

**Town of Benton
Benton, Louisiana**

Financial Statement with Auditors' Report

As of and For the Year Ended December 31, 2018

Town of Benton
Benton, Louisiana

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 – 2
Required Supplementary Information: Management's Discussion and Analysis	3 – 9
Basic Financial Statements:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position	10
Statement of Activities	11
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Balance Sheet – Proprietary Funds	16
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	17
Statement of Cash Flows – Proprietary Funds	18
Notes to the Financial Statements	19 – 48
Required Supplementary Information:	
<i>Budgetary Comparison Schedules:</i>	
General Fund	49
Sales Tax Fund	50
Note to Required Supplementary Information	51
Schedule of Proportionate Share of Net Pension Liability	52
Schedule of Contributions	53

(Continued)

Town of Benton
Benton, Louisiana

Table of Contents
(Continued)

	<u>Page</u>
Other Supplementary Information:	
Schedule of Compensation Paid to Board Members For the Year Ended December 31, 2018	54
Schedule of Compensation, Benefits, and Other Payments to Agency Head	55
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	56 – 57
Schedules For Louisiana Legislative Auditor	
Summary Schedule of Prior Year Audit Findings	58
Summary Schedule of Current Year Audit Findings	59

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA
J PRESTON DELAUNE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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, 2018, 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, 2018, 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

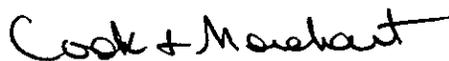
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 – 9 and 49 - 51, the schedule of proportionate share of net pension liability on page 52, and the schedule of contributions on page 53 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 54 - 55 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The 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 June 21, 2019, 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
June 21, 2019

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, 2018. 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 \$1,682,758 or 20%. The Town of Benton's net position of our business-type activities increased \$601,443 or 8%.
- In the Town's governmental activities, total general and program revenues were \$3,352,444 in 2018 compared to \$1,871,418 in 2017. Total expenses, excluding depreciation, totaled \$1,337,577 for the year ended December 31, 2018.
- In the Town's business-type activities, total revenues were \$3,112,652 in 2018 compared to \$2,671,826 in 2017. Total expenses, excluding depreciation, totaled \$2,181,840 for the year ended December 31, 2018.

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 \$16,686,295 to \$18,970,496. 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	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 4,344,153	\$ 4,474,847	\$ 3,722,592	\$ 3,283,747	\$ 8,066,745	\$ 7,758,594
Capital assets	7,021,711	5,076,193	5,619,764	5,501,318	12,641,475	10,577,511
Total assets	<u>11,365,864</u>	<u>9,551,040</u>	<u>9,342,356</u>	<u>8,785,065</u>	<u>20,708,220</u>	<u>18,336,105</u>
Deferred outflows of resources	204,551	250,546	179,075	185,825	383,626	436,371
Other Liabilities	260,695	152,013	355,505	418,567	616,200	570,580
Long-term liabilities	925,321	986,504	388,727	376,288	1,314,048	1,362,792
Total liabilities	<u>1,186,016</u>	<u>1,138,517</u>	<u>744,232</u>	<u>794,855</u>	<u>1,930,248</u>	<u>1,933,372</u>
Deferred inflows of resources	165,679	127,107	25,423	25,702	191,102	152,809
Net position:						
Net investment in capital assets	6,808,603	4,979,165	5,592,496	5,496,818	12,401,099	10,475,983
Restricted	2,661,463	2,670,251			2,661,463	2,670,251
Unrestricted	748,654	886,546	3,159,280	2,653,515	3,907,934	3,540,061
Total net position	<u>\$ 10,218,720</u>	<u>\$ 8,535,962</u>	<u>\$ 8,751,776</u>	<u>\$ 8,150,333</u>	<u>\$ 18,970,496</u>	<u>\$ 16,686,295</u>

Net position of the Town of Benton's governmental activities increased by \$1,682,758 or 20%. Net position of the Town of Benton's business-type activities increased by \$601,443 or 8%. See Table 2 below:

Table 2
Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 243,980	\$ 264,789	\$ 2,368,982	\$ 2,158,067	\$ 2,612,962	\$ 2,422,856
Operating grants	38,229	31,829	11,539	10,827	49,768	42,656
Capital grants	1,470,274		429,222	200,150	1,899,496	200,150
General revenue						
Ad valorem taxes	144,585	134,826			144,585	134,826
Sales taxes	1,185,417	1,185,224	295,218	295,685	1,480,635	1,480,909
Franchise taxes	56,453	48,564			56,453	48,564
Gaming taxes	118,500	117,380			118,500	117,380
Investment earnings	20,719	19,792	7,691	7,097	28,410	26,889
Miscellaneous	74,287	69,014			74,287	69,014
Transfers	(23,228)	(6,378)	23,228	6,378		
Total revenues	<u>3,329,216</u>	<u>1,865,040</u>	<u>3,135,880</u>	<u>2,678,204</u>	<u>6,465,096</u>	<u>4,543,244</u>
Expenses						
General government	420,309	428,860			420,309	428,860
Public safety	627,240	619,105			627,240	619,105
Public works	525,132	515,636			525,132	515,636
Parks and recreation	73,777	8,890			73,777	8,890
Water, sewer, and sanitation			2,534,437	2,175,901	2,534,437	2,175,901
Total expenses	<u>1,646,458</u>	<u>1,572,491</u>	<u>2,534,437</u>	<u>2,175,901</u>	<u>4,180,895</u>	<u>3,748,392</u>
Change in net position	<u>\$ 1,682,758</u>	<u>\$ 292,549</u>	<u>\$ 601,443</u>	<u>\$ 502,303</u>	<u>\$ 2,284,201</u>	<u>\$ 794,852</u>

The Town's total revenues increased by \$1,921,852 or 43%. The total cost of all programs and services increased \$432,503 or 12%. Our analysis below separately considers the operations of the governmental and business-type activities.

