

**Town of Benton
Benton, Louisiana
Financial Statement with Auditors' Report
As of and For the Year Ended December 31, 2020**

Town of Benton
Benton, Louisiana

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Benton, Louisiana

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Benton, Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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, 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 – 10 and 51 - 53, the schedule of proportionate share of net pension liability on page 54, and the schedule of contributions on page 55 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 56 - 57 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. As disclosed in Note 1 to the financial statements, the Town of Benton prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. The other supplementary information schedule, Justice System Funding Schedule, shown on page 58, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This schedule is presented to satisfy the requirements of Act 87 of the 2020 Regular Legislative Session (R.S. 24:515.2) and must be presented on the cash basis of accounting which differs significantly from those principles used to present financial statements in accordance with accounting principles generally accepted in the United States of America. 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 Justice System Funding Schedule, shown on page 58, is fairly stated in all material respects, in relation to the 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 24, 2021, 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 24, 2021

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, 2020. Please read it in conjunction with the Town's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- The Town of Benton's net position of our governmental activities increased by \$553,187 or 5%. The Town of Benton's net position of our business-type activities increased \$566,131 or 6%.
- In the Town's governmental activities, total general and program revenues were \$2,202,545 in 2020 compared to \$2,226,725 in 2019. Total expenses, excluding depreciation, totaled \$1,270,848 for the year ended December 31, 2020.
- In the Town's business-type activities, total revenues were \$3,112,469 in 2020 compared to \$2,764,631 in 2019. Total expenses, excluding depreciation, totaled \$2,155,059 for the year ended December 31, 2020.

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 11 and 12) 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 13. 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 11. 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 13. The fund financial statements begin on page 13 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 \$19,903,763 to \$21,023,081. 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	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 5,150,642	\$ 4,605,111	\$ 4,383,919	\$ 4,186,675	\$ 9,534,561	\$ 8,791,786
Capital assets	7,102,040	7,090,671	5,943,048	5,616,106	13,045,088	12,706,777
Total assets	<u>12,252,682</u>	<u>11,695,782</u>	<u>10,326,967</u>	<u>9,802,781</u>	<u>22,579,649</u>	<u>21,498,563</u>
Deferred outflows of resources	<u>189,555</u>	<u>190,580</u>	<u>165,692</u>	<u>141,521</u>	<u>355,247</u>	<u>332,101</u>
Other Liabilities	34,676	30,832	360,284	397,349	394,960	428,181
Long-term liabilities	932,918	953,647	395,233	374,568	1,328,151	1,328,215
Total liabilities	<u>967,594</u>	<u>984,479</u>	<u>755,517</u>	<u>771,917</u>	<u>1,723,111</u>	<u>1,756,396</u>
Deferred inflows of resources	<u>163,394</u>	<u>143,821</u>	<u>25,310</u>	<u>26,684</u>	<u>188,704</u>	<u>170,505</u>
Net position:						
Net investment in capital						
assets	7,102,040	7,090,671	5,943,048	5,558,004	13,045,088	12,648,675
Restricted	2,971,790	2,883,781	160,000	160,000	3,131,790	3,043,781
Unrestricted	1,237,419	783,610	3,608,784	3,427,697	4,846,203	4,211,307
Total net position	<u>\$ 11,311,249</u>	<u>\$ 10,758,062</u>	<u>\$ 9,711,832</u>	<u>\$ 9,145,701</u>	<u>\$ 21,023,081</u>	<u>\$ 19,903,763</u>

Net position of the Town of Benton's governmental activities increased by \$553,187 or 5%. Net position of the Town of Benton's business-type activities increased by \$566,131 or 6%. See Table 2 below:

Table 2
Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for services	\$ 245,525	\$ 239,750	\$ 2,259,256	\$ 2,184,621	\$ 2,504,781	\$ 2,424,371
Operating grants	32,326	35,461	12,128	11,289	44,454	46,750
Capital grants		313,376	470,855	94,349	470,855	407,725
General revenue						
Ad valorem taxes	156,708	150,157			156,708	150,157
Sales taxes	1,477,227	1,227,601	362,041	306,440	1,839,268	1,534,041
Franchise taxes	52,202	55,147			52,202	55,147
Gaming taxes	100,198	112,401			100,198	112,401
Investment earnings	21,092	20,751	8,189	7,932	29,281	28,683
Miscellaneous	61,154	72,081			61,154	72,081
Insurance proceeds	56,113			160,000	56,113	160,000
Total revenues	<u>2,202,545</u>	<u>2,226,725</u>	<u>3,112,469</u>	<u>2,764,631</u>	<u>5,315,014</u>	<u>4,991,356</u>
Expenses						
General government	356,271	400,635			356,271	400,635
Public safety	754,649	741,947			754,649	741,947
Public works	531,047	490,323			531,047	490,323
Parks and recreation	7,391	54,478			7,391	54,478
Water, sewer, and sanitation			2,546,338	2,534,437	2,546,338	2,534,437
Total expenses	<u>1,649,358</u>	<u>1,687,383</u>	<u>2,546,338</u>	<u>2,534,437</u>	<u>4,195,696</u>	<u>4,221,820</u>
Change in net position	<u>\$ 553,187</u>	<u>\$ 539,342</u>	<u>\$ 566,131</u>	<u>\$ 230,194</u>	<u>\$ 1,119,318</u>	<u>\$ 769,536</u>

The Town's total revenues increased by \$323,658 or 6%. The total cost of all programs and services decreased \$26,124 or 1%. Our analysis below separately considers the operations of the governmental and business-type activities.

