

**Town of Benton  
Benton, Louisiana**

**Financial Statement with Auditors' Report**

**As of and For the Year Ended December 31, 2019**

Town of Benton  
Benton, Louisiana

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## Independent Auditors' Report

The Honorable Shelly Horton, Jr., Mayor  
and Members of the Town Council  
Town of Benton  
Benton, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Benton, 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***

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Benton, 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 and budgetary comparison information on pages 3 – 9 and 50 - 52, the schedule of proportionate share of net pension liability on page 53, and the schedule of contributions on page 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Benton's basic financial statements. The accompanying other supplementary information listed in the table of contents and shown on pages 55 - 56 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2020, on our consideration of the Town of Benton, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Benton, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Benton, Louisiana's internal control over financial reporting and compliance.



Cook & Morehart  
Certified Public Accountants  
September 29, 2020

## TOWN OF BENTON

### MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Benton's financial performance provides an overview of the Town of Benton's financial activities for the fiscal year ended December 31, 2019. Please read it in conjunction with the Town's financial statements, which begin on page 10.

#### FINANCIAL HIGHLIGHTS

- The Town of Benton's net position of our governmental activities increased by \$539,342 or 5%. The Town of Benton's net position of our business-type activities increased \$393,925 or 5%.
- In the Town's governmental activities, total general and program revenues were \$2,226,725 in 2019 compared to \$3,352,444 in 2018. Total expenses, excluding depreciation, totaled \$1,321,382 for the year ended December 31, 2019.
- In the Town's business-type activities, total revenues were \$2,764,631 in 2019 compared to \$3,112,652 in 2018. Total expenses, excluding depreciation, totaled \$2,010,667 for the year ended December 31, 2019.

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 10 and 11) provide information about the activities of the Town of Benton as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town of Benton's operations in more detail than the government-wide statements by providing information about the Town of Benton's most significant funds.

#### Reporting the Town of Benton as a Whole

Our analysis of the Town of Benton as a whole begins on page 10. One of the most important questions asked about the Town of Benton's finances is "Is the Town of Benton as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the funds maintained by the Town of Benton as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town of Benton's *net positions* and changes in them. You can think of the Town of Benton's net position – the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources – as one way to measure the Town of Benton's financial health, or *financial position*. Over time, *increases* or *decreases* in the Town of Benton's net positions are one indicator of whether

its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, we divide the Town into two kinds of activities:

Governmental activities – Most of the Town's basic services are reported here, including the police, public works, and general administration. Property taxes, franchise fees, sales taxes, and police department fines, and various other revenues finance most of these activities.

Business-type activities – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water, sewer, and sanitation systems are reported here.

### **Reporting the Town's Most Significant Funds**

Our analysis of the major funds maintained by the Town of Benton begins on page 12. The fund financial statements begin on page 12 and provide detailed information about the most significant funds maintained by the Town of Benton – not the Town of Benton as a whole. The Town of Benton's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

Governmental funds – Most of the Town of Benton's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* 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 of Benton's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Town of Benton expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation following the fund financial statements.

Proprietary funds – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

## THE TOWN OF BENTON AS A WHOLE

The Town of Benton's combined net position changed from a year ago, increasing from \$18,970,496 to \$19,903,763. A comparative analysis of the funds maintained by the Town of Benton is presented in Table 1 below:

**Table 1  
Net Position**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 4,605,111	\$ 4,344,153	\$ 4,186,675	\$ 3,722,592	\$ 8,791,786	\$ 8,066,745
Capital assets	7,090,671	7,021,711	5,616,106	5,619,764	12,706,777	12,641,475
Total assets	<u>11,695,782</u>	<u>11,365,864</u>	<u>9,802,781</u>	<u>9,342,356</u>	<u>21,498,563</u>	<u>20,708,220</u>
Deferred outflows of resources	190,580	204,551	141,521	179,075	332,101	383,626
Other Liabilities	30,832	260,695	397,349	355,505	428,181	616,200
Long-term liabilities	953,647	925,321	374,568	388,727	1,328,215	1,314,048
Total liabilities	<u>984,479</u>	<u>1,186,016</u>	<u>771,917</u>	<u>744,232</u>	<u>1,756,396</u>	<u>1,930,248</u>
Deferred inflows of resources	143,821	165,679	26,684	25,423	170,505	191,102
Net position:						
Net investment in capital assets	7,090,671	6,808,603	5,558,004	5,592,496	12,648,675	12,401,099
Restricted	2,883,781	2,661,463	160,000		3,043,781	2,661,463
Unrestricted	783,610	748,654	3,427,697	3,159,280	4,211,307	3,907,934
Total net position	<u>\$ 10,758,062</u>	<u>\$ 10,218,720</u>	<u>\$ 9,145,701</u>	<u>\$ 8,751,776</u>	<u>\$ 19,903,763</u>	<u>\$ 18,970,496</u>

Net position of the Town of Benton's governmental activities increased by \$539,342 or 5%. Net position of the Town of Benton's business-type activities increased by \$393,925 or 5%. See Table 2 below:



**Table 2**  
**Change in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 239,750	\$ 243,980	\$ 2,184,621	\$ 2,368,982	\$ 2,424,371	\$ 2,612,962
Operating grants	35,461	38,229	11,289	11,539	46,750	49,768
Capital grants	313,376	1,470,274	94,349	429,222	407,725	1,899,496
General revenue						
Ad valorem taxes	150,157	144,585			150,157	144,585
Sales taxes	1,227,601	1,185,417	306,440	295,218	1,534,041	1,480,635
Franchise taxes	55,147	56,453			55,147	56,453
Gaming taxes	112,401	118,500			112,401	118,500
Investment earnings	20,751	20,719	7,932	7,691	28,683	28,410
Miscellaneous	72,081	74,287			72,081	74,287
Insurance proceeds			160,000		160,000	
Transfers		(23,228)		23,228		
Total revenues	<u>2,226,725</u>	<u>3,329,216</u>	<u>2,764,631</u>	<u>3,135,880</u>	<u>4,991,356</u>	<u>6,465,096</u>
<b>Expenses</b>						
General government	400,635	420,309			400,635	420,309
Public safety	741,947	627,240			741,947	627,240
Public works	490,323	525,132			490,323	525,132
Parks and recreation	54,478	73,777			54,478	73,777
Water, sewer, and sanitation			2,370,706	2,534,437	2,370,706	2,534,437
Total expenses	<u>1,687,383</u>	<u>1,646,458</u>	<u>2,370,706</u>	<u>2,534,437</u>	<u>4,058,089</u>	<u>4,180,895</u>
 Change in net position	 <u>\$ 539,342</u>	 <u>\$ 1,682,758</u>	 <u>\$ 393,925</u>	 <u>\$ 601,443</u>	 <u>\$ 933,267</u>	 <u>\$ 2,284,201</u>

The Town's total revenues decreased by \$1,473,740 or 23%. The total cost of all programs and services decreased \$122,806 or 3%. Our analysis below separately considers the operations of the governmental and business-type activities.

### Governmental Activities

Total revenues for the governmental activities decreased by \$1,102,491 or 33% from total revenues in the year ended December 31, 2018 of \$3,329,216 to total revenues of \$2,226,725 in the year ended December 31, 2019. The primary reason for the decrease was the decrease in the Town's acceptance of donated infrastructure in the current year compared to the prior year.

The cost of all governmental activities this year was \$1,687,383. These costs were covered in part by \$588,587 of program revenues, with the remainder covered by general revenues, including ad valorem and sales taxes.

