>		
Pension Related	37,263	21,176
<b>Total Deferred Inflows of Resources</b>	<u>37,263</u>	<u>21,176</u>
<b>Net Position</b>		
Net Investment in Capital Assets	4,535,180	2,314,409
Restricted for:		
Capital Projects and Debt Service	8,047	-
Unrestricted	522,593	121,470
<b>Total Net Position</b>	<u>\$ 5,065,820</u>	<u>\$ 2,435,879</u>

See independent auditor's report.

## Schedule 9

**Town of Kentwood**  
**Schedule of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Fund Type - Utility Fund**  
**For the year ended December 31, 2019**  
**(with 2018 summarized comparative information)**

	Utility Fund	
	2019	2018
<b>Operating Revenues</b>		
Gas Sales	\$ 494,461	\$ 593,253
Less Cost of Gas Sold	(179,770)	(199,277)
Gross Profit on Gas Sales	314,691	393,976
Water Sales	645,144	650,125
Sewer Service Charges	571,158	552,261
Intergovernmental State Grants	5,505	6,450
Lease Rental and Maintenance Income	112,546	-
Other	84,508	52,640
<b>Total Operating Revenues</b>	<u>1,733,552</u>	<u>1,655,452</u>
<b>Operating Expenses</b>		
Bad Debts	-	-
Cathodic Protection	3,389	2,039
Depreciation	236,954	222,384
Employee Benefits	86,835	119,678
Insurance - Workers Compensation	6,478	7,698
Other	47,981	41,346
Professional Fees	2,549	2,869
Repairs and Maintenance	152,118	59,499
Salaries and Wages	173,163	131,459
Supplies	10,131	48,332
Utilities	100,441	97,058
Water Treatment	27,637	61,816
<b>Total Operating Expenses</b>	<u>847,676</u>	<u>794,178</u>
<b>Operating Income (Loss)</b>	<u>885,876</u>	<u>861,274</u>
<b>Nonoperating Revenues (Expenses)</b>		
Donations	25,000	-
Interest Income	7,752	7,061
Interest Expense	(108,436)	(94,626)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(75,684)</u>	<u>(87,565)</u>
<b>Income (Loss) Before Transfers</b>	810,192	773,709
<b>Contributions and Transfers</b>		
Capital Contributions	2,334,000	12,000
Operating Transfers In	-	-
Operating Transfers Out	(514,251)	(648,578)
<b>Change in Net Position</b>	<u>2,629,941</u>	<u>137,131</u>
<b>Total Net Position, Beginning</b>	<u>2,435,879</u>	<u>2,298,748</u>
<b>Total Net Position, Ending</b>	<u>\$ 5,065,820</u>	<u>\$ 2,435,879</u>

See independent auditor's report.



**Town of Kentwood**  
**Schedule of Cash Flows**  
**Proprietary Fund Type - Utility Fund**  
**For the year ended December 31, 2019**  
**(with 2018 summarized comparative information)**

	<b>Utility Fund</b>	
	<b>2019</b>	<b>2018</b>
<b>Cash Flows From Operating Activities</b>		
Received From Customers	\$ 1,832,010	\$ 1,726,771
Received for Meter Deposit Fees	(4,828)	7,711
Other Receipts	11,451	62,015
Received for Interfund Services	(92,675)	-
Received (Payments) for Interfund Services	93,906	(52,991)
Payments for Operations	(522,613)	(539,999)
Payments to Employees	(259,613)	(235,361)
Net Cash Provided (Used) by Operating Activities	<u>1,057,638</u>	<u>968,146</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Transfers From (To) Other Funds	(514,251)	(648,578)
Received From Donations	25,000	-
Net Cash (Used) by Noncapital Financing Activities	<u>(489,251)</u>	<u>(648,578)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Capital Contributions Received	-	12,000
Proceeds from Sale of Capital Acquisitions	-	-
(Payments for) Capital Acquisitions	(1,500)	(206,423)
(Payments for) Bond Issuance Costs	-	-
Principal Proceeds from (Repayments for) Long Term Debt	(133,782)	(128,462)
Interest Payments for Long Term Debt	(108,436)	(94,626)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(243,718)</u>	<u>(417,511)</u>
<b>Cash Flows From Investing Activities</b>		
Receipt of Interest	7,752	7,061
Net Cash Provided by Investing Activities	<u>7,752</u>	<u>7,061</u>
<b>Net Cash Increase (Decrease) in Cash and Cash Equivalents</b>	332,421	(90,882)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>439,452</u>	<u>530,334</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 771,873</u>	<u>\$ 439,452</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:</b>		
Cash and Cash Equivalents, Unrestricted	\$ 526,002	\$ 185,243
Cash and Cash Equivalents, Restricted	<u>245,871</u>	<u>254,209</u>
Total Cash and Cash Equivalents	<u>\$ 771,873</u>	<u>\$ 439,452</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, 2019**  
**(with 2018 summarized comparative information)**

	<b>Utility Fund</b>	
	<b>2019</b>	<b>2018</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)</b>		
<b>by Operating Activities</b>		
Operating Income (Loss)	\$ 885,876	\$ 861,274
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided		
by Operating Activities:		
Depreciation	236,954	222,384
(Increase) decrease in Accounts Receivable	8,701	(68,868)
(Increase) decrease in Other Receivable	(78,562)	2,925
(Increase) decrease in Inventory	(733)	-
(Increase) decrease in Prepaid Insurance	-	-
(Increase) decrease in Deferred Outflows of Resources	18,107	27,521
(Increase) decrease in Due (to) and from Other Funds	1,231	(52,991)
Increase (decrease) in Accounts Payable	8,089	31,451
Increase (decrease) in Compensated Absences	(1,781)	(812)
Increase (decrease) in Accrued Expenses	(31,503)	(77,095)
Increase (decrease) in Deferred Inflows of Resources	16,087	14,646
Increase (decrease) in Customer Deposits	(4,828)	7,711
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,057,638</u>	<u>\$ 968,146</u>

(Concluded)

See independent auditor's report.