Governmental Activities

Total revenues for the governmental activities increased by \$1,464,176 or 79% from total revenues in the year ended December 31, 2017 of \$1,865,040 to total revenues of \$3,329,216 in the year ended December 31, 2018. The primary reason for the increase was the Town's acceptance of donated infrastructure in the current year.

The cost of all governmental activities this year was \$1,646,458. These costs were covered by \$1,752,483 of program revenues.

Business-type Activities

Total revenues for the business-type activities increased \$457,676 or 17% from total revenues in the year ended December 31, 2017 of \$2,678,204 to total revenues of \$3,135,880 in the year ended December 31, 2018. The primary reason for the increase was the Town's acceptance of donated infrastructure in the current year.

The cost of all business-type activities this year was \$2,534,437. These costs were covered by \$2,809,743 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 \$4,062,672, which is lower than last year's fund balance of \$4,274,620.

General Fund Budgetary Highlights

The Town adopted a budget for its General Fund for the year ended December 31, 2018. 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 49. Highlights for the year are as follows:

- General government expenses were approximately \$181,000 less than budgeted amounts.
- Overall revenues were approximately \$6,000 higher than budgeted amounts.

CAPITAL ASSETS

At the end of December 31, 2018, the Town of Benton had invested \$12,641,475 in capital assets. (see table 3 below)

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 278,571	\$ 278,571	\$ 29,500	\$ 29,500	\$ 308,071	\$ 308,071
Construction in progress		51,317	277,191	196,635	277,191	247,952
Buildings	289,728	283,785			289,728	283,785
Infrastructure	6,249,769	4,263,860			6,249,769	4,263,860
Furniture, equipment, and vehicles	203,643	198,660	1	39,371	203,644	238,031
Sewer system and equipment			3,445,111	3,689,288	3,445,111	3,689,288
Water system			1,867,961	1,546,524	1,867,961	1,546,524
Total assets	\$ 7,021,711	\$ 5,076,193	\$ 5,619,764	\$ 5,501,318	\$ 12,641,475	\$ 10,577,511

This year's major additions included:

Water equipment	\$ 390,487
Infrastructure	2,170,574
Construction in progress	80,556
Buildings	35,000
Equipment and vehicles	48,827
Total	\$ 2,725,444

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

Debt

At the end of 2018 the Town had \$1,314,048 in long-term liabilities as described below:

Table 4
Outstanding Debt At Year End

	<u>Governmental Activities</u>	<u>Busniess-type Activities</u>	<u>Total</u>
Net pension liability	\$ 906,345	\$ 388,727	\$ 1,295,072
Compensated absences	18,976		18,976
	<u>\$ 925,321</u>	<u>\$ 388,727</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 \$1,295,072 on the Statement of Net Position for governmental and business-type activities at December 31, 2018. 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, 2019 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same as 2018. Expenditures for 2019 are expected to remain substantially the same as 2018.

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, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 920,076	\$ 2,290,327	\$ 3,210,403
Investments	3,240,247	1,013,081	4,253,328
Other receivables	153,212	215,718	368,930
Prepaid expenses	20,786	18,848	39,634
Restricted assets:			
Cash and cash equivalents		194,450	194,450
Capital assets			
Depreciable (net)	6,743,140	5,313,073	12,056,213
Non-depreciable	278,571	306,691	585,262
Internal balances	9,832	(9,832)	
Total assets	11,365,864	9,342,356	20,708,220
Deferred outflows of resources - pension related	204,551	179,075	383,626
Liabilities			
Accounts payable and accrued expenses	260,695	161,055	421,750
Payable from restricted assets:			
Customer deposits		194,450	194,450
Non-current liabilities:			
Due within one year	15,473		15,473
Due in more than one year	909,848	388,727	1,298,575
Total liabilities	1,186,016	744,232	1,930,248
Deferred inflows of resources - pension related	165,679	25,423	191,102
Net Position			
Net investment in capital assets	6,808,603	5,592,496	12,401,099
Restricted for:			
Public works	2,661,463		2,661,463
Unrestricted	748,654	3,159,280	3,907,934
Total net position	\$ 10,218,720	\$ 8,751,776	\$ 18,970,496

The accompanying notes are an integral part of this statement.