## **Business-type Activities**

Total revenues for the business-type activities decreased \$371,249 or 12% from total revenues in the year ended December 31, 2018 of \$3,135,880 to total revenues of \$2,764,631 in the year ended December 31, 2019. The primary reason for the decrease was the decrease in the Town's acceptance of donated infrastructure in the current year compared to the prior year.

The cost of all business-type activities this year was \$2,370,706. These costs were covered in large part by \$2,290,259 of program revenues, consisting of charges for services assessed to users and capital grants and contributions.

## **THE TOWN'S FUNDS**

As the Town completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a *combined* fund balance of \$4,522,879, which is higher than last year's fund balance of \$4,062,672.

### **General Fund Budgetary Highlights**

The Town adopted a budget for its General Fund for the year ended December 31, 2019. There was one amendment to the budget during the year. The Town's budgetary comparison is presented as required supplementary information and shown on page 50. Highlights for the year are as follows:

- General government expenses were approximately \$18,202 less than budgeted amounts.
- Overall revenues were approximately \$57,288 higher than budgeted amounts.

## CAPITAL ASSETS

At the end of December 31, 2019, the Town of Benton had invested \$12,706,777 in capital assets. (see table 3 below)

**Table 3**  
**Capital Assets at Year End**  
**(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 278,571	\$ 278,571	\$ 29,500	\$ 29,500	\$ 308,071	\$ 308,071
Construction in progress	21,250		9,200	277,191	30,450	277,191
Buildings	261,474	289,728			261,474	289,728
Infrastructure	6,291,244	6,249,769			6,291,244	6,249,769
Furniture, equipment, and vehicles	238,132	203,643	1	1	238,133	203,644
Sewer system and equipment			3,807,812	3,445,111	3,807,812	3,445,111
Water system			1,769,593	1,867,961	1,769,593	1,867,961
<b>Total assets</b>	<b>\$ 7,090,671</b>	<b>\$ 7,021,711</b>	<b>\$ 5,616,106</b>	<b>\$ 5,619,764</b>	<b>\$ 12,706,777</b>	<b>\$ 12,641,475</b>

This year's major additions included:

Sewer equipment	\$ 252,832
Infrastructure	419,570
Construction in progress	30,450
Equipment and vehicles	88,490
<b>Total</b>	<b>\$ 791,342</b>

More detailed information about the capital assets are presented in Note 7 to the financial statements.

## Debt

At the end of 2019 the Town had \$1,328,215 in long-term liabilities as described below:

### Outstanding Debt At Year End

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Net Pension Liability	\$ 938,940	\$ 906,345	\$ 374,568	\$ 388,727	\$ 1,313,508	\$ 1,295,072
Compensated Absences	14,707	18,976			14,707	18,976
	<u>\$ 953,647</u>	<u>\$ 925,321</u>	<u>\$ 374,568</u>	<u>\$ 388,727</u>	<u>\$ 1,328,215</u>	<u>\$ 1,314,048</u>

More detailed information about the debt is presented in Note 12 to the financial statements.

In accordance with GASB Statement No. 68, the Town is reporting a net pension liability of \$1,313,508 on the Statement of Net Position for governmental and business-type activities at December 31, 2019. Additional information about the Town's net pension liability is presented in note 14 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Town of Benton's management considered many factors when setting a fiscal year December 31, 2020 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same as 2019. Expenditures for 2020 are expected to remain substantially the same as 2019.

It is anticipated that management will consider and monitor the economic uncertainties of COVID-19 and the impact on available financial resources.

## CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Town of Benton and to show the Town of Benton's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Mayor at P.O. Box 336, Benton, LA 71006.

Town of Benton  
Benton, Louisiana  
Statement of Net Position  
December 31, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,134,066	\$ 2,549,834	\$ 3,683,900
Investments	3,260,563	1,019,686	4,280,249
Other receivables	167,433	233,856	401,289
Prepaid expenses	45,036	22,097	67,133
Restricted assets:			
Cash and cash equivalents		359,215	359,215
Capital assets			
Depreciable (net)	6,790,850	5,577,406	12,368,256
Non-depreciable	299,821	38,700	338,521
Internal balances	(1,987)	1,987	
Total assets	<u>11,695,782</u>	<u>9,802,781</u>	<u>21,498,563</u>
Deferred outflows of resources - pension related	<u>190,580</u>	<u>141,521</u>	<u>332,101</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	30,832	198,134	228,966
Payable from restricted assets:			
Customer deposits		199,215	199,215
Non-current liabilities:			
Due within one year	10,810		10,810
Due in more than one year	942,837	374,568	1,317,405
Total liabilities	<u>984,479</u>	<u>771,917</u>	<u>1,756,396</u>
Deferred inflows of resources - pension related	<u>143,821</u>	<u>26,684</u>	<u>170,505</u>
<b>Net Position</b>			
Net investment in capital assets	7,090,671	5,558,004	12,648,675
Restricted for:			
Public works	2,883,781		2,883,781
Insurance proceeds		160,000	160,000
Unrestricted	783,610	3,427,697	4,211,307
Total net position	<u>\$ 10,758,062</u>	<u>\$ 9,145,701</u>	<u>\$ 19,903,763</u>

The accompanying notes are an integral part of this statement.

Town of Benton  
Benton, Louisiana  
Statement of Activities  
For the Year Ended December 31, 2019

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Functions / Programs:</b>							
<b>Governmental Activities</b>							
General government	\$ 400,635	\$ 204,894	\$	\$ 29,121	\$ (166,620)	\$	\$ (166,620)
Public safety	741,947	34,856		6,340	(700,751)		(700,751)
Public works	490,323		313,376		(176,947)		(176,947)
Parks and recreation	54,478				(54,478)		(54,478)
<b>Total governmental activities</b>	<b>1,687,383</b>	<b>239,750</b>	<b>313,376</b>	<b>35,461</b>	<b>(1,098,796)</b>		<b>(1,098,796)</b>
<b>Business-type Activities</b>							
Water, sewer, and sanitation	2,370,706	2,184,621	94,349	11,289		(80,447)	(80,447)
<b>Total business-type activities</b>	<b>2,370,706</b>	<b>2,184,621</b>	<b>94,349</b>	<b>11,289</b>		<b>(80,447)</b>	<b>(80,447)</b>
<b>Total Government</b>	<b>\$ 4,058,089</b>	<b>\$ 2,424,371</b>	<b>\$ 407,725</b>	<b>\$ 46,750</b>	<b>(1,098,796)</b>	<b>(80,447)</b>	<b>(1,179,243)</b>
<b>General revenues:</b>							
Ad valorem taxes					150,157		150,157
Sales taxes					1,227,601	306,440	1,534,041
Franchise taxes					55,147		55,147
Gaming taxes					112,401		112,401
Investment earnings					20,751	7,932	28,683
Insurance proceeds						160,000	160,000
Miscellaneous					72,081		72,081
<b>Total general revenues</b>					<b>1,638,138</b>	<b>474,372</b>	<b>2,112,510</b>
Change in net position					539,342	393,925	933,267
Net position - beginning					10,218,720	8,751,776	18,970,496
Net position - ending					<b>\$ 10,758,062</b>	<b>\$ 9,145,701</b>	<b>\$ 19,903,763</b>

The accompanying notes are an integral part of this statement.