**Town of Kentwood**  
**Combining Schedule of Net Position, Proprietary Fund Type, Utility Fund**  
**As of December 31, 2019**

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Nursing Home Property</u>	<u>Total</u>
<b>Assets</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 525,969	\$ -	\$ 33	\$ -	\$ 526,002
Receivables, Net	285,442	-	-	-	285,442
Due From State	-	-	37,305	-	37,305
Due From Other Funds	25,928	-	-	72,528	98,456
Rental Receivable	-	-	-	40,018	40,018
Inventory	4,862	-	-	-	4,862
Prepaid Insurance	995	-	-	-	995
<b>Total Current Assets</b>	<u>843,196</u>	<u>-</u>	<u>37,338</u>	<u>112,546</u>	<u>993,080</u>
Restricted Assets:					
Restricted Cash and Cash Equivalents	150,441	95,430	-	-	245,871
<b>Total Restricted Assets</b>	<u>150,441</u>	<u>95,430</u>	<u>-</u>	<u>-</u>	<u>245,871</u>
Property, Plant, and Equipment					
Land	22,600	-	-	1,600,000	1,622,600
Construction in Progress	-	-	-	-	-
Property, Plant and Equipment, Net	133,325	3,418,751	1,063,429	722,575	5,338,080
<b>Total Property, Plant, and Equipment</b>	<u>155,925</u>	<u>3,418,751</u>	<u>1,063,429</u>	<u>2,322,575</u>	<u>6,960,680</u>
<b>Total Assets</b>	<u>1,149,562</u>	<u>3,514,181</u>	<u>1,100,767</u>	<u>2,435,121</u>	<u>8,199,631</u>
<b>Deferred Outflows of Resources</b>					
Pension Related	47,742	11,339	597	-	59,678
<b>Total Deferred Outflows of Resources</b>	<u>47,742</u>	<u>11,339</u>	<u>597</u>	<u>-</u>	<u>59,678</u>
<b>Liabilities</b>					
Current Liabilities (Payable From Current Assets):					
Accounts Payable	87,840	-	-	-	87,840
Other Accrued Payables	25,933	-	-	-	25,933
Due To Other Funds	53,247	17,172	15,756	20,188	106,363
<b>Total Current Liabilities (Payable From Current Assets)</b>	<u>167,020</u>	<u>17,172</u>	<u>15,756</u>	<u>20,188</u>	<u>220,136</u>
Current Liabilities (Payable From Restricted Assets):					
Customer Deposits	54,470	87,924	-	-	142,394
Revenue Bonds Payable	-	123,157	-	-	123,157
Capital Lease Payable	-	5,334	-	-	5,334
<b>Total Current Liabilities (Payable From Restricted Assets)</b>	<u>54,470</u>	<u>216,415</u>	<u>-</u>	<u>-</u>	<u>270,885</u>
Long Term Liabilities:					
Bonds Payable	-	2,392,439	-	-	2,392,439
Net Pension Liability	190,218	45,177	2,377	-	237,772
Accrued Sick Leave Convertible to Retirement	34,994	-	-	-	34,994
<b>Total Long Term Liabilities</b>	<u>225,212</u>	<u>2,437,616</u>	<u>2,377</u>	<u>-</u>	<u>2,665,205</u>
<b>Total Liabilities</b>	<u>446,702</u>	<u>2,671,203</u>	<u>18,133</u>	<u>20,188</u>	<u>3,156,226</u>
<b>Deferred Inflows of Resources</b>					
Pension Related	29,810	7,080	373	-	37,263
<b>Total Deferred Inflows of Resources</b>	<u>29,810</u>	<u>7,080</u>	<u>373</u>	<u>-</u>	<u>37,263</u>
<b>Net Position</b>					
Net Investment in Capital Assets					4,535,180
Restricted for:					
Capital Projects and Debt Service					8,047
Unrestricted					522,593
<b>Total Net Position</b>					<u>\$ 5,065,820</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, 2019**