Town of Benton
Benton, Louisiana
Statement of Activities
For the Year Ended December 31, 2018

	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
Functions / Programs:							
Governmental Activities							
General government	\$ 420,309	\$ 191,408	\$	\$ 17,357	\$ (211,544)	\$	\$ (211,544)
Public safety	627,240	52,572		20,872	(553,796)		(553,796)
Public works	525,132		1,435,274		910,142		910,142
Parks and recreation	73,777		35,000		(38,777)		(38,777)
Total governmental activities	1,646,458	243,980	1,470,274	38,229	106,025		106,025
Business-type Activities							
Water, sewer, and sanitation	2,534,437	2,368,982	402,026	38,735		275,306	275,306
Total business-type activities	2,534,437	2,368,982	402,026	38,735		275,306	275,306
Total Government	\$ 4,180,895	\$ 2,612,962	\$ 1,872,300	\$ 76,964	106,025	275,306	381,331
General revenues:							
Ad valorem taxes					144,585		144,585
Sales taxes					1,185,417	295,218	1,480,635
Franchise taxes					56,453		56,453
Gaming taxes					118,500		118,500
Investment earnings					20,719	7,691	28,410
Miscellaneous					74,287		74,287
Transfers					(23,228)	23,228	
Total general revenues					1,576,733	326,137	1,902,870
Change in net position					1,682,758	601,443	2,284,201
Net position - beginning					8,535,962	8,150,333	16,686,295
Net position - ending					\$ 10,218,720	\$ 8,751,776	\$ 18,970,496

The accompanying notes are an integral part of this statement.

Town of Benton
 Benton, Louisiana
 Balance Sheet
 Governmental Funds
 December 31, 2018

	General	Sales Tax Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 388,518	\$ 531,558	\$ 920,076
Investments	1,214,084	2,026,163	3,240,247
Other receivables	99,470	53,742	153,212
Due from other funds	9,832	50,000	59,832
Total assets	\$ 1,711,904	\$ 2,661,463	\$ 4,373,367
Liabilities and Fund balances			
Liabilities			
Accounts payable and accrued expenses	\$ 260,695	\$	\$ 260,695
Due to other funds	50,000		50,000
Total liabilities	310,695		310,695
Fund balances			
Restricted - public works		2,661,463	2,661,463
Unassigned	1,401,209		1,401,209
Total fund balances	1,401,209	2,661,463	4,062,672
Total liabilities and fund balances	\$ 1,711,904	\$ 2,661,463	\$ 4,373,367

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, 2018

Fund balances - total governmental funds \$ 4,062,672

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. 7,021,711

The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources. 20,786

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 204,551

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	(906,345)
Compensated absences	(18,976)
Deferred inflows - pension related	(165,679)

Net position of governmental activities \$ 10,218,720

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, 2018

	General	Sales Tax Fund	Total Governmental Funds
Revenues:			
Ad valorem taxes	\$ 163,214	\$	\$ 163,214
Sales tax	594,980	590,437	1,185,417
Franchise taxes	56,453		56,453
Gaming taxes	118,500		118,500
Intergovernmental - grants	400,111		400,111
Licenses and permits	191,408		191,408
Fines and forfeitures	52,572		52,572
Investment earnings	7,256	13,463	20,719
Miscellaneous	74,287		74,287
Total revenues	1,658,781	603,900	2,262,681
Expenditures:			
Current:			
General government	360,235		360,235
Public safety	602,937		602,937
Public works	296,829		296,829
Parks and recreation	23,003		23,003
Capital outlay	1,168,397		1,168,397
Total expenditures	2,451,401		2,451,401
Excess (deficiency) of revenues over (under) expenditures	(792,620)	603,900	(188,720)
Other financing sources (uses):			
Transfers in	561,005		561,005
Transfers out	(23,228)	(561,005)	(584,233)
Total other financing sources (uses)	537,777	(561,005)	(23,228)
Net change in fund balance	(254,843)	42,895	(211,948)
Fund balances at beginning of year	1,656,052	2,618,568	4,274,620
Fund balances at end of year	\$ 1,401,209	\$ 2,661,463	\$ 4,062,672

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, 2018

Net change in fund balances - total governmental funds \$ (211,948)

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 capital outlays (\$1,168,397) exceeded depreciation (\$308,881) in the current period. 859,516

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. 1,086,004

The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources. (8,801)

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

Unavailable revenue - property taxes (18,629)
 Non-employer contributions to cost-sharing pension plan 22,388

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 (3,133)
 Pension expense (42,639)

Change in net position of governmental activities \$ 1,682,758

The accompanying notes are an integral part of this statement.

Town of Benton
 Benton, Louisiana
 Statement of Net Position
 Proprietary Funds
 December 31, 2018

	<u>Business-Type Activities- Enterprise Funds</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,290,327
Investments	1,013,081
Receivables	215,718
Prepaid expenses	18,848
Restricted cash and cash equivalents	<u>194,450</u>
Total current assets	<u>3,732,424</u>
Noncurrent assets:	
Capital assets:	
Land	29,500
Construction in progress	277,191
Plant and equipment	10,045,955
Less: accumulated depreciation	<u>(4,732,882)</u>
Total noncurrent assets	<u>5,619,764</u>
Total assets	<u>9,352,188</u>
Deferred outflows of resources - pension related	<u>179,075</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued expenses	161,055
Due to other funds	9,832
Payable from restricted assets:	
Customer deposits	<u>194,450</u>
Total current liabilities	<u>365,337</u>
Noncurrent liabilities:	
Net pension liability	<u>388,727</u>
Total noncurrent liabilities	<u>388,727</u>
Total liabilities	<u>754,064</u>
Deferred inflows of resources - pension related	<u>25,423</u>
Net position	
Net investment in capital assets	5,592,496
Unrestricted	<u>3,159,280</u>
Total net position	<u>\$ 8,751,776</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, 2018