Town of Benton  
 Benton, Louisiana  
 Balance Sheet  
 Governmental Funds  
 December 31, 2019

	General	Sales Tax Fund	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 349,565	\$ 784,501	\$ 1,134,066
Investments	1,221,191	2,039,372	3,260,563
Other receivables	107,525	59,908	167,433
Total assets	\$ 1,678,281	\$ 2,883,781	\$ 4,562,062
<b>Liabilities and Fund balances</b>			
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ 30,832	\$	\$ 30,832
Due to other funds	1,987		1,987
Total liabilities	32,819		32,819
<b>Deferred inflows of resources</b>			
<b>Unavailable revenue</b>			
Ad valorem taxes	6,364		6,364
Total deferred inflows of resources	6,364		6,364
<b>Fund balances</b>			
Restricted - public works		2,883,781	2,883,781
Unassigned	1,639,098		1,639,098
Total fund balances	1,639,098	2,883,781	4,522,879
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,678,281	\$ 2,883,781	\$ 4,562,062

The accompanying notes are an integral part of this statement.

Town of Benton  
 Benton, Louisiana  
 Reconciliation of the Balance Sheet of Governmental Funds  
 to the Statement of Net Position  
 December 31, 2019

Fund balances - total governmental funds \$ 4,522,879

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 7,090,671

The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources. 45,036

Other long-term assets and other amounts are not available to pay for current-period expenditures and therefore are unavailable in the funds.  
     Deferred outflows - pension related 190,580

Long-term liabilities and other amounts, including compensated absences payable and net pension liability, are not due and payable in the current period and therefore are not reported in the funds.

Net pension liability	(938,940)
Compensated absences	(14,707)
Unavailable	
Ad valorem taxes	6,364
Deferred inflows - pension related	(143,821)

Net position of governmental activities \$ 10,758,062

The accompanying notes are an integral part of this statement.



Town of Benton  
 Benton, Louisiana  
 Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended December 31, 2019

	General	Sales Tax Fund	Total Governmental Funds
Revenues:			
Ad valorem taxes	\$ 143,793	\$	\$ 143,793
Sales tax	614,721	612,880	1,227,601
Franchise taxes	55,147		55,147
Gaming taxes	112,401		112,401
Intergovernmental - grants	12,605		12,605
Licenses and permits	204,894		204,894
Fines and forfeitures	34,856		34,856
Investment earnings	7,217	13,534	20,751
Miscellaneous	72,081		72,081
Total revenues	1,257,715	626,414	1,884,129
Expenditures:			
Current:			
General government	316,672		316,672
Public safety	656,623		656,623
Public works	306,718		306,718
Parks and recreation	22,323		22,323
Capital outlay	121,586		121,586
Total expenditures	1,423,922		1,423,922
Excess (deficiency) of revenues over (under) expenditures	(166,207)	626,414	460,207
Other financing sources (uses):			
Transfers in	404,096		404,096
Transfers out		(404,096)	(404,096)
Total other financing sources (uses)	404,096	(404,096)	
Net change in fund balance	237,889	222,318	460,207
Fund balances at beginning of year	1,401,209	2,661,463	4,062,672
Fund balances at end of year	\$ 1,639,098	\$ 2,883,781	\$ 4,522,879

The accompanying notes are an integral part of this statement.

Town of Benton  
 Benton, Louisiana  
 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

Net change in fund balances - total governmental funds \$ 460,207

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$366,001) exceeded capital outlays (\$121,585) in the current period. (244,416)

Donations of capital assets increase net position in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources. 313,376

The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources. 24,250

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Unavailable revenue - ad valorem taxes 6,364  
 Non-employer contributions to cost-sharing pension plan 22,856

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Compensated absences 4,268  
 Pension expense (47,563)

Change in net position of governmental activities \$ 539,342

The accompanying notes are an integral part of this statement.

Town of Benton  
Benton, Louisiana  
Statement of Net Position  
Proprietary Funds  
December 31, 2019

	<u>Business-Type Activities- Enterprise Funds</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 2,549,834
Investments	1,019,686
Receivables	233,856
Prepaid expenses	22,097
Due from other funds	1,987
Restricted cash and cash equivalents	<u>359,215</u>
Total current assets	<u>4,186,675</u>
Noncurrent assets:	
Capital assets:	
Land	29,500
Construction in progress	9,200
Plant and equipment	10,670,327
Less: accumulated depreciation	<u>(5,092,921)</u>
Total noncurrent assets	<u>5,616,106</u>
Total assets	<u>9,802,781</u>
Deferred outflows of resources - pension related	<u>141,521</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and accrued expenses	198,134
Payable from restricted assets:	
Customer deposits	<u>199,215</u>
Total current liabilities	<u>397,349</u>
Noncurrent liabilities:	
Net pension liability	<u>374,568</u>
Total noncurrent liabilities	<u>374,568</u>
Total liabilities	<u>771,917</u>
Deferred inflows of resources - pension related	<u>26,684</u>
<b>Net position</b>	
Net investment in capital assets	5,558,004
Restricted - Insurance proceeds	160,000
Unrestricted	<u>3,427,697</u>
Total net position	<u>\$ 9,145,701</u>

The accompanying notes are an integral part of this statement.

Town of Benton  
 Benton, Louisiana  
 Statement of Revenues, Expenses, and Changes in Fund Net Position  
 Proprietary Funds  
 For the Year Ended December 31, 2019

	<u>Business-Type Activities- Enterprise Funds</u>
Operating revenues:	
Charges for service -	
Water sales	\$ 1,404,257
Sewerage service charges	473,171
Solid waste collection	172,628
Other charges and fees	134,565
Total operating revenues	<u>2,184,621</u>
 Operating expenses:	
Salaries	358,184
Payroll taxes and benefits	188,922
Office expense	13,275
Insurance	31,000
Professional fees	65,445
Repairs and maintenance	136,182
Telephone	4,582
Utilities	91,486
Travel and training	749
Vehicle operations	21,718
Commerical solid waste	144,845
Miscellaneous	37,470
Supplies	44,851
Water purchases	871,958
Depreciation	360,039
Total operating expenses	<u>2,370,706</u>
 Operating loss	<u>(186,085)</u>
 Non-operating revenues (expenses):	
Interest income	7,932
Insurance proceeds	160,000
Operating grants and contributions	11,289
Sales taxes	306,440
Total non-operating revenues (expenses)	<u>485,661</u>
 Income before contributions	299,576
 Contributed capital	<u>94,349</u>
 Change in net position	393,925
 Net position - beginning of year	<u>8,751,776</u>
 Net position - end of year	<u>\$ 9,145,701</u>

The accompanying notes are an integral part of this statement.

Town of Benton  
Benton, Louisiana  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2019

	<u>Business-Type Activities- Enterprise Funds</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 2,159,793
Cash payments to suppliers for goods and services	(1,449,277)
Cash payments to employees for services	(519,200)
Net Cash From Operating Activities	<u>191,316</u>
Cash Flows From Non-Capital Financing Activities	
Sales tax	303,357
Operating grant and contributions	11,289
Insurance proceeds	160,000
Interfund loans	(11,818)
Net Cash From Non-Capital Financing Activities	<u>462,828</u>
Cash Flows From Investing Activities	
Cash payments for purchase of investments	(6,605)
Interest income	7,932
Net Cash from Investing Activities	<u>1,327</u>
Cash Flows From Capital and Related Financing Activities	
Payments for property and equipment	(231,199)
Net Cash (Used In) Capital and Related Financing Activities	<u>(231,199)</u>
Net increase in cash and cash equivalents	424,272
Cash, Cash equivalents, and Restricted Cash, Beginning of year	<u>2,484,777</u>
Cash, Cash equivalents, and Restricted Cash, End of year	<u>\$ 2,909,049</u>
Cash and cash equivalents are reflected on the Statement of Net Position as follows:	
Cash and cash equivalents	\$ 2,549,834
Restricted cash and cash equivalents	359,215
	<u>\$ 2,909,049</u>
Reconciliation of Operating Income to Net Cash Used	
By Operating Activities:	
Operating income (loss)	\$ (186,085)
Adjustments to reconcile operating loss to net cash	
provided (used) by operating activities:	
Depreciation expense	360,039
Accounts receivable	(15,055)
Accounts payable	6,246
Prepaid expenses	(3,249)
Pension related	24,655
Customer deposits	4,765
Net Cash Flows From Operating Activities	<u>\$ 191,316</u>
Non-cash investing and financing transaction:	
Acquisition of property	
Cost of property and equipment	\$ 356,381
Donated assets	(94,349)
Vendor payable for property and equipment	(30,833)
Cash down payment for property and equipment	<u>\$ 231,199</u>

The accompanying notes are an integral part of this statement.