	Gas	Water	Sewer	Nursing Home Property	Total
<b>Operating Revenues</b>					
Gas Sales	\$ 494,461	\$ -	\$ -	\$ -	\$ 494,461
Less Cost of Gas Sold	(179,770)	-	-	-	(179,770)
Gross Profit on Gas Sales	314,691	-	-	-	314,691
Water Sales	-	645,144	-	-	645,144
Sewer Service Charges	-	-	571,158	-	571,158
Intergovernmental - Pension Paid by Others	4,416	1,041	48	-	5,505
Lease Rental and Maintenance Income	-	-	-	112,546	112,546
Other	19,872	48,938	15,698	-	84,508
<b>Total Operating Revenues</b>	<u>338,979</u>	<u>695,123</u>	<u>586,904</u>	<u>112,546</u>	<u>1,733,552</u>
<b>Operating Expenses</b>					
Bad Debts	-	-	-	-	-
Cathodic Protection	3,389	-	-	-	3,389
Depreciation	9,133	132,692	83,704	11,425	236,954
Employee Benefits	67,537	17,893	1,405	-	86,835
Insurance - Workers Compensation	3,806	2,311	361	-	6,478
Other	26,732	16,793	4,176	280	47,981
Professional Fees	-	2,374	-	175	2,549
Repairs and Maintenance	22,495	75,723	49,518	4,382	152,118
Salaries and Wages	136,169	34,631	1,319	1,044	173,163
Supplies	6,818	1,687	1,626	-	10,131
Utilities	-	64,602	20,486	15,353	100,441
Water Treatment	-	27,637	-	-	27,637
<b>Total Operating Expenses</b>	<u>276,079</u>	<u>376,343</u>	<u>162,595</u>	<u>32,659</u>	<u>847,676</u>
<b>Operating Income (Loss)</b>	<u>62,900</u>	<u>318,780</u>	<u>424,309</u>	<u>79,887</u>	<u>885,876</u>
<b>Nonoperating Revenues (Expenses)</b>					
Donations	-	25,000	-	-	25,000
Interest Income	2,820	3,720	1,212	-	7,752
Interest Expense	-	(108,436)	-	-	(108,436)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>2,820</u>	<u>(79,716)</u>	<u>1,212</u>	<u>-</u>	<u>(75,684)</u>
<b>Income (Loss) Before Transfers</b>	<u>65,720</u>	<u>239,064</u>	<u>425,521</u>	<u>79,887</u>	<u>810,192</u>
<b>Contributions and Transfers</b>					
Capital Contributions	-	-	-	2,334,000	2,334,000
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	(514,251)	-	-	-	(514,251)
<b>Change in Net Position</b>	<u>(448,531)</u>	<u>239,064</u>	<u>425,521</u>	<u>2,413,887</u>	<u>2,629,941</u>
<b>Total Net Position, Beginning</b>					<u>2,435,879</u>
<b>Total Net Position, Ending</b>					<u>\$ 5,065,820</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, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Operating Revenues</b>			
Gas Sales	\$ 513,000	\$ 494,461	\$ (18,539)
Less Cost of Gas Sold	<u>(223,100)</u>	<u>(179,770)</u>	<u>43,330</u>
Gross Profit on Gas Sales	289,900	314,691	24,791
Intergovernmental - Pension Paid by Others	-	4,416	4,416
Other			
Bad Debt Recoveries	250	-	(250)
Miscellaneous	19,000	4,490	(14,510)
Penalties	14,500	15,382	882
<b>Total Operating Revenues</b>	<u>323,650</u>	<u>338,979</u>	<u>15,329</u>
<b>Operating Expenses</b>			
Bad Debts	3,500	-	3,500
Cathodic Protection	3,000	3,389	(389)
Depreciation	9,300	9,133	167
Employee Benefits			
Health Insurance	40,000	36,146	3,854
Life Insurance	700	689	11
Payroll Taxes	11,350	10,740	610
Retirement	17,500	19,962	(2,462)
Insurance	3,600	3,806	(206)
Other			
Computer Expenses	500	-	500
Drug Testing	900	701	199
Gas Leak Survey	12,000	8,461	3,539
Gas Operator Certification	1,600	748	852
Fuel	500	13	487
Meter Reading	5,000	4,419	581
Miscellaneous	5,050	9,194	(4,144)
Office Expense	2,500	3,196	(696)
Professional Fees	17,000	-	17,000
Repairs and Maintenance	29,000	22,495	6,505
Salaries and Wages	139,000	136,169	2,831
Supplies	11,000	6,818	4,182
<b>Total Operating Expenses</b>	<u>313,000</u>	<u>276,079</u>	<u>36,921</u>
<b>Operating Income (Loss)</b>	<u>10,650</u>	<u>62,900</u>	<u>52,250</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	2,900	2,820	(80)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>2,900</u>	<u>2,820</u>	<u>(80)</u>
<b>Income (Loss) Before Transfers</b>	<u>13,550</u>	<u>65,720</u>	<u>52,170</u>
<b>Transfers</b>			
Operating Transfers In	-	-	-
Operating Transfers Out	(744,000)	(514,251)	229,749
<b>Change in Net Position</b>	<u>\$ (730,450)</u>	<u>\$ (448,531)</u>	<u>\$ 281,919</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, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Operating Revenues</b>			
Water Sales	\$ 646,400	\$ 645,144	\$ (1,256)
Intergovernmental - Pension Paid by Others	-	1,041	1,041
Other			
Delinquent Charges	14,500	15,698	1,198
Miscellaneous	4,800	21,123	16,323
Safe Drinking Water Fee	13,000	12,117	(883)
<b>Total Operating Revenues</b>	<u>678,700</u>	<u>695,123</u>	<u>16,423</u>
<b>Operating Expenses</b>			
Bad Debts	3,500	-	3,500
Depreciation	133,000	132,692	308
Employee Benefits			
Health Insurance	11,000	10,312	688
Life Insurance	200	192	8
Payroll Taxes	3,100	2,551	549
Retirement	4,300	4,838	(538)
Insurance	2,500	2,311	189
Other			
Computer Expenses	500	-	500
Drug Testing	-	35	(35)
Department of Environmental Quality Fees	3,000	2,006	994
Fuel	1,200	1,119	81
Office Expense	2,500	3,160	(660)
Safe Drinking Water Fee	12,000	14,293	(2,293)
Professional Fees	22,000	2,374	19,626
Repairs and Maintenance	48,000	71,903	(23,903)
Salaries and Wages	35,000	34,631	369
Supplies	16,000	1,687	14,313
Utilities - Pump Electricity	70,000	64,602	5,398
Water Treatment	50,000	27,637	22,363
<b>Total Operating Expenses</b>	<u>417,800</u>	<u>376,343</u>	<u>41,457</u>
<b>Operating Income (Loss)</b>	<u>260,900</u>	<u>318,780</u>	<u>57,880</u>
<b>Nonoperating Revenues (Expenses)</b>			
Donations	-	25,000	25,000
Interest Income	3,600	3,720	120
Interest Expense	(108,500)	(108,436)	64
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(104,900)</u>	<u>(79,716)</u>	<u>25,184</u>
<b>Income (Loss) Before Transfers</b>	<u>156,000</u>	<u>239,064</u>	<u>83,064</u>
<b>Contributions and Transfers</b>			
Capital Contributions	-	-	-
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
<b>Change in Net Position</b>	<u>\$ 156,000</u>	<u>\$ 239,064</u>	<u>\$ 83,064</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, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Operating Revenues</b>			
Sewer Charges	\$ 570,600	\$ 571,158	\$ 558
Intergovernmental - Pension Paid by Others	-	48	48
Other			
Miscellaneous	200	-	(200)
Penalties	14,500	15,698	1,198
<b>Total Operating Revenues</b>	<u>585,300</u>	<u>586,904</u>	<u>1,604</u>
<b>Operating Expenses</b>			
Bad Debts	3,500	-	3,500
Depreciation	84,000	83,704	296
Employee Benefits			
Health Insurance	-	-	-
Life Insurance	-	-	-
Payroll Taxes	-	-	-
Retirement	-	1,405	(1,405)
Insurance	-	361	(361)
Meter Reading	-	-	-
Other			
Analysis Fee	2,500	2,010	490
Fuel	1,000	8	992
Office Expense	500	36	464
Other Operating Expense	-	2,122	(2,122)
Professional Fees	15,000	-	15,000
Repairs and Maintenance	34,100	49,518	(15,418)
Salaries and Wages	-	1,319	(1,319)
Supplies	5,000	1,626	3,374
Utilities	18,000	20,486	(2,486)
<b>Total Operating Expenses</b>	<u>163,600</u>	<u>162,595</u>	<u>1,005</u>
<b>Operating Income (Loss)</b>	<u>421,700</u>	<u>424,309</u>	<u>2,609</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	1,200	1,212	12
Interest Expense	-	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>1,200</u>	<u>1,212</u>	<u>12</u>
<b>Income (Loss) Before Transfers</b>	<u>422,900</u>	<u>425,521</u>	<u>2,621</u>
<b>Transfers</b>			
Operating Transfers In	-	-	-
<b>Change in Net Position</b>	<u>\$ 422,900</u>	<u>\$ 425,521</u>	<u>\$ 2,621</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, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Operating Revenues</b>			
Lease Rental and Maintenance Income	\$ 100,000	\$ 112,546	\$ 12,546
Other			
Miscellaneous	-	-	-
<b>Total Operating Revenues</b>	<u>100,000</u>	<u>112,546</u>	<u>12,546</u>
<b>Operating Expenses</b>			
Bad Debts	-	-	-
Depreciation	32,500	11,425	21,075
Employee Benefits			
Health Insurance	-	-	-
Life Insurance	-	-	-
Payroll Taxes	-	-	-
Retirement	-	-	-
Insurance	-	-	-
Other			
Fuel	-	-	-
Office Expense	200	-	200
Other Operating Expense	-	280	(280)
Professional Fees	-	175	(175)
Repairs and Maintenance	-	4,382	(4,382)
Salaries and Wages	-	1,044	(1,044)
Supplies	-	-	-
Utilities	19,000	15,353	3,647
<b>Total Operating Expenses</b>	<u>51,700</u>	<u>32,659</u>	<u>19,041</u>
<b>Operating Income (Loss)</b>	<u>48,300</u>	<u>79,887</u>	<u>31,587</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	-	-	-
Interest Expense	-	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Income (Loss) Before Transfers</b>	<u>48,300</u>	<u>79,887</u>	<u>31,587</u>
<b>Transfers</b>			
Capital Contributions	2,334,000	2,334,000	-
Operating Transfers In	-	-	-
<b>Change in Net Position</b>	<u>\$ 2,382,300</u>	<u>\$ 2,413,887</u>	<u>\$ 31,587</u>