	<u>Business-Type Activities- Enterprise Funds</u>
Operating revenues:	
Charges for service -	
Water sales	\$ 1,460,191
Sewerage service charges	476,182
Solid waste collection	169,794
Other charges and fees	262,815
Total operating revenues	<u>2,368,982</u>
 Operating expenses:	
Salaries	360,169
Payroll taxes and benefits	175,093
Office expense	2,262
Insurance	42,855
Professional fees	134,648
Repairs and maintenance	262,072
Telephone	3,590
Utilities	97,788
Travel and training	2,184
Vehicle operations	18,213
Commerical solid waste	143,550
Miscellaneous	27,385
Supplies	22,982
Water purchases	889,049
Depreciation	352,597
Total operating expenses	<u>2,534,437</u>
Operating loss	<u>(165,455)</u>
 Non-operating revenues (expenses):	
Interest income	7,691
Operating grants and contributions	11,539
Sales taxes	295,218
Total non-operating revenues (expenses)	<u>314,448</u>
Transfers in	23,228
Contributed capital	429,222
Total other financing sources (uses)	<u>452,450</u>
Change in net position	601,443
Net position - beginning of year	<u>8,150,333</u>
Net position - end of year	<u>\$ 8,751,776</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, 2018

	<u>Business-Type Activities- Enterprise Funds</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 2,410,653
Cash payments to suppliers for goods and services	(1,746,724)
Cash payments to employees for services	(494,756)
Net Cash From Operating Activities	<u>169,173</u>
Cash Flows From Non-Capital Financing Activities	
Sales tax	296,160
Operating grant and contributions	11,539
Transfers from other funds	23,228
Interfund loans	34,938
Net Cash From Non-Capital Financing Activities	<u>365,865</u>
Cash Flows From Investing Activities	
Cash payments for purchase of investments	(6,562)
Interest income	7,691
Net Cash from Investing Activities	<u>1,129</u>
Cash Flows From Capital and Related Financing Activities	
Payments for property and equipment	(57,788)
Capital grants	38,735
Net Cash (used in) Capital and Related Financing Activities	<u>(19,053)</u>
Net increase in cash and cash equivalents	517,114
Cash, Beginning of year	<u>1,967,663</u>
Cash, End of year	<u>\$ 2,484,777</u>
Cash and cash equivalents are reflected on the Statement of Net Position as follows:	
Cash and cash equivalents	\$ 2,290,327
Restricted cash and cash equivalents	194,450
	<u>\$ 2,484,777</u>
Reconciliation of Operating Income to Net Cash Used	
By Operating Activities:	
Operating income (loss)	\$ (165,455)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation expense	352,597
Accounts receivable	45,700
Accounts payable	(90,090)
Prepaid expenses	3,250
Pension related	18,911
Customer deposits	4,260
Net Cash Flows From Operating Activities	<u>\$ 169,173</u>
Non-cash investing and financing transaction:	
Acquisition of property	
Cost of property and equipment	\$ 475,543
Donated assets	(390,487)
Vendor payable for property and equipment	(27,268)
Cash down payment for property and equipment	<u>\$ 57,788</u>

The accompanying notes are an integral part of this statement.

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2018

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, 2018
(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, 2018
(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, 2018
(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, 2018
(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, 2018
(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, 2018
(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, 2018
(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. Capitalized Interest

The Town capitalizes net interest costs and interest earned as part of the cost of constructing various water and sewer projects when material.

Q. 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.

R. Postretirement Benefits

The Town provides no postretirement benefits to its employees.

S. 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.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

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.

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.

T. 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 one 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.

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, 2018
 (Continued)

U. 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.

V. 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.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

(3) Cash, Cash Equivalents, and Investments

At December 31, 2018, the Town has cash, cash equivalents, and investments (book balances) totaling \$7,658,181 as detailed below:

A. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2018 (book balances) totaled \$3,404,853, of which \$194,450 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

The investments are presented in the financial statements at fair value using level 2 fair value measure. At December 31, 2018, the Town had investments totaling \$4,253,328 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, 2018, \$7,207,578 of the Town's bank balance of \$7,707,578 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	\$ 3,204,250
Certificates of deposit	<u>4,003,328</u>
	<u>\$ 7,207,578</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 \$34,750 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.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

(5) Receivables

The following is a summary of receivables at December 31, 2018:

Class of Receivable		
Governmental activities –		
Property taxes	\$	17,015
Sales taxes		107,484
Franchise taxes		12,734
Gaming taxes		13,923
Miscellaneous		<u>2,056</u>
		<u>153,212</u>
Business-type activities –		
Water and sewer charges		188,847
Sales taxes		<u>26,871</u>
		<u>215,718</u>
Total	\$	<u>368,930</u>

(6) Deferred Inflows and Deferred Outflows of Resources

The Statement of Net Position reports deferred inflows of resources at December 31, 2018, consisting of the following:

	Governmental Activities	Business-type Activities	Total
Pension related - MERS	\$ 80,703	\$ 25,423	\$ 106,126
Pension related - MPERS	<u>84,976</u>		<u>84,976</u>
	<u>\$ 165,679</u>	<u>\$ 25,423</u>	<u>\$ 191,102</u>

The Statement of Net Position reports deferred outflows of resources at December 31, 2018, consisting of the following:

	Governmental Activities	Business-type Activities	Total
Pension related - MERS	\$ 55,512	\$ 179,075	\$ 234,587
Pension related - MPERS	<u>149,039</u>		<u>149,039</u>
	<u>\$ 204,551</u>	<u>\$ 179,075</u>	<u>\$ 383,626</u>

Information about each retirement plan is detailed in Note 14.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

(7) Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance at Jan. 1, 2018	Transfers	Additions	Deletions	Balance at Dec. 31, 2018
Governmental Activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ 51,317	\$ (51,317)	\$	\$	\$
Land	278,571				278,571
Total Capital assets, not being depreciated	<u>329,888</u>	<u>(51,317)</u>			<u>278,571</u>
Capital assets, being depreciated:					
Buildings	863,909		35,000		898,909
Infrastructure	4,714,055	51,317	2,170,574		6,935,946
Equipment	505,133		48,827		553,960
Vehicles	373,747				373,747
Total capital assets, being depreciated, at historical cost	<u>6,456,844</u>	<u>51,317</u>	<u>2,254,401</u>		<u>8,762,562</u>
Less accumulated depreciation:					
Buildings	(580,124)		(29,057)		(609,181)
Infrastructure	(450,197)		(235,980)		(686,177)
Equipment	(364,143)		(24,251)		(388,394)
Vehicles	(316,077)		(19,593)		(335,670)
Total accumulated depreciation	<u>(1,710,541)</u>		<u>(308,881)</u>		<u>(2,019,422)</u>
Total capital assets, being depreciated, net	<u>4,746,303</u>	<u>51,317</u>	<u>1,945,520</u>		<u>6,743,140</u>
Governmental activities capital assets, net	<u>\$ 5,076,191</u>	<u>\$</u>	<u>\$ 1,945,520</u>	<u>\$</u>	<u>\$ 7,021,711</u>

Included in current year additions is \$1,086,003 of donated assets acquired through the Town's acceptance of streets and drainage from subdivisions within the Town's coverage area.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

	Balance at Jan. 1, 2018	Additions	Deletions	Balance at Dec. 31, 2018
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 29,500	\$	\$	\$ 29,500
Construction in progress	196,635	80,556		277,191
Total capital assets, not being depreciated, at historical cost	<u>226,135</u>	<u>80,556</u>		<u>306,691</u>
Capital assets, being depreciated:				
Vehicles	163,051			163,051
Sewer system	3,633,348			3,633,348
Sewer equipment	2,892,900			2,892,900
Water equipment	2,911,499	390,487		3,301,986
Other equipment	54,670			54,670
Total capital assets, being depreciated, at historical cost	<u>9,655,468</u>	<u>390,487</u>		<u>10,045,955</u>
Less accumulated depreciation:				
Vehicles	(160,304)	(2,746)		(163,050)
Sewer system	(2,114,488)	(205,004)		(2,319,492)
Sewer equipment	(722,472)	(39,173)		(761,645)
Water equipment	(1,364,975)	(104,423)		(1,469,398)
Other equipment	(18,046)	(1,251)		(19,297)
Total accumulated depreciation	<u>(4,380,285)</u>	<u>(352,597)</u>		<u>(4,732,882)</u>
Total capital assets, being depreciated, net	<u>5,275,183</u>	<u>37,890</u>		<u>5,313,073</u>
Business-type activities capital assets, net	<u>\$ 5,501,318</u>	<u>\$ 118,446</u>	<u>\$</u>	<u>\$ 5,619,764</u>

Included in current year additions is \$390,487 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	\$ 40,980	\$
Public safety	21,824	
Public works	246,077	
Water, sewer, and sanitation		352,597
Total	<u>\$ 308,881</u>	<u>\$ 352,597</u>

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

(8) Restricted Assets – Proprietary Fund Type

Restricted assets were applicable to the following at December 31, 2018:

	<u>Enterprise Fund</u>
Customer deposits	\$ 194,450

(9) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2018, consisted of the following:

<u>Class of Payable</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 239,142	\$ 131,581	\$ 370,723
Accrued leave	1,992	22,262	24,254
Accrued payroll	8,086	3,793	11,879
Payroll liabilities	11,475	3,419	14,894
Total	\$ 260,695	\$ 161,055	\$ 421,750

(10) Customers' Deposits

Deposits held for customers that are currently active on the water system total \$194,450 at December 31, 2018.

(11) Interfund Transfers

Interfund transfers for the year ended December 31, 2018 consisted of the following:

	<u>Transfer To</u>	<u>Transfer From</u>	<u>Net</u>
Governmental Funds:			
General fund	\$ 561,005	\$ 23,228	\$ 537,777
Sales Tax - Streets	561,005	561,005	(561,005)
	561,005	584,233	(23,228)
Enterprise Funds:			
Enterprise Fund	23,228		23,228
	23,228		23,228
	\$ 584,233	\$ 584,233	\$

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.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