Town of Benton  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2019

INTRODUCTION

The Town of Benton is incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor–Board of Aldermen form of government.

(1) Summary of Significant Accounting Policies

The Town of Benton's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town of Benton are discussed below.

A. Reporting Entity

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

Governmental Accounting Standards Board established criteria for determining which component units should be considered part of the Town of Benton for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

In addition, the GASB states that a legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if *all* of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.

(Continued)

Town of Benton  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2019  
(Continued)

2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

In addition, other organizations should be evaluated as potential component units if they are closely related to, or financially integrated with, the primary government.

As required by generally accepted accounting principles, these financial statements present the Town of Benton and its component unit. The component unit included in the accompanying financial statements is blended with the Town's funds.

Blended Component Unit

Component units that are legally separate from the Town but are so intertwined with the Town that they are, in substance, the same as the Town are blended component units. For a component unit to be blended, the organization's board and the Town must be substantively the same, or the organization must provide services entirely or almost entirely to the Town. The following component unit is reported as part of the Town and blended with the appropriate Town funds:

Metropolitan Planning Commission

The Metropolitan Planning Commission is responsible for the orderly physical development of the Town and the surrounding planning area. The Commission makes recommendations to the Board of Aldermen and the Parish Police Jury. The Metropolitan Planning Commission consists of five members with two appointed by the Town of Benton, two appointed by the Bossier Parish Police Jury, and one member is elected by joint action of the governing authorities. Although the Commission is legally separate, the Town acts as its fiscal agent and has the ability to modify and approve its budget. Separate financial statements are not issued on the Commission since its revenues and expenditures have been historically included as part of the General Fund within the Town's financial statements. Since the Commission provides services almost entirely to the Town and due to the significance of the fiscal dependency relationship, it has been blended with the Town's financial statements.

**B. Basic Financial Statements – Government-Wide Statements**

The Town of Benton's basic financial statements include both government-wide (reporting the funds maintained by the Town of Benton as a whole) and fund financial statements (reporting the Town of Benton's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's sales tax-streets fund and general fund are classified as governmental activities. The Town's water, sewer, and sanitation services are classified as business-type activities.

(Continued)

Town of Benton  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2019  
(Continued)

In the government-wide Statement of Net Position, both the governmental activities and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The Town of Benton's net position is reported in three parts – invested in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town of Benton's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, including non-employer contributions to cost-sharing pension plans, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 the proprietary fund's principal ongoing operations of providing water, sewer, and sanitation services. All revenues and expenses not meeting this definition are classified as non-operating revenues and expenses.

The net costs (by function) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the Town of Benton as an entity and the change in the Town of Benton's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town of Benton are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows or resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town of Benton:

1. Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town of Benton:
  - a. General fund is the general operating fund of the Town of Benton. It is used to account for all financial resources not accounted for and reported in another fund.

(Continued)



Town of Benton  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2019  
(Continued)

- b. Sales tax fund is the special revenue fund of the Town of Benton. The special revenue fund is used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes.
2. Proprietary Funds – the focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town:
- a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of fund category) for the determination of major funds.

The following major funds are presented in the fund financial statements:

General Fund – accounts for all financial resources not accounted for and reported in another fund.

Sales Tax – Streets Fund – accounts for the proceeds of sales taxes levied for debt service requirements and street and drainage improvements.

Enterprise Fund – accounts for the provision of water, sewer, and sanitation services of the Town.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

(Continued)

Town of Benton  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2019  
(Continued)

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Budget and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Mayor prepares a proposed budget and submits same to 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 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 increases 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. The budget is adopted on a cash basis for all funds. Budgeted amounts in the accompanying statements are as originally adopted, or as amended by the Board of Aldermen.

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

(Continued)

Town of Benton  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2019  
(Continued)

Investments are limited by R.S. 33:2955 and the Town's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	10–54 years
Infrastructure	40 years
Furniture and equipment	5–20 years
Vehicles	5–10 years
Water and sewer systems	5–50 years

GASB requires the Town to report and depreciate new infrastructure assets effective January 1, 2004. Infrastructure assets include roads, bridges, traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is not required.

H. Revenues

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on December 31. Revenues from ad valorem taxes are budgeted in the year billed. The Town bills and collects its own property taxes, using the assessed values determined by the tax assessor of Bossier Parish. Sales tax revenues are recorded in the period in which the underlying exchange has occurred. Fines, forfeitures, licenses, and permits are recognized in the period they are collected. Interest income on demand and time deposits is recorded when earned. Federal and state grants are recorded when the Town is entitled to the funds.

I. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Restricted net position consists of assets that are restricted by limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted net position. When an

(Continued)

Town of Benton  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2019  
(Continued)

expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

J. Sales Taxes

The General Fund and Special Revenue Fund account for the collection of a one cent sales and use tax each and the distribution of these taxes to other funds of the Town. Also, the enterprise fund accounts for a one-half cent sales and use tax dedicated for sewer system improvements and upkeep. For financial reporting purposes, sales taxes are recorded as revenue in the General, Special Revenue and Enterprise Funds net of collection expenses.

A one cent sales tax is levied by the Town, to be deposited into a special fund (Sales Tax Fund) and dedicated and used for the purposes of opening, constructing, paving, resurfacing, improving and/or maintaining streets, alleys, sidewalks, and bridges; constructing, acquiring, extending, improving, renovating and/or maintaining street lighting facilities, waterworks, sewers and sewerage disposal works, garbage collection and waste disposal facilities, police department stations and equipment, including fire engines, public parks and recreational facilities, and industrial development facilities; and purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works, buildings, improvements, and facilities.

An additional one cent sales tax is levied by the Town, to be used for any lawful public purpose of the Town.

A half cent sales tax is also levied by the Town for the purpose of paying for improvements to and the upkeep of the Sewer System within the Town.

The Town entered into an agreement with the City of Bossier City, Louisiana for the City of Bossier City, Louisiana to collect and distribute to the Town it's two and one-half cent sales and use tax. The City of Bossier City, Louisiana charges a collection fee of 1% of the sales tax collected for these services.

K. Compensated Absences

The Town accrues vacation benefits as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Town will compensate the employees for the benefits through paid time off or some other means.

The Town's policy allows sick leave based upon time worked. Employees may carryover unused sick leave, but will not be paid for unused sick leave upon separation from employment.

L. Interfund Activity

Interfund activity is reported as either loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and

(Continued)

Town of Benton  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2019  
(Continued)

business-type activities are reported in the government-wide financial statements as "internal balances." Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

M. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

N. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the Statement of Net Position.

O. Bad Debts

Uncollectible amounts due for ad valorem taxes, customer's utility receivables, and special assessments are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. Accounts receivable for the enterprise fund are shown net of an allowance of \$57,033.

P. Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Enterprise Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Q. Postretirement Benefits

The Town provides no postretirement benefits to its employees.

R. Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted – amounts that can be spent only for specific purpose due to constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

(Continued)

Town of Benton  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2019  
(Continued)

3. Committed – amounts that can be used only for the specific purpose as a result of constraints imposed by the Town Council (the Town's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the Town removes those constraints by taking the same type of action (i.e. legislation, resolution, or ordinance).

4. Assigned – amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed.

5. Unassigned – all amounts not included in other spendable classifications.

The Town's policy is to apply expenditures against restricted fund balance and then to other, less-restricted classifications – committed and then assigned fund balances before using unassigned fund balances.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as assigned fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

S. Deferred Inflows / Outflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element *deferred inflows of resources* represents an acquisition of fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items that meets this definition and qualify for reporting in this category. Accordingly, the items pension-related and unavailable revenue - ad valorem taxes are reported in the Statement of Net Position.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has one type of item that meets this definition and qualifies for reporting in this category. Accordingly, the item pension-related is reported in the Statement of Net Position.

(Continued)

Town of Benton  
 Benton, Louisiana  
 Notes to Financial Statements  
 December 31, 2019  
 (Continued)

T. Pension Plan

The Town is a participating employer in a cost-sharing, multiple-employer, defined benefit pension plans as described in Note 14. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions for the plans fiduciary net position, have been determined on the same basis as they are reported by the plan.

U. Fair Value Measurements

Generally accepted accounting principles require disclosure to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs – The valuation is based on quoted market prices for identical assets or liabilities traded in active markets;

Level 2 inputs – The valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability;

Level 3 inputs – The valuation is determined by using the best information available under the circumstances and might include the government’s own data but should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on lowest level of any input that is significant to the fair value measurement.

(2) Levied Taxes

Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. State law requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31.

The following is a summary of authorized and levied ad valorem taxes for the year:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General	7.42	7.42	N/A
Streets	4.96	4.96	2025

Approximately 26% of the Town’s ad valorem tax revenues are derived from 10 taxpayers.

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(3) Cash, Cash Equivalents, and Investments

At December 31, 2019, the Town has cash, cash equivalents, and investments (book balances) totaling \$8,323,364 as detailed below:

A. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2019 (book balances) totaled \$4,043,115, of which \$359,215 is shown as a restricted asset. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

B. Investments

At December 31, 2019, the Town had investments totaling \$4,280,249 consisting of certificates of deposit with initial maturities greater than 90 days. The certificates of deposits are carried at cost, which approximates market.

C. 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. As of December 31, 2019, \$7,879,499 of the Town's bank balance of \$8,379,499 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the  
pledging bank's trust department, not  
in the Town's name:

Cash and cash equivalents	\$ 3,849,250
Certificates of deposit	<u>4,030,249</u>
	<u>\$ 7,879,499</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

(4) On-behalf Payments

The Town received a total of \$42,241 in police supplemental pay from the State of Louisiana. The Town recognizes this supplemental pay received by the employees as revenues and expenditures of the Town. The revenue is reported in the General Fund under intergovernmental revenues and the expenditure is reported as public safety expenditures.

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(5) Receivables

The following is a summary of receivables at December 31, 2019:

Class of Receivable			
Governmental activities –			
Ad valorem taxes	\$	13,785	
Sales taxes		119,816	
Franchise taxes		11,904	
Gaming taxes		19,930	
Miscellaneous		1,998	
		167,433	
Business-type activities –			
Water and sewer charges		203,902	
Sales taxes		29,954	
		233,856	
Total	\$	401,289	

(6) Deferred Inflows and Deferred Outflows of Resources

The Statement of Net Position reports deferred inflows of resources at December 31, 2019, consisting of the following:

	Governmental Activities	Business-type Activities	Total
Pension related - MERS	\$ 70,973	\$ 26,684	\$ 97,657
Pension related - MPERS	72,848		72,848
	\$ 143,821	\$ 26,684	\$ 170,505

The Statement of Net Position reports deferred outflows of resources at December 31, 2019, consisting of the following:

	Governmental Activities	Business-type Activities	Total
Pension related - MERS	\$ 48,039	\$ 141,521	\$ 189,560
Pension related - MPERS	142,541		142,541
	\$ 190,580	\$ 141,521	\$ 332,101

Information about each retirement plan is detailed in Note 14.

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(7) Capital Assets

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance at Jan. 1, 2019	Additions	Deletions	Balance at Dec. 31, 2019
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Construction in progress	\$	\$ 21,250	\$	\$ 21,250
Land	278,571			278,571
Total capital assets, not being depreciated	278,571	21,250		299,821
Capital assets, being depreciated:				
Buildings	898,909			898,909
Infrastructure	6,935,946	325,221		7,261,167
Equipment	553,960	49,768		603,728
Vehicles	373,747	38,722	(23,164)	389,305
Total capital assets, being depreciated, at historical cost	8,762,562	413,711	(23,164)	9,153,109
Less accumulated depreciation:				
Buildings	(609,181)	(28,254)		(637,435)
Infrastructure	(686,177)	(283,746)		(969,923)
Equipment	(388,394)	(28,599)		(416,993)
Vehicles	(335,670)	(25,402)	23,164	(337,908)
Total accumulated depreciation	(2,019,422)	(366,001)	23,164	(2,362,259)
Total capital assets, being depreciated, net	6,743,140	47,710		6,790,850
Governmental activities capital assets, net	\$ 7,021,711	\$ 68,960	\$	\$ 7,090,671

Included in current year additions is \$313,376 of donated assets acquired through the Town's acceptance of streets and drainage from subdivisions within the Town's coverage area.

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	Balance at Jan. 1, 2019	Transfers	Additions	Deletions	Balance at Dec. 31, 2019
<b>Business-Type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 29,500	\$	\$	\$	\$ 29,500
Construction in progress	277,191	(277,191)	9,200		9,200
Total capital assets, not being depreciated, at historical cost	<u>306,691</u>	<u>(277,191)</u>	<u>9,200</u>		<u>38,700</u>
Capital assets, being depreciated:					
Vehicles	163,051				163,051
Sewer system	3,633,348				3,633,348
Sewer equipment	2,892,900	277,191	347,181		3,517,272
Water equipment	3,301,986				3,301,986
Other equipment	54,670				54,670
Total capital assets, being depreciated, at historical cost	<u>10,045,955</u>	<u>277,191</u>	<u>347,181</u>		<u>10,670,327</u>
Less accumulated depreciation:					
Vehicles	(163,050)				(163,050)
Sewer system	(2,319,492)		(215,288)		(2,534,780)
Sewer equipment	(761,645)		(46,383)		(808,028)
Water equipment	(1,469,398)		(95,392)		(1,564,790)
Other equipment	(19,297)		(2,976)		(22,273)
Total accumulated depreciation	<u>(4,732,882)</u>		<u>(360,039)</u>		<u>(5,092,921)</u>
Total capital assets, being depreciated, net	<u>5,313,073</u>	<u>277,191</u>	<u>(12,858)</u>		<u>5,577,406</u>
Business-type activities capital assets, net	<u>\$ 5,619,764</u>	<u>\$</u>	<u>\$ (3,658)</u>	<u>\$</u>	<u>\$ 5,616,106</u>

Included in current year additions is \$94,349 of donated assets acquired through the Town's acceptance of water and sewer systems from subdivisions within the Town's coverage area.