See independent auditor's report.



Schedule 17

**Town of Kentwood  
Schedule of Utility Rates  
Proprietary Fund Type  
For the year ended December 31, 2019**

<b>Residential Rates</b>		<b>Commercial Rates</b>	
\$ 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

<b>Residential Rates</b>		<b>Commercial Rates</b>	
\$ 47.00	- Flat Monthly Rate	\$ 47.00	Commercial Rate 2 - First 5,000 Gallons (Flat Fee)
		0.75	Per 1,000 Gallons for next 55,000 Gallons
		0.65	Per 1,000 Gallons for next 180,000 Gallons
		0.50	Per 1,000 Gallons for next 260,000 Gallons
		0.40	Per 1,000 Gallons after 500,000 Gallons
		162.00	Commercial Rate 2 (Schools) - Flat Rate
		47.00	Commercial Rate 4 (Churches) - Flat Rate

<b>Residential Rates</b>		<b>Commercial Rates</b>	
\$ 18.00	- First 5,000 Cubic Feet (Flat Fee)	\$ 18.00	- First 5,000 Cubic Feet (Flat Fee)
1.75	- Per 1,000 Cubic Feet after 5,000	1.75	- Per 1,000 Cubic Feet after 5,000

<b>Industrial Rates</b>	
148.65	- First 55,000 Gallons (Flat Fee)
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

See independent auditor's report.

Schedule 18

**Town of Kentwood  
Schedule of Number of Sewer, Water and Gas Customers  
Proprietary Fund Type  
For the year ended December 31, 2019**

	<b>Residential</b>	<b>Commercial</b>	<b>Total</b>
Sewer	745	99	844
Water	859	134	993
Gas	355	59	414

See independent auditor's report.

Schedule 19

**Town of Kentwood**  
**Schedule of Gas Sales and Purchases**  
**Proprietary Fund Type - Gas Utility System**  
**As of December 31, 2019 and 2018**

	Enterprise Funds	
	2019	2018
<b>Gas Sales and Purchases</b>		
Gas Sales		
Volume mcf (Thousand Cubic Feet)	40,929	44,305
Dollar Amount	\$ 494,461	\$ 593,253
Cost of Gas Sold		
Volume mcf (Thousand Cubic Feet)	46,513	52,042
Dollar Amount	\$ 179,770	\$ 199,277
Gross Profit	\$ 314,691	\$ 393,976
Gross Profit Percentage of Sales	64%	66%
<b>Unaccounted for Gas Purchases</b>		
Volume mcf (Thousand Cubic Feet)	5,584	7,737
Average Cost of Unaccounted for Gas	\$ 21,581	\$ 29,626
Percentage of Purchases	12%	15%
<b>Number of Customers at Year End</b>		
In Service, Industrial	2	2
In Service, Other	412	424
Total	414	426
<b>Average Sales Per Customer</b>		
Volume mcf (Thousand Cubic Feet)	99	104
Dollar Amount	\$ 1,194	\$ 1,393
<b>Average Sales Per Thousand Cubic Feet</b>		
Gas Sales, Industrial	\$ 5.64	\$ 5.99
Gas Sales, Other	\$ 21.12	\$ 21.18
Gas Sales	\$ 12.08	\$ 13.39
Gas Purchases	\$ -3.86	\$ -3.83
Subtotal	\$ 8.22	\$ 9.56
Unaccounted for Gas Purchases	\$ -0.46	\$ -0.57
Gross Profit	\$ 7.76	\$ 8.99

See independent auditor's report.