(12) Long - Term Liabilities

Long - term liability activity for the year ended December 31, 2018 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	\$ 213,288	\$	\$ (19,020)	\$ 194,268	\$
Net pension liability - MPERS	757,373		(45,296)	712,077	
Compensated absences	<u>19,255</u>	<u>32,162</u>	<u>(30,449)</u>	<u>20,968</u>	<u>17,465</u>
Total - Governmental Activities					
Long-term liabilities	<u>\$ 989,916</u>	<u>\$ 32,162</u>	<u>\$ (94,765)</u>	927,313	17,465
Less amounts due within period of availability - Recorded in accounts payable				<u>(1,992)</u>	<u>(1,992)</u>
Total long-term liabilities - governmental activities - Government - wide statements				<u>\$ 925,321</u>	<u>\$ 15,473</u>
Business - type Activities:					
Long - term liabilities					
Net pension liability - MERS	\$ 376,288	\$ 12,439	\$	\$ 388,727	\$
Compensated absences	<u>14,293</u>	<u>15,961</u>	<u>(7,992)</u>	<u>22,262</u>	<u>22,262</u>
Total - Business - type Activities					
Long - term liabilities	<u>\$ 390,581</u>	<u>\$ 28,400</u>	<u>\$ (7,992)</u>	410,989	22,262
Less amounts due within period of availability - Recorded in accounts payable				<u>(22,262)</u>	<u>(22,262)</u>
Total long - term liabilities - business - type activities - Government - wide statements				<u>\$ 388,727</u>	<u>\$</u>

Information about each retirement plan is detailed in Note 14.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

(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. Employees of the Town are members of Plan B.

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.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

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

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

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, 2018, the actual employer contribution rate was 13.25% for Plan B. For the plan year beginning July 1, 2018, the actual employer contribution rate is 14.0%. The Town's contributions to the System for the years ended December 31, 2018, 2017, and 2016 were \$71,032, \$60,608, and \$52,553, respectively. Included in contributions for the year ended December 31, 2018, is \$5,488 of contributions for the month of December 2018 which were paid subsequent to year end.

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 \$17,306 are recognized as revenue during the year ended December 31, 2018 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, 2018, the Town reported a liability of \$582,995 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018 as compared to the total of all employers' contributions received by the System during the fiscal year ended June 30, 2018. The Town's proportion as measured at June 30, 2018, was .689256%, which was an increase of .00787% from its proportion measured as of June 30, 2017.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

For the year ended December 31, 2018, the Town recognized pension expense of \$117,256, less employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, (\$153).

At December 31, 2018, 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	\$ 8,666	\$ 17,594
Changes in proportion and differences between employer contributions and proportionate share of contributions	72,037	7,829
Total	<u>\$ 80,703</u>	<u>\$ 25,423</u>

	<u>Deferred Outflows of Resources</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Changes of assumptions	\$ 7,199	\$ 14,617
Differences between expected and actual experience	515	1,047
Net difference between projected and actual earnings on pension plan investments	31,270	63,487
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,723	77,988
Employer contributions subsequent to the measurement date	10,805	21,936
Total	<u>\$ 55,512</u>	<u>\$ 179,075</u>

The Town reported a total of \$32,741 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018, which will be recognized as a reduction in net pension liability in the year ended December 31, 2019.

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>
2019	\$ 57,354
2020	23,482
2021	8,592
2022	6,292
Total	<u>\$ 95,720</u>

(Continued)

Town of Benton
 Benton, Louisiana
 Notes to Financial Statements
 December 31, 2018
 (Continued)

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, 2018 are as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.275%
Inflation Rate	2.6%
Projected Salary Increases	5.0%
Annuitant and beneficiary mortality	For annuitant and beneficiary mortality tables used were: RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and 1 year for females projected to 2028 using scale AA.
Employee mortality	For employees, the RP-2000 Employees Sex Distinct Table set back 2 years for both males and females.
Disables lives mortality	For disabled annuitants, RP-2000 Disabled Lives Mortality Tables set back 5 years for males and 3 years for females.
Expected Remaining Service Lives	4 years – Plan B

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, 2018 valuation was based on the results of an experience study, for the period July 1, 2009 to June 30, 2014.

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

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, 2018 are summarized in the following table:

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public equity	50%	2.2%
Public fixed income	35%	1.5%
Alternatives	15%	.6%
Totals	<u>100%</u>	<u>4.3%</u>
Inflation		2.7%
Expected Arithmetic Nominal Return		7.0%

The discount rate used to measure the total pension liability was 7.275% for the year ended June 30, 2018. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.275%, 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 (6.275%) or one percentage point higher (8.275%) than the current rate as of June 30, 2018:

	<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>6.275%</u>	<u>7.275%</u>	<u>8.275%</u>
Net Pension Liability	\$ 765,109	\$ 582,995	\$ 428,181

Changes in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2018 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 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.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

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, 2018. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.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.

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

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

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.

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

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

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, 2018, total contributions due from employers and employees was 40.75%. 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 30.75% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 30.75% 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 33.25% and 7.5%, respectively. The Town contributions to the System for the years ended December 31, 2018, 2017, and 2016 were \$80,484, \$82,694, and \$74,874, respectively. Included in contributions for the year ended December 31, 2018, were \$6,517 of contributions for the month of December 2018, which were paid subsequent to that date.

(Continued)

Town of Benton
 Benton, Louisiana
 Notes to Financial Statements
 December 31, 2018
 (Continued)

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 \$16,621 are recognized as revenue during the year ended December 31, 2018 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, 2018, the Town reported a liability of \$712,077 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, as compared to the total of all employers' contributions to the System for the year ended June 30, 2018. At June 30, 2018, the Town's proportion was .084229%, which was a decrease of .00252% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Town recognized pension expense of \$107,906, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$(24).