Depreciation expense was charged to Governmental and Business-type Activities as follows:

	Governmental Activities	Business-type Activities
General government	\$ 48,468	\$
Public safety	27,632	
Public works	289,901	
Water, sewer, and sanitation		360,039
Total	<u>\$ 366,001</u>	<u>\$ 360,039</u>

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(8) Restricted Assets – Proprietary Fund Type

Restricted assets were applicable to the following at December 31, 2019:

	<u>Enterprise Fund</u>
Insurance proceeds	\$ 160,000
Customer deposits	<u>199,215</u>
Total restricted assets	<u>\$ 359,215</u>

(9) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2019, consisted of the following:

<u>Class of Payable</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 12,009	\$ 176,678	\$ 188,687
Accrued leave	5,741	16,199	21,940
Accrued payroll	11,532	5,257	16,789
Payroll liabilities	<u>1,550</u>	<u>1,550</u>	<u>1,550</u>
Total	<u>\$ 30,832</u>	<u>\$ 198,134</u>	<u>\$ 228,966</u>

(10) Customers' Deposits

Deposits held for customers that are currently active on the water system total \$199,215 at December 31, 2019.

(11) Interfund Transfers

Interfund transfers for the year ended December 31, 2019 consisted of the following:

	<u>Transfer To</u>	<u>Transfer From</u>	<u>Net</u>
Governmental Funds:			
General fund	\$ 404,096	\$	\$ 404,096
Sales Tax - Streets		<u>404,096</u>	<u>( 404,096)</u>
	<u>\$ 404,096</u>	<u>\$ 404,096</u>	<u>\$</u>

Transfers are used to move revenues from the fund that the statute or budget requires to collect them to the fund that statute or budget requires to expend them.

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(12) Long - Term Liabilities

Long - term liability activity for the year ended December 31, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Other long-term liabilities					
Net pension liability - MERS	\$ 194,268	\$ 16,104	\$	\$ 210,372	\$
Net pension liability - MPERS	712,077	16,491		728,568	
Compensated absences	<u>20,968</u>		<u>(520)</u>	<u>20,448</u>	<u>16,551</u>
 Total - Governmental Activities					
Long-term liabilities	<u>\$ 927,313</u>	<u>\$ 32,595</u>	<u>\$ (520)</u>	959,388	16,551
 Less amounts due within period of availability - Recorded in accounts payable				<u>(5,741)</u>	<u>(5,741)</u>
 Total long-term liabilities - governmental activities - Government - wide statements				<u>\$ 953,647</u>	<u>\$ 10,810</u>
Business - type Activities:					
Long - term liabilities					
Net pension liability - MERS	\$ 388,727	\$	\$ (14,159)	\$ 374,568	\$
Compensated absences	<u>22,262</u>		<u>(6,083)</u>	<u>16,179</u>	<u>16,179</u>
 Total - Business - type Activities					
Long - term liabilities	<u>\$ 410,989</u>	<u>\$</u>	<u>\$ (20,242)</u>	390,747	16,179
 Less amounts due within period of availability - Recorded in accounts payable				<u>(16,179)</u>	<u>(16,179)</u>
 Total long - term liabilities - business - type activities - Government - wide statements				<u>\$ 374,568</u>	<u>\$</u>

Information about each retirement plan is detailed in Note 14.

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(13) Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

(14) Pension Plans

Employees of the Town are members of the Municipal Employees Retirement System or Municipal Police Employees Retirement System (police department employees).

**MUNICIPAL EMPLOYEES RETIREMENT SYSTEM**

**Plan Description**

The Municipal Employees' Retirement System of Louisiana is the administrator of a cost-sharing, multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. Effective October 1, 1978, under Act 788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan. 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. Employees of the Town are members of Plan B.

**Eligibility Requirements:**

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. Any person eligible for membership but whose first employment making him eligible for membership in the System occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2.

**Retirement Benefits:**

The following brief description of the plan and its benefits is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any member of Plan B who was hired before January 1, 2013 can retire providing the member 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. Any age 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.

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Eligibility for retirement for Plan B Tier 2 for members hired on or after January 1, 2013 is as follows:

1. Age 67 with seven (7) or more years of creditable service
2. Age 62 with ten (10) or more years of creditable service
3. Age 55 with thirty (30) or more years of creditable service
4. Any age with twenty five (25) years of creditable service, exclusive of military service and unused side leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age. Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits:

Upon death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes. Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

DROP Benefits:

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during 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

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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.

Employer Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. Member contributions are at 5% of earnable compensation. For the plan year ending June 30, 2019, the actual employer contribution rate was 14.00% for Plan B. For the plan year beginning July 1, 2019, the actual employer contribution rate is 14.0%. The Town's contributions to the System for the years ended December 31, 2019, 2018, and 2017 were \$70,046, \$71,032, and \$60,608, respectively.

Non-Employer Contributions

In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions totaling \$17,629 are recognized as revenue during the year ended December 31, 2019 and excluded from pension expense.

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 \$584,940 for its proportionate share of the net pension liability. 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 historical employer contributions are used to determine the proportionate relationship of each employer to all employers of Municipal Employees' Retirement System. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts. The allocation method used in determining each employer's proportion was based on each employer's contributions to the System during the fiscal year ended June 30, 2019 as compared to the total of all employers' contributions received by the System during the fiscal year ended June 30, 2019. The Town's proportion as measured at June 30, 2019, was .668646%, which was a decrease of .02061% from its proportion measured as of June 30, 2018.

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For the year ended December 31, 2019, the Town recognized pension expense of \$126,160, less employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, (\$19).

At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Differences between expected and actual experience	\$ 8,562	\$ 17,384
Changes in proportion and differences between employer contributions and proportionate share of contributions	62,411	9,300
Total	<u>\$ 70,973</u>	<u>\$ 26,684</u>

	<u>Deferred Outflows of Resources</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Changes of assumptions	\$ 12,837	\$ 22,821
Differences between expected and actual experience		
Net difference between projected and actual earnings on pension plan investments	22,180	39,430
Changes in proportion and differences between employer contributions and proportionate share of contributions	29	57,686
Employer contributions subsequent to the measurement date	12,993	21,584
Total	<u>\$ 48,039</u>	<u>\$ 141,521</u>

The Town reported a total of \$34,577 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 expenses as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 29,045
2021	14,726
2022	8,204
2023	5,351
Total	<u>\$ 57,326</u>

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**Actuarial Methods and Assumptions**

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 are as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.00%, decrease from 7.275% in 2018
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) Healthy Retiree 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 full generational MP2018 scale.
Expected Remaining Service Lives	3 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future. The actuarial assumptions used in the June 30, 2019 valuation was based on the results of an experience study, for the period July 1, 2013 to June 30, 2018. The required Schedules of Employers' Net pension Liability located in the required supplementary information following the notes to the Financial Statements present multi-year trend information regarding whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. The Total Pension Liability as of June 30, 2019 is based on actuarial valuations for the same period, updates using generally accepted actuarial principles.

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

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(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.

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>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%	.64%
Totals	<u>100%</u>	4.30%
Inflation		<u>2.70%</u>
Expected Arithmetic Nominal Return		<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 approved by the Board of Trustees and 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 to Changes in Discount Rate**

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate as of June 30, 2019:

	<u>Changes in Discount Rate</u>		
	<u>1%</u>	<u>Current</u>	<u>1%</u>
	<u>Decrease</u>	<u>Discount Rate</u>	<u>Increase</u>
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Net Pension Liability	\$ 779,576	\$ 584,940	\$ 420,333

**Changes in Net Pension Liability**

The changes in the net pension liability for the year ended June 30, 2019 were recognized in the current reporting period except as follows:

*Differences between Expected and Actual Experience:*

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension benefit using the straight-line amortization method over a closed period equal to the average of

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the expected remaining service lives of all employees that are provided with pensions through the pension plan.

*Differences between Projected and Actual Investment Earnings:*

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

*Changes of Assumptions:*

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

*Changes in Proportion:*

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

**Contributions – Proportionate Share**

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.