**Town of Kentwood**  
**Schedule of Insurance**  
**For the year ended December 31, 2019**

<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	3/20/2019 to 3/20/2020
	Commercial Automobile	500,000	
	Public Officials Professional Liability	500,000	
	Police Professional Liability	500,000	
Western Surety Company 18272062	Position Schedule	425,000	6/20/2019 to 6/20/2020
Risk Management Agency RK07998A17	Commercial Property Coverages, as scheduled	1,893,500	3/7/2019 to 3/7/2020
Great Lakes/Lane & Assoc GLL1800674-01	Inland Marine	74,777	12/1/2019 to 12/1/2020
Risk Management Agency 70-0392-14915	Workers Compensation at Statutory Limitations		11/19/2019 to 11/19/2020
Foremost Insurance Group 444-0019223612	Commercial Mobile Home Policy	250,000	7/13/2019 to 7/13/2020
Lloyd's/Lane & Associates LMA1700049	Auto Physical Damage	260,806	4/15/2019 to 4/15/2020

See independent auditor's report.

**Schedule 21**

**Town of Kentwood  
Schedule of Compensation Paid to Board Members  
For the year ended December 31, 2019**

<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  
For the year ended December 31, 2019**

**Agency Head Name: Rochell Bates, Mayor**

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 36,991
Employer Paid Medicare & Social Security	2,891
Registration Fees	250
Travel (Lodging & Per Diem)	165
Mileage	322
Telephone Reimbursement	124
	<u>\$ 40,743</u>

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, 2019**

Line	Account Description	Housing Choice Voucher Program 14.871
<b>Assets:</b>		
Current Assets:		
Cash:		
111	Cash - unrestricted	\$ -
112	Cash - restricted - modernization and dev	-
113	Cash - other restricted	3,973
114	Cash - tenant security deposits	-
115	Cash - restricted for payment of current liabilities	35,831
100	Total Cash	<u>39,804</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>39,804</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	<b>Total Assets</b>	<u>\$ 39,804</u>

(Continued)

See independent auditor's report.

Schedule 23 (Continued)

**Town of Kentwood**  
**Financial Data Schedule for PHA Number LA206 - Housing Choice Voucher Program**  
**For the year ended December 31, 2019**

Line	Account Description	Housing Choice Voucher Program 14.871
<b>Liabilities and Equity:</b>		
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	(35,831)
346	Accrued liabilities - other	-
347	Interprogram due to	-
348	Loan liability - current	-
310	<b>Total Current Liabilities</b>	<u>(35,831)</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	<b>Total noncurrent liabilities</b>	<u>-</u>
300	<b>Total Liabilities</b>	<u>(35,831)</u>
400	Deferred Inflow of Resources	<u>-</u>
Equity		
508.1	Invested in Capital Assets, Net of Related Debt	-
511.1	Restricted Net Position	(3,406)
512	Undesignated Fund Balance/Retained Earnings	-
512.1	Unrestricted Net Position	(567)
513	<b>Total Equity / Net Position</b>	<u>(3,973)</u>
600	<b>Total Liabilities and Equity / Net Position</b>	<u>\$ (39,804)</u>

(Continued)

See independent auditor's report.



Schedule 23 (Continued)

Town of Kentwood  
 Financial Data Schedule for PHA Number LA206 - Housing Choice Voucher Program  
 For the year ended December 31, 2019

Line	Account Description	Housing Choice Voucher Program 14.871
<b>Revenue:</b>		
70300	Net tenant rental revenue	\$ -
70400	Tenant revenue - other	-
70500	Total Tenant Revenue	<u>-</u>
70600	HUD PHA operating grants	370,643
70610	Capital grants	-
70800	Other government grants	-
71100	Investment income - Unrestricted	209
71200	Mortgage interest income	-
71300	Proceeds from disposition of assets held for sale	-
71310	Cost of sale of assets	-
71400	Fraud recovery	-
71500	Other revenue	-
71600	Gain / loss on sale of fixed assets	-
72000	Investment income - restricted	-
70000	<b>Total Revenue</b>	<u>370,852</u>
<b>Expenses</b>		
Administrative		
91100	Administrative Salaries	37,231
91200	Auditing Fees	-
91300	Management Fee	-
91310	Book-keeping Fee	3,600
91400	Advertising and Marketing	-
91500	Employee benefit contributions - administrative	18,162
91600	Office Expenses	650
91700	Legal Expense	-
91800	Travel	-
91900	Other	-
91000	<b>Total Operating Administrative</b>	<u>59,643</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	<b>Total Tenant Services</b>	<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	<b>Total Utilities</b>	<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	<b>Total Maintenance</b>	<u>-</u>

(Continued)

See independent auditor's report.

Schedule 23 (Continued)

Town of Kentwood  
 Financial Data Schedule for PHA Number LA206 - Housing Choice Voucher Program  
 For the year ended December 31, 2019

Line	Account Description	Housing Choice Voucher Program 14.871
	Protective Services:	
95100	Protective services - labor	-
95200	Protective services - other contract costs	-
95300	Protective services - other	-
95500	Employee benefit contributions - protective services	-
<b>95000</b>	<b>Total Protective Services</b>	<u>-</u>
	General Expenses:	
96110	Property insurance	-
96120	Liability insurance	-
96130	Workmen's compensation	203
96140	All other insurance	-
<b>96100</b>	<b>Total Insurance Premiums</b>	<u>203</u>
96500	Bad debt - mortgages	-
96600	Bad debt - other	-
96710	Interest expense	-
96800	Severance expense	-
96000	Total Other General Expenses	-
96900	<b>Total Operating Expenses</b>	<u>59,846</u>
97000	<b>Excess Operating Revenue over Operating Expenses</b>	<u>311,006</u>
	Other Expenses:	
97100	Extraordinary maintenance	-
97200	Casualty losses - non-capitalized	-
97300	Housing assistance payments	330,375
97350	HAP portability-in	-
97400	Depreciation expense	-
97500	Fraud losses	-
97800	Dwelling units rent expense	-
90000	<b>Total Expenses</b>	<u>390,221</u>
	<b>Other Financing Sources (Uses)</b>	
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	13,048
10094	Transfers between program and project-out	-
<b>10100</b>	<b>Total Other Financing Sources (Uses)</b>	<u>13,048</u>
10000	<b>Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	<u>\$ (6,321)</u>
	<b>Memo Account Information</b>	
11020	Required Annual Debt Principal Payments	-
11030	Beginning Equity	10,294
11040	Prior period adjustments, equity transfers and correction of errors	-
11170	Administrative fee equity	567
11180	Housing assistance payments equity	3,406
11190	Unit months available	828
11210	Number of unit month's leased	768

(Concluded)

See independent auditor's report.