At December 31, 2018, 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	\$ 3,210	\$ 36,389
Changes of assumptions	46,534	
Net difference between projected and actual earnings on pension plan investments	34,135	
Changes in proportion and differences between employer contributions and proportionate share of contributions	23,738	48,587
Employer contributions subsequent to the measurement date	41,422	
Total	\$ 149,039	\$ 84,976

The Town reported a total of \$41,422 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018, which will be recognized as a reduction in net pension liability in the year ended December 31, 2019.

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

(Continued)

Town of Benton
 Benton, Louisiana
 Notes to Financial Statements
 December 31, 2018
 (Continued)

Year	Amount
2019	\$ 43,373
2020	2,293
2021	(24,261)
2022	1,236
Total	\$ 22,641

Actuarial Methods and Assumptions

The actuarial assumptions used in the June 30, 2018 valuation were based on the assumptions used in the June 30, 2018 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, 2018 are as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.20%, net of investment expense
Expected Remaining Service Lives	4 years
Inflation Rate	2.60%

	<u>Years of Service</u>	<u>Salary Growth Rate</u>
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>
-----------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

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.
----------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(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, 2018 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	52%	3.58%
Fixed income	22%	0.46%
Alternatives	20%	1.07%
Other	6%	0.17%
Totals	<u>100%</u>	<u>5.28%</u>
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Return		<u>8.03%</u>

The discount rate used to measure the total pension liability was 7.20%. 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 7.20%, 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 6.20% or one percentage point higher 8.20% than the current rate.

	<u>Changes in Discount Rate</u>		
	1% Decrease <u>6.20%</u>	Current Discount Rate <u>7.20%</u>	1% Increase <u>8.20%</u>
Net Pension Liability	\$1,000,665	\$712,077	\$ 469,963

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

Change in Net Pension Liability

The changes in the net pension liability for the year ended December 31, 2018 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, 2018. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.la.la.gov.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

(15) Leases

The Town leases certain equipment operating leases. Rental costs on the leases totaled \$5,965 for the year ended December 31, 2018.

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

<u>Year Ending</u> <u>December 31,</u>		
2019	\$	5,736
2020		5,736
2021		5,117
2022		3,750
Total	\$	<u>20,339</u>

(16) Interfund Balances

Interfund balances at December 31, 2018 consisted of the following:

	<u>Due From</u> <u>Other Fund</u>	<u>Due To</u> <u>Other Fund</u>	<u>Net</u>
Governmental Funds:			
General Fund	\$ 9,832	\$(50,000)	\$(40,168)
Sales Tax - Streets	<u>50,000</u>	<u> </u>	<u>50,000</u>
Total Governmental Funds	<u>59,832</u>	<u>(50,000)</u>	<u>9,832</u>
Enterprise Funds:			
Enterprise Fund	<u> </u>	<u>(9,832)</u>	<u>(9,832)</u>
Total Enterprise Funds	<u> </u>	<u>(9,832)</u>	<u>(9,832)</u>
Total	<u>\$ 59,832</u>	<u>\$(59,832)</u>	<u>\$ </u>

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

Subsequent events have been evaluated through June 21, 2019, the date the financial statements were available to be issued.

(18) Commitments

As of December 31, 2018, the Town of Benton has commitments for signed construction, engineering, and other contracts of approximately \$410,500. As of December 31, 2018, approximately \$291,937 had been incurred on those contracts, and the balance remaining in those contracts was approximately \$118,563, which will be incurred subsequent to December 31, 2018.

Town of Benton
 Benton, Louisiana
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 129,587	\$ 150,700	\$ 139,997	\$ (10,703)
Sales tax	580,000	580,000	596,867	16,867
Franchise taxes	55,000	55,500	55,442	(58)
Gaming taxes	120,000	115,000	121,283	6,283
Intergovernmental - grants	6,000	398,600	400,111	1,511
Licenses and permits	192,200	192,340	191,438	(902)
Fines and forfeitures	54,000	53,500	52,572	(928)
Investment earnings	5,250	6,700	7,256	556
Miscellaneous	57,200	80,800	74,287	(6,513)
Total revenues	1,199,237	1,633,140	1,639,253	6,113
Expenditures:				
Current:				
General government	320,080	355,340	355,948	(608)
Public safety	632,510	567,566	603,155	(35,589)
Public works	276,565	323,465	179,346	144,119
Parks and recreation	75,000	81,500	27,117	54,383
Capital outlay	1,145,000	1,187,000	1,168,397	18,603
Total expenditures	2,449,155	2,514,871	2,333,963	180,908
Excess (deficiency) of revenues over (under) expenditures	(1,249,918)	(881,731)	(694,710)	187,021
Other financing sources (uses):				
Transfers in	1,250,000	950,000	561,005	(388,995)
Transfers out		(23,744)	(23,228)	516
Total other financing sources (uses)	1,250,000	926,256	537,777	(388,479)
Excess (deficiency) of revenues and other sources over expenditures and other uses	82	44,525	(156,933)	(201,458)
Fund balances at beginning of year	1,836,923	1,836,923	1,722,057	(114,866)
Fund balances at end of year	\$ 1,837,005	\$ 1,881,448	\$ 1,565,124	\$ (316,324)

Town of Benton
 Benton, Louisiana
 Required Supplementary Information
 Budgetary Comparison Schedule
 Sales Tax Fund
 For the Year Ended December 31, 2018