**Pension Plan Fiduciary Net Position**

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan.

Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 2019. Access to these reports can be found on the Louisiana Legislative Auditor's website, [www.la.la.gov](http://www.la.la.gov).

**MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM**

The Municipal Police Employees' Retirement System (System) is a cost-sharing multiple-employer defined benefit plan administered by a separate board of trustees. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana, 70809.

(Continued)

Town of Benton  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2019  
(Continued)

**Plan Description**

Membership in the System 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 arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

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 \$200.00 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 whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

(Continued)

Town of Benton  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2019  
(Continued)

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 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.

Contributions

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2019, total contributions due from employers and employees was 42.25%. The employer and employee contribution rates for all 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 and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 34.75% and 7.5%, respectively. The Town contributions to the System for the years ended

(Continued)

Town of Benton  
 Benton, Louisiana  
 Notes to Financial Statements  
 December 31, 2019  
 (Continued)

December 31, 2019, 2018, and 2017 were \$80,021, \$80,484, and \$82,694, respectively.

**Non-Employer Contributions**

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions totaling \$16,516 are recognized as revenue during the year ended December 31, 2019 and excluded from pension expense.

**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 \$728,568 for its proportionate share of the net pension liability. 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 the employer's contributions to the System during the year ended June 30, 2019, as compared to the total of all employers' contributions to the System for the year ended June 30, 2019. At June 30, 2019, the Town's proportion was .0802240%, which was a decrease of .004009% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized pension expense of \$119,639, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$(12,347).

At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,529	\$ 22,415
Changes of assumptions	40,828	
Net difference between projected and actual earnings on pension plan investments	47,454	
Changes in proportion and differences between employer contributions and proportionate share of contributions		50,433
Employer contributions subsequent to the measurement date	52,730	
Total	\$ 142,541	\$ 72,848

The Town reported a total of \$52,730 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.

(Continued)

Town of Benton  
 Benton, Louisiana  
 Notes to Financial Statements  
 December 31, 2019  
 (Continued)

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

Year	Amount
2020	\$ 9,809
2021	(14,652)
2022	9,869
2023	11,937
Total	\$ 16,963

**Actuarial Methods and Assumptions**

The actuarial assumptions used in the June 30, 2019 valuation were based on the assumptions used in the June 30, 2019 actuarial funding valuation, and were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 are as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.125%, net of investment expense, decreased from 7.2% used in 2018
Expected Remaining Service Lives	4 years
Inflation Rate	2.5%

	Years of Service	Salary Growth Rate
Salary increases, including inflation and merit	1 – 2	9.75%
	3 – 23	4.75%
	23 & Over	4.25%

Mortality	<p>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.</p> <p>RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.</p> <p>RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.</p>
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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.
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(Continued)



Town of Benton  
 Benton, Louisiana  
 Notes to Financial Statements  
 December 31, 2019  
 (Continued)

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target 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>
Equity	48.50%	3.28%
Fixed income	33.50%	0.80%
Alternatives	18%	1.06%
Other	0%	0.00%
Totals	<u>100%</u>	<u>5.14%</u>
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Return		<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.

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

**Sensitivity to Changes in 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 6.125% or one percentage point higher 8.125% than the current rate.

	<u>Changes in Discount Rate</u>		
	1% Decrease <u>6.125%</u>	Current Discount Rate <u>7.125%</u>	1% Increase <u>8.125%</u>
Net Pension Liability	\$1,015,136	\$ 728,568	\$ 488,167

(Continued)

Town of Benton  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2019  
(Continued)

**Change in Net Pension Liability**

The changes in the net pension liability for the year ended December 31, 2019 were recognized in the current reporting period as pension expense except as follows:

**Differences between Expected and Actual Experience:**

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

**Differences between Projected and Actual Investment Earnings:**

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

**Changes of Assumptions or Other Inputs:**

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

**Change in Proportion:**

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

**Contributions – Proportionate Share**

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

**Pension Plans Fiduciary Net Positions**

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated mounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 2019. Access to these reports can be found on the Louisiana Legislative Auditor's website, [www.lla.la.gov](http://www.lla.la.gov).

(Continued)

Town of Benton  
 Benton, Louisiana  
 Notes to Financial Statements  
 December 31, 2019  
 (Continued)

(15) Leases

The Town leases certain equipment operating leases. Rental costs on the leases totaled \$7,272 for the year ended December 31, 2019.

The minimum annual commitments under non-cancelable operating leases are as follows:

<u>Year Ending</u> <u>December 31,</u>		
2020	\$	7,323
2021		7,014
2022		5,338
2023		1,588
2024		397
Total	\$	21,660

(16) Interfund Balances

Interfund balances at December 31, 2019 consisted of the following:

	Due From Other Fund	Due To Other Fund	Net
<b>Governmental Funds:</b>			
General Fund	\$ 1,987	\$ _____	\$ 1,987
Total Governmental Funds	1,987	_____	1,987
<b>Enterprise Funds:</b>			
Enterprise Fund	_____	( 1,987)	( 1,987)
Total Enterprise Funds	_____	( 1,987)	( 1,987)
Total	\$ 1,987	\$( 1,987)	\$ _____

The interfund balances are the results of the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

(17) Subsequent events

As a result of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact financial resources. While the duration on the economic impact is expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

In August of 2020, the Town signed a contract for \$233,500, to supply labor and materials for the removal and replacement of new baffle covers at the sewer plant. The Town will utilize insurance proceeds received of \$160,000 towards the contract.

(Continued)

Town of Benton  
Benton, Louisiana  
Notes to Financial Statements  
December 31, 2019  
(Continued)

In February 2020, the Town purchased a new police vehicle in the amount of \$30,582.

Subsequent events have been evaluated through September 29, 2020, the date the financial statements were available to be issued.

(18) Commitments

As of December 31, 2019, the Town of Benton has commitments for signed construction, engineering, and other contracts of approximately \$409,215. As of December 31, 2019, approximately \$28,950 had been incurred on those contracts, and the balance remaining in those contracts was approximately \$380,265, which will be incurred subsequent to December 31, 2019.

Town of Benton  
 Benton, Louisiana  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 142,000	\$ 141,313	\$ 131,798	\$ (9,515)
Sales tax	580,000	553,737	608,555	54,818
Franchise taxes	58,000	52,817	55,977	3,160
Gaming taxes	112,000	104,081	106,394	2,313
Intergovernmental - grants	80,600	46,344	12,605	(33,739)
Licenses and permits	195,700	208,338	204,952	(3,386)
Fines and forfeitures	54,500	37,776	34,856	(2,920)
Investment earnings	6,750	7,228	7,217	(11)
Miscellaneous	28,750	25,513	72,081	46,568
Total revenues	<u>1,258,300</u>	<u>1,177,147</u>	<u>1,234,435</u>	<u>57,288</u>
<b>Expenditures:</b>				
Current:				
General government	319,410	324,857	314,786	10,071
Public safety	655,040	668,545	659,683	8,862
Public works	765,765	556,848	525,813	31,035
Parks and recreation	13,500	34,398	23,730	10,668
Capital outlay	49,500	79,152	121,586	(42,434)
Total expenditures	<u>1,803,215</u>	<u>1,663,800</u>	<u>1,645,598</u>	<u>18,202</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(544,915)</u>	<u>(486,653)</u>	<u>(411,163)</u>	<u>75,490</u>
<b>Other financing sources (uses):</b>				
Transfers in	545,000	415,037	404,096	(10,941)
Total other financing sources (uses)	<u>545,000</u>	<u>415,037</u>	<u>404,096</u>	<u>(10,941)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	85	(71,616)	(7,067)	64,549
Fund balances at beginning of year	<u>1,565,209</u>	<u>1,565,294</u>	<u>1,565,124</u>	<u>(170)</u>
Fund balances at end of year	<u>\$ 1,565,294</u>	<u>\$ 1,493,678</u>	<u>\$ 1,558,057</u>	<u>\$ 64,379</u>