# *Minda B. Raybourn*

*Certified Public Accountant  
Limited Liability Company*

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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 Rochelle 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, 2019, 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 October 29, 2020.

### **Internal Control over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. I consider the deficiencies described in the accompanying schedule of findings and responses as items 2019-001, and 2019-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiencies described in the accompany schedule of findings and questioned responses as items 2019-003 and 2018-004 to be significant deficiencies.

### **Compliance and Other Matters**

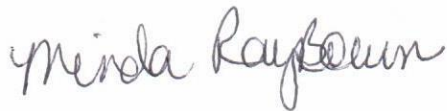
As part of obtaining reasonable assurance about whether the Town of Kentwood, Louisiana's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a 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 2019-005 and 2019-006.

### **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.



Minda Raybourn, CPA  
Franklinton, LA  
October 29, 2020

**Town of Kentwood, Louisiana**  
**Schedule of Current Year Audit Findings and Responses**  
**For the Year Ended December 31, 2019**

**Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weaknesses identified?   X   Yes      No

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

Noncompliance material to the financial statements noted?   X   Yes      No

Was a management letter issued?      Yes   X   No

*Federal Awards*

There were no major programs for the Town for the fiscal year ended December 31, 2019.

**Town of Kentwood, Louisiana**  
**Schedule of Current Year Audit Findings and Responses**  
**For the Year Ended December 31, 2019**

**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.

**Town of Kentwood, Louisiana**  
**Schedule of Current Year Audit Findings and Responses**  
**For the Year Ended December 31, 2019**

**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.

**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.

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

**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.

**Town of Kentwood, Louisiana**  
**Schedule of Current Year Audit Findings and Responses**  
**For the Year Ended December 31, 2019**

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.

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.



**Town of Kentwood, Louisiana**  
**Schedule of Current Year Audit Findings and Responses**  
**For the Year Ended December 31, 2019**

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.

**Management's Response:** We will take into consideration the auditor's recommendation.

**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 as 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.

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

**Finding 2019-005 Budget Compliance**

**Criteria:** State law requires that the general fund and all special revenue funds have actual revenues and other sources withing 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.

**Town of Kentwood, Louisiana**  
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**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.

**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.

**Town of Kentwood, Louisiana**  
**Schedule of Prior Year Audit Findings and Responses**  
**For the Year Ended December 31, 2018**

**Finding 2018-001 Lack of Internal Controls Over Credit Cards (Material Weakness)**

**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
1/2/18	Enterprise Rent-a-Car	\$668.10
3/4/18	Embassy Suites	\$119.70
3/4/18	Embassy Suites	\$119.70
4/4/18	Harbor Freight Tools	\$ 96.07
4/4/18	Ink Toner Store	\$ 38.90
4/9/18	Lowe's	\$141.90
6/30/18	Walmart	\$ 71.76
	Grand Total	\$1,256.13

The rental car charge was reimbursed by the Mayor to the Town on 1/12/18. The two hotel charges were for the Louisiana Municipal Association mid-winter conference in February 2018. However, no employee names or support were provided for the two charges. The charge from Harbor Freight Tools was for paper grabbers for the maintenance department; no receipt was provided. The charge from the Ink Toner Store was for printer ink; no receipt was provided. No receipts were provided for the charges from Lowe's and Walmart.

**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

**Town of Kentwood, Louisiana**  
**Schedule of Prior Year Audit Findings and Responses**  
**For the Year Ended December 31, 2018**

all credit card charges on the monthly statement and the business purpose of each charge will be clearly documented.

**Status:** The town has adopted policies and procedures on credit cards but still has issues with documentation of credit card charges in 2019.

**Finding 2018-002 Misuse of Credit Cards (Material Weakness)**

**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. Adequately designed and operating internal controls provides for the safeguarding of any credit cards in a secure location when not in a use.

**Condition:** On May 15, 2019, I received allegations from the Louisiana Legislative Auditor that the Town's credit cards were being used for personal reasons by the Mayor.

It was alleged that the Mayor was using the card to rent multiple cars for personal use. In the documentation given to me, there was one credit card charge from Enterprise Rent-a-Car for \$668 on January 2, 2018. The Mayor reimbursed the Town on January 12, 2018 for the charge. I inspected the documents provided as well as all of the 2018 credit card charges on the statements. I did not see any other charges for rental cars.

**Cause:** The Mayor stated that the Town credit card was used by mistake.

**Effect:** The lack of safeguards over credit cards exposes the Town to misappropriation of assets.

**Recommendation:** When the credit card is not in use, the card needs to be safeguarded in a secure locked location. The Town's policy states that the municipal clerk is to keep the cards locked when not in use. This needs to be enforced.

**Management's Response:** When credit cards are not in use the cards will be safeguarded in a secure locked location. The Town's policy states that the municipal clerk is to keep the cards locked when not in use. Management will ensure that policies and procedures are being adhered to and enforced.

**Status:** The town has adopted policies and procedures on credit cards but still has issues with documentation of credit card charges in 2019.

**Town of Kentwood, Louisiana  
Schedule of Prior Year Audit Findings and Responses  
For the Year Ended December 31, 2018**

**Finding 2018-003 Misuse of Credit Cards (Material Weakness)**

**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. Adequately designed and operating internal controls provides for the safeguarding of any credit cards in a secure location when not in a use.

**Condition:** On May 15, 2019, I received allegations from the Louisiana Legislative Auditor that the Town’s credit cards were being used for personal reasons by the Chief of Police.