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u>(Budgetary Basis)</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Sales tax	\$ 450,000	\$ 592,323	\$ 142,323
Investment earnings		13,463	13,463
Total revenues	<u>450,000</u>	<u>605,786</u>	<u>155,786</u>
Other financing sources (uses):			
Transfers out	(950,000)	(561,005)	388,995
Total other financing sources (uses)	<u>(950,000)</u>	<u>(561,005)</u>	<u>388,995</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(500,000)	44,781	544,781
Fund balances at beginning of year	<u>620,318</u>	<u>2,562,939</u>	<u>1,942,621</u>
Fund balances at end of year	<u>\$ 120,318</u>	<u>\$ 2,607,720</u>	<u>\$ 2,487,402</u>

Town of Benton
 Benton, Louisiana
 Note to Required Supplementary Information
 December 31, 2018

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 2018 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)	\$(156,933)	\$ 44,781
Adjustments:		
Revenue accruals – net	19,529	(1,886)
Expenditure accruals – net	<u>(117,439)</u>	<u> </u>
Excess of revenues and other sources over expenditures and other uses (GAAP) basis	<u>\$(254,843)</u>	<u>\$ 42,895</u>

Town of Benton
 Benton, Louisiana
 Schedule of Proportionate Share of Net Pension Liability
 For the Year Ended December 31, 2018

Municipal Police Employees Retirement System of Louisiana

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

Municipal Employees Retirement System of Louisiana

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

Municipal Police Employees Retirement System of Louisiana

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

Municipal Employees Retirement System of Louisiana

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

Mayor - Shelly G Horton, Jr.	\$ 40,000
Aldermen:	
Ronald Jones	5,100
Linda Gates	5,100
Donna Wyatt	5,100
Jackie Carr	5,100
Wayne Cathcart	5,100
	<hr/>
	\$ 65,500
	<hr/> <hr/>

Town of Benton
Benton, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2018

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

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 40,000
Benefits-insurance	120
Reimbursements	40

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

MEMBER
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

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, 2018, 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 June 21, 2019.

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) to determine the 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 weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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

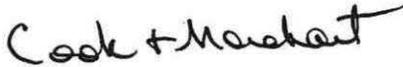
As part of obtaining reasonable assurance about whether the Town of Benton's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of current year audit findings as item 2018-001.

Town of Benton's Response to Findings

Town of Benton's response to the findings identified in our audit is described in the accompanying schedule of current year audit findings. Town of Benton's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
June 21, 2019

Town of Benton
Benton, Louisiana
Summary Schedule of Prior Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2018

2017-001 - Budget

Finding: The Town adopted the budget for the Sales Tax Fund in a format that resulted in actual revenues and other financing sources failing to meet budgeted amounts by more than five percent, and actual other financing uses exceeding budgeted amounts by more than five percent. In addition, the budget was not advertised 10 days prior to adoption.

Recommendation: We recommend that the Town utilize the correct format, as set forth in the Local Government Budget Act, and that the budget be advertised prior to adoption, as required by state law.

Current Status: See budget finding for current year audit.

Town of Benton
Benton, Louisiana
Summary Schedule of Current Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2018

2018-001 - Budget

Criteria: The Local Government Budget Act sets forth the requirements for adopting and amending the Town's budget.

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

Cause: Additional amounts budgeted as transfers in from the Sales Tax Fund were not utilized/transferred prior to year-end due to the progress of various projects on-going.

Effect: The Town was not in compliance with the Local Government Budget Act.

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.

Management's Response: The Town will appropriately monitor and amend its budget in the future.

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

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 2 (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. 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

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

Board (or Finance Committee, if applicable)

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, 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, except as noted below:

Exception: Management does not date the bank reconciliation when they are prepared and reviewed.

Management's Response: In the future, management will date all bank reconciliations with the date the reconciliations are prepared and date reviewed.

- 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 not have items that have been outstanding for more than 12 months.

Collections

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

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

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Management provided the requested information, along with management's representation that the listing was complete. Employees responsible for cash collections do not share cash

drawers/registers, are not responsible for preparing/making bank deposits, and are not responsible for posting collections entries to the general ledger. The employee responsible for reconciling cash collections to the general ledger by revenue source is not responsible for collecting cash.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

All employees who have access to cash are covered by a blanket insurance policy.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

The deposits selected for testing contained sequentially pre-numbered receipts, receipts were traced to the deposit slip, the deposit slip total was located on the bank statement, the deposit was made within one week, and the actual deposit was traced to the general ledger.

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

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

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

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The Town's written policies and procedures and employee job duties provide for the segregation of duties as noted above.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Management provided the requested information, along with management's representation that the listing is complete. For the transactions selected for testing, the disbursements matched the related original invoices and included evidence of segregation of duties.

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

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, 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, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

Contracts

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

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

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

Contracts selected for testing were not subject to the Louisiana Public Bid Law.

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

The contracts selected for testing did not require board approval.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Two of the five contracts selected for testing were amended; the original contract terms provided for such amendments.

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

For the invoices selected for testing, invoices agreed to the contract terms, and the related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

Ethics (excluding nonprofits)

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

For the five employees/officials selected for testing, the Town had documentation to demonstrate each employee/official completed one hour of ethics training and had documentation demonstrating each employee/official read the entities ethics policy during the fiscal year.

Debt Service (excluding nonprofits)

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

Other

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, 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
June 21, 2019