Town of Benton  
 Benton, Louisiana  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Sales Tax Fund  
 For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Sales tax	\$ 450,000	\$ 591,000	\$ 606,714	\$ 15,714
Investment earnings		250	13,534	13,284
Total revenues	<u>450,000</u>	<u>591,250</u>	<u>620,248</u>	<u>28,998</u>
Other financing sources (uses):				
Transfers out	(634,000)	(415,037)	(404,096)	10,941
Total other financing sources (uses)	<u>(634,000)</u>	<u>(415,037)</u>	<u>(404,096)</u>	<u>10,941</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(184,000)	176,213	216,152	39,939
Fund balances at beginning of year	<u>2,607,720</u>	<u>2,607,720</u>	<u>2,607,720</u>	
Fund balances at end of year	<u>\$ 2,423,720</u>	<u>\$ 2,783,933</u>	<u>\$ 2,823,872</u>	<u>\$ 39,939</u>

Town of Benton  
 Benton, Louisiana  
 Note to Required Supplementary Information  
 December 31, 2019

The Town's budget is adopted on a cash basis for all funds, with the exception of ad valorem taxes which are recorded when levied. There was one amendment to the 2019 budget. Budget comparison statements included in the accompanying financial statements include the original and adopted budgets and all amendments. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	General Fund	Sales Tax Fund
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ ( 7,067)	\$ 216,152
Adjustments:		
Revenue accruals – net	23,281	6,166
Expenditure accruals – net	221,675	
Excess of revenues and other sources over expenditures and other uses (GAAP) basis	\$ 237,889	\$ 222,318

Town of Benton  
Benton, Louisiana  
Schedule of Proportionate Share of Net Pension Liability  
For the Year Ended December 31, 2019

Municipal Police Employees Retirement System of Louisiana

	2019	2018	2017	2016	2015
Proportion of the net pension liability	8.022400%	0.084229%	0.086750%	0.095660%	0.082928%
Proportionate share of the net pension liability	\$ 728,568	\$ 712,077	\$ 757,373	\$ 896,576	\$ 649,654
Covered-employee payroll	\$ 251,536	\$ 247,848	\$ 261,978	\$ 267,956	\$ 221,827
Proportionate share of the net pension liability as a percentage of covered employee payroll	289.65%	287.30%	289.10%	334.60%	292.87%
Plan fiduciary net position as a percentage of the total pension liability	71.01%	71.89%	70.08%	66.04%	70.73%

Municipal Employees Retirement System of Louisiana

	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.668646%	0.689256%	0.681390%	0.721650%	0.655064%
Proportionate share of the net pension liability	\$ 584,940	\$ 582,995	\$ 589,576	\$ 598,198	\$ 445,212
Covered-employee payroll	\$ 511,154	\$ 510,789	\$ 505,768	\$ 530,201	\$ 454,529
Proportionate share of the net pension liability as a percentage of covered employee payroll	114.44%	114.14%	116.57%	112.82%	97.95%
Plan fiduciary net position as a percentage of the total pension liability	66.14%	65.60%	62.49%	62.11%	66.18%

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



Town of Benton  
Benton, Louisiana  
Schedule of Contributions  
December 31, 2019

Municipal Police Employees Retirement System of Louisiana

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 80,021	\$ 80,484	\$ 82,694	\$ 74,874	\$ 76,732
Contributions in relation to the contractually required contribution	80,021	80,484	82,694	74,874	76,732
Contribution deficiency (excess)					
Covered-employee payroll	\$247,165	\$254,525	\$266,979	\$244,903	\$252,474
Contributions as a percentage of covered-employee payroll	32.38%	31.62%	30.97%	30.57%	30.39%

Municipal Employees Retirement System of Louisiana

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 70,046	\$ 71,032	\$ 60,608	\$ 52,553	\$ 45,636
Contributions in relation to the contractually required contribution	70,046	71,032	60,608	52,553	45,636
Contribution deficiency (excess)					
Covered-employee payroll	\$500,326	\$521,495	\$500,440	\$513,334	\$480,380
Contributions as a percentage of covered-employee payroll	14.00%	13.62%	12.11%	10.24%	9.50%

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

Town of Benton  
Benton, Louisiana  
Schedule of Compensation Paid to Board Members  
For the Year Ended December 31, 2019

Mayor - Shelly G Horton, Jr.	\$ 40,000
Aldermen:	
Ronald Jones	5,100
Linda Gates	5,100
Donna Wyatt	3,400
Leighton Allen	1,275
Jackie Carr	5,100
Wayne Cathcart	5,100
	<hr/>
	\$ 65,075
	<hr/> <hr/>

Town of Benton  
Benton, Louisiana  
Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the Year Ended December 31, 2019

**Agency Head: Shelly G. Horton, Jr., Mayor**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 40,000
Reimbursements	30

# COOK & MOREHART

*Certified Public Accountants*

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AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

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*

Independent Auditor's Report

The Honorable Shelly Horton, Jr., Mayor  
and Members of the Town Council  
Town of Benton  
Benton, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities and each major fund of the Town of Benton, 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 Benton's basic financial statements, and have issued our report thereon dated September 29, 2020.

### **Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## 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.



Cook & Morehart  
Certified Public Accountants  
September 29, 2020

Town of Benton  
Benton, Louisiana  
Summary Schedule of Prior Year Audit Findings  
Schedule For Louisiana Legislative Auditor  
December 31, 2019

There was one finding for the prior year ended December 31, 2018.

2018-001 - Budget

*Finding:* Total revenues and other financing sources for the General fund failed to meet budgeted amounts by more than five percent.

*Recommendation:* We recommend that the Town amend its budget when total revenues and other financing sources are anticipated to fall short of budgeted amounts by more than five percent.

*Current Status:* No budget finding for current year audit.

**Corrective Action Plan for Current Year Audit Findings**

There are no findings for the current year audit for the year ended December 31, 2019.

# COOK & MOREHART

*Certified Public Accountants*

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## Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Alderman  
Town of Benton  
Benton, Louisiana  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Town of Benton (Town), and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures Year 3 (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Town of Benton's (Town) management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving
  - d) ***Receipts***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collection for each type of revenue or agency fund additions.
  - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statutes 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) Continuing disclosures/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **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.

Management provided written policies and procedures addressing all of the above.

**Board (or Finance Committee, if applicable)**

Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in prior year.

**Bank Reconciliations**

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:

Management provided the requested information above with management's representation that the listing is complete.

- 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);

Bank reconciliations selected included evidence that they were prepared within 2 months of the related statement closing date.

- 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

Bank reconciliations selected included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.



- 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.

Bank reconciliations selected did have items that have been outstanding for more than 12 months; however management is aware and has researched these outstanding items.

***Collections***

Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in prior year.

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

Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in prior year.

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

Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in prior year.

***Travel and Expense Reimbursement***

Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in prior year.

***Contracts***

Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in prior year.

***Payroll and Personnel***

Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in prior year.

***Ethics (excluding nonprofits)***

Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in prior year.

***Debt Service (excluding nonprofits)***

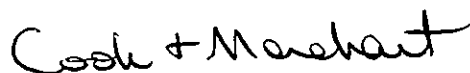
Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in prior year.

***Other***

Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in prior year.

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.



Cook & Morehart  
Certified Public Accountants  
September 29, 2020