I inspected the documents provided as well as all of the 2018 credit card charges on the statements. The following charges were on the September 4, 2017 statement:

Date	Description	Charge Amount
8/13/2017	Market Max, Kentwood, LA	4.39
8/13/2017	Dollar General, Kentwood, LA	8.25
8/14/2017	Walmart, Pineville, LA	25.09
8/14/2017	Walmart, Pineville, LA	103.36
8/15/2017	Louisiana Association	290.00
8/17/2017	Red River Seafood, Pineville, LA	18.19
8/17/2017	Outlaws BBQ, Pineville, LA	10.35
8/19/2017	Jerusalem Mediterranean, Pineville, LA	15.76
8/20/2017	China Buffet, Pineville, LA	13.80
8/25/2017	Walmart, Pineville, LA	38.32
8/25/2017	Outlaws BBQ, Pineville, LA	6.28
8/20/2017	Walmart, Pineville, LA	47.72

The charge of \$103.36 on August 14, 2017 from Walmart included the purchase of articles of clothing. The charge of \$25.09 on August 14, 2017 and the charge of \$47.72 on August 20, 2017 from Walmart included food items. There was no documentation available as to what the business purpose of the meals was for.

The Town had a significant deficiency (finding 2017-001) regarding lack of internal controls over credit cards. Since that time, the card for the Chief of Police was revoked. No charged occurred in 2018 on this card.

A subsequent conversation with the Chief of Police revealed that these charges were from an officer who was approved to attend DARE Officer Training Course in Pineville, Louisiana from August 14-25, 2017. The charge “Louisiana Association” was from the Louisiana Association of Chiefs of Police was for this conference which included registration and a conference shirt. The Chief provided me a copy of this invoice. The Chief also provided me a copy of the officer’s certificate of completion at the course. The

**Town of Kentwood, Louisiana**  
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officer was issued the card to pay for expenses while at the course. The charge for Dollar General was for motor oil for his old police unit. The Market Max was food to save on meals. When he got to Pineville, he discovered he did not have to wear his police uniforms for training and it was approved for him to purchase some basic clothing. The other charges were for supplies required by the course. The meal charges were at restaurants while attending the course. The Chief stated that the receipts that were not turned in were deducted from the officer's payroll check.

The Chief also disputed that his card was revoked. The card is in the possession of the municipal clerk.

**Cause:** The Town has weak controls over the use of credit cards.

**Effect:** The lack of safeguards over credit cards exposes the Town to misappropriation of assets. 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:** When the credit card is not in use, the card needs to be safeguarded in a secure locked location. The Town's policy states that the municipal clerk is to keep the cards locked when not in use. This needs to be enforced.

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:** When credit cards are not in use the cards will be safeguarded in a secure locked location. The Town's policy states that the municipal clerk is to keep the cards locked when not in use. Management will ensure that policies and procedures are being adhered to and enforced.

**Additional Response from Chief of Police:** Mr. Bruce Harrell, CPA suggested to me that I respond to the above audit finding related to an allegation that I had used the Town's credit card for personal reasons, and that you had not been provided the documentation for the listed charges, and that the Police Chief's credit card had been revoked.

Attached is the invoice for the \$290.00 fee for my attendance at the Louisiana Association of Chiefs of Police Conference in Houma, LA. These conferences are approved in the Police Department Annual Budget. A copy of this conference invoice was provided to the Clerk's Office and should have been available for you.

The other charges listed in your finding were made by Officer Eric Andrews, who was approved to attend DARE Officer Training Course in Pineville, LA from August 14-25, 2017. He was issued the Police Department credit card to pay for his expenses while at the course. He was told to bring back documentation of his charges. Some of the invoices were presented but not paid by the Clerk. Prior to leaving Kentwood on August 13<sup>th</sup>, he purchased motor oil for his old police unit at Dollar General, and food at Market Max to save on his meals. He also purchased incidental food items at Wal-Mart in Pineville, LA to save on meal costs. When he got to the training seminar, he found out he didn't have to wear his police uniforms to the training, so I approved him purchasing some basic comfortable clothing for the 10 days he was at the school. Some of the other charges were supplies required for the

**Town of Kentwood, Louisiana**  
**Schedule of Prior Year Audit Findings and Responses**  
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course. Some of the charges were for meals at restaurants and were less than what the Town would have reimbursed him on a per diem daily meal fee. When Office Andrews returned without receipts, the unallowable charges were deducted from his paychecks.

The Police Department's Credit Card has not been revoked. It was returned to the Town's Clerk Office, and I submit authorizations with documentation before any charges are made.

Hopefully, this satisfies you that the Police Department Credit Card is not used for my personal use, and this finding can be resolved, and if possibly removed from the Town's Audit Report.

**Status:** The town has adopted policies and procedures on credit cards.

**Finding 2018-004 Allegations of Payroll Fraud (Material Weakness)**

**Criteria:** Internal controls should be adequately designed so that payroll expenditures are appropriately approved and documented.

**Condition:** On May 15, 2019, I received an allegation from the Louisiana Legislative Auditor that for the majority of the year 2018 the municipal clerk was not physically present at Town Hall. Instead, it was alleged that she was working from a location in Texas and receiving full salary and benefits without proof that she was performing the job duties as a full time employee.

I inspected all time sheets and vacation and sick leave documents. All were approved by the Mayor. Payroll disbursements reflected hours worked per the time sheets. Leave paid was reflected back to the vacation or sick time documents.

I inquired with the Mayor regarding the circumstances with the allegation. She stated that the clerk was going through severe medical problems. Documentation from the clerk's physicians were provided to the Mayor. The documentation provided stated that the clerk should not be working at the office but could work from home. The Mayor and the clerk agreed the clerk could work from home by remoteing into the Town's computer system. The Mayor questioned whether the Town could keep her on as a paid employee while not physically present at the office. Legal advice was obtained from various sources and the consensus on this was as long as the work was getting done, no town personnel policies were being violated, and town documentation was not in jeopardy, that the Town could pay her from working from home.

I also inquired with the clerk. She stated that she had a home in Texas. She had family in Texas that helped her through her medical problems. She stated that she kept in touch with the Mayor and the council with progress on her work.

The issue was brought before the town council on July 16, 2018. The council went into executive session. The council voted that as long as the work was getting accomplished, then the Town would continue to employ her full time with pay. The Mayor stated the work did get done with the help of the other clerks.

**Town of Kentwood, Louisiana**  
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**Cause:** The Town had no employment policies in place regarding employees working from home. While the Town council approved the continuing employment of the clerk from her home in Texas, there were no stipulations that written documentation of progress be provided on a timely basis.

**Effect:** Without adequate payroll policies and procedures in place, the Town is at risk of misappropriation of resources.

**Recommendation:** The Town needs to strengthen its payroll policies and procedures by implementing policies regarding employees working from home or outside of the office.

**Management's Response:** The Town will strengthen its payroll policies and procedures by implementing policies regarding employees working from home or outside of the office, which will require prior approval by the Mayor before any employee performs work duties from home or outside the office. The Mayor will be aware in advance of duties to be performed once request is approved.

**Status:** The town adopted a policy on employees working from home

**Finding 2018-005 Internal Controls Over Fuel Cards (Significant Deficiency)**

**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. Adequately designed controls over fuel cards require that management review the card statements to ensure that the number of gallons received, miles traveled, and miles per gallon are reasonable

**Condition:** I reviewed the fuel card statements for the months of January 2018 through April 2018. There was no indication that the fuel exception reports were reviewed. Several vehicles had no odometer readings entered to calculate mileage. On some months, the mileage entered was erratic. For example, in March 2018, one car when from 130,137 to 171,444 to 33,621 and then to 21,634. This caused the fuel statement to reflect incorrect miles per gallon and cost per mileage. In other instances, several of the cars registered 6 to 13 miles per gallon.

**Cause:** The Town has a lack of internal controls over fuel cards.

**Effect:** Lack of internal controls over fuel cards could cause misappropriation of Town resources.

**Recommendation:** Management needs to review the fuel exception reports each month. Each month, the fuel statement needs to be reviewed for each vehicle's mileage per gallons purchased for reasonableness. In addition, management needs to consider the possibility of requiring the use of vehicle logs.

**Management Response:** The Town Clerk will review the fuel exception reports each month. The Town Clerk will also review the fuel statement for each vehicle's mileage per gallon's purchased for reasonableness. In addition, Management will consider the possibility of requiring the use of vehicle logs.



**Town of Kentwood, Louisiana**  
**Schedule of Prior Year Audit Findings and Responses**  
**For the Year Ended December 31, 2018**

**Response from Chief of Police:** I am not sure if you are referring to the Police Department, but there are two units whose digital odometers are inoperable, and the cost to repair is more than the value of the units. Police units are different from other vehicles because many time the units sit and idle for up to four to five hours depending on the situation, and the patrolling around at slow speed severely reduces gas mileage. I highly scrutinize and monitor the monthly fuel reports by matching the unit with officer on duty purchasing fuel and the gallons purchased.

Status: The town has adopted policies and procedures on fuel cards.

**Finding 2018-006 Late Submittal of Audit Report (Noncompliance)**

**Criteria:** Per Louisiana state audit law, annual financial reports are due not later than six months after the close of the fiscal year.

**Condition:** The audit report was submitted in September 2019.

**Cause:** The Town's accounting was not finalized until June 2019.

**Effect:** The Town was not in compliance with the state audit deadline.

**Recommendation:** The Town should ensure its accounting is ready in a timely manner so that the audit can be completed by the deadline.

**Management Response:** The Town will ensure that its staff and CPA prepare financial documents in a timely manner to ensure the audit will be completed by the deadline.

Status: The town received an extension due to the COVID 19 pandemic.

# Minda B. Raybourn

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Member  
LCPA

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Aldermen  
Of the Town of Kentwood, LA  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Town of Kentwood, Louisiana (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### **Written Policies and Procedures**

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and

software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

**The town does not have policies and procedures on IT disaster recovery/business continuity.**

**Management Response: We will implement written policies and procedures on disaster recovery/business continuity.**

### ***Board or Finance Committee***

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2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

**The board meets monthly.**

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

**Financial statements were referenced in the minutes.**

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

**The town did not have an unassigned fund balance in the general fund that was negative in the prior year audit report.**

### ***Bank Reconciliations***

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

**A listing and management's representation were obtained.**

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

**No exceptions noted.**

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

**No exceptions noted.**

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

**No exceptions noted.**

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

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

**A listing and management's representation was obtained.**

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

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

**An employee can initiate a purchase request, the department head will approve the purchase order, and the employee can order or make the purchase after approval.**

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

**The municipal clerk will process the payments to vendors. The mayor or board member will approve.**

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

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

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

**Signed checks are kept in the municipal clerk's office and are mailed the next business day.**

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

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

- a) Observe that the disbursement matched the related original invoice/billing statement.

**A payment to Consolidated Pipe and Supply Co. consisted of 8 invoices totaling \$6,428.50. Two invoices were not attached totaling \$961.00. There were no purchase orders for any of the 8 invoices.**

**A payment to Ferguson Waterworks for \$3,013.46 did not have a purchase order.**

**A payment to Ace Hardware had a purchase order and invoice that was different than the check total.**

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

**Some of the disbursements were not approved.**

**Management's Response: We have implemented policies and procedures on disbursements and purchasing.**

### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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

**A listing and management's representation were obtained.**

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

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note:

Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.))

**The statement was approved by the mayor for payment.**

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

**One statement had a finance of \$4.07.**

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

**The following credit card charges did not have any original receipts attached to support the business purpose of the charge:**

Date	Charge	Amount
12/6/2018	Walmart	19.81
12/19/2018	Golden Corral	381.49
2/11/2019	Horseshoe Accounting	183.57
3/4/2019	Horseshoe Accounting	17.01
	Total	601.88

**Management Response: The town has implemented policies and procedures for the use of cards. Prior to the mayor approving payment, the clerk will ensure that all receipts are attached to the statement.**

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

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

**A listing and management’s representation was obtained.**

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

**No exceptions noted.**

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

**No exceptions noted.**

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

**No exceptions noted.**

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

**No exceptions noted.**

### ***Ethics***

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15. Using 5 randomly selected employees/officials, obtain ethics documentation from management, and:

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

**No exceptions noted.**

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

**There were no signature verifications available.**

**Management's Response: The town has implemented policies and procedures regarding ethics.**

*Other*

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

**No exceptions noted.**

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

**No exceptions noted.**

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

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



Minda Raybourn CPA  
Franklinton, LA

October, 29, 2020