Governmental Activities

Total revenues for the governmental activities decreased by \$24,180 or 1% from total revenues in the year ended December 31, 2019 of \$2,226,725 to total revenues of \$2,202,545 in the year ended December 31, 2020. The primary reason for the decrease was the decrease in the Town's acceptance of donated infrastructure in the current year compared to the prior year.

The cost of all governmental activities this year was \$1,649,358. These costs were covered in part by \$277,851 of program revenues, with the remainder covered by general revenues, including ad valorem and sales taxes.

Business-type Activities

Total revenues for the business-type activities increased \$347,838 or 12% from total revenues in the year ended December 31, 2019 of \$2,764,631 to total revenues of \$3,112,469 in the year ended December 31, 2020. The primary reason for the increase was the increase in the Town's acceptance of donated infrastructure in the current year compared to the prior year.

The cost of all business-type activities this year was \$2,546,338. These costs were covered in large part by \$2,742,239 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 13) reported a *combined* fund balance of \$5,064,816, which is higher than last year's fund balance of \$4,522,879.

General Fund Budgetary Highlights

The Town adopted a budget for its General Fund for the year ended December 31, 2020. 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 51. Highlights for the year are as follows:

- General government expenses were in line with budgeted amounts.
- Overall revenues were approximately \$160,622 higher than budgeted amounts.

CAPITAL ASSETS

At the end of December 31, 2020, the Town of Benton had invested \$13,045,088 in capital assets. (see table 3 below)

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 278,571	\$ 278,571	\$ 29,500	\$ 29,500	\$ 308,071	\$ 308,071
Construction in progress		21,250	140,682	9,200	140,682	30,450
Buildings	236,161	261,474			236,161	261,474
Infrastructure	6,293,857	6,291,244			6,293,857	6,291,244
Furniture, equipment, and vehicles	293,451	238,132	1	1	293,452	238,133
Sewer system and equipment			3,996,933	3,807,812	3,996,933	3,807,812
Water system			1,775,932	1,769,593	1,775,932	1,769,593
Total assets	<u>\$ 7,102,040</u>	<u>\$ 7,090,671</u>	<u>\$ 5,943,048</u>	<u>\$ 5,616,106</u>	<u>\$ 13,045,088</u>	<u>\$ 12,706,777</u>

This year's major additions included:

Sewer equipment	\$ 481,653
Water equipment	66,586
Infrastructure	268,663
Construction in progress	131,482
Equipment and vehicles	159,716
Total	<u>\$ 1,108,100</u>

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

Debt

At the end of 2020 the Town had \$1,328,151 in long-term liabilities as described below:

Outstanding Debt At Year End

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Net Pension Liability	\$ 917,980	\$ 938,940	\$ 395,233	\$ 388,727	\$ 1,313,213	\$ 1,327,667
Compensated Absences	14,938	14,707			14,938	14,707
	<u>\$ 932,918</u>	<u>\$ 953,647</u>	<u>\$ 395,233</u>	<u>\$ 388,727</u>	<u>\$ 1,328,151</u>	<u>\$ 1,342,374</u>

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

In accordance with GASB Statement No. 68, the Town is reporting a net pension liability of \$1,313,213 on the Statement of Net Position for governmental and business-type activities at December 31, 2020. 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, 2021 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same as 2020. Expenditures for 2021 are expected to remain substantially the same as 2020.

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

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

Town of Benton
Benton, Louisiana
Statement of Net Position
December 31, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,612,462	\$ 2,713,617	\$ 4,326,079
Investments	3,281,067	1,026,352	4,307,419
Receivables	233,738	245,092	478,830
Prepaid expenses	23,150	32,433	55,583
Restricted assets:			
Cash and cash equivalents		366,650	366,650
Capital assets			
Depreciable (net)	6,823,469	5,772,866	12,596,335
Non-depreciable	278,571	170,182	448,753
Internal balances	225	(225)	
Total assets	<u>12,252,682</u>	<u>10,326,967</u>	<u>22,579,649</u>
Deferred outflows of resources - pension related	<u>189,555</u>	<u>165,692</u>	<u>355,247</u>
Liabilities			
Accounts payable and accrued expenses	34,676	153,634	188,310
Payable from restricted assets:			
Customer deposits		206,650	206,650
Non-current liabilities:			
Due within one year	14,907		14,907
Due in more than one year	918,011	395,233	1,313,244
Total liabilities	<u>967,594</u>	<u>755,517</u>	<u>1,723,111</u>
Deferred inflows of resources - pension related	<u>163,394</u>	<u>25,310</u>	<u>188,704</u>
Net Position			
Net investment in capital assets	7,102,040	5,943,048	13,045,088
Restricted for:			
Public works	2,971,790		2,971,790
Sewer repairs		160,000	160,000
Unrestricted	1,237,419	3,608,784	4,846,203
Total net position	<u>\$ 11,311,249</u>	<u>\$ 9,711,832</u>	<u>\$ 21,023,081</u>

The accompanying notes are an integral part of this statement.

Town of Benton
Benton, Louisiana
Statement of Activities
For the Year Ended December 31, 2020

	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	\$ 356,271	\$ 217,499	\$	\$ 27,048	\$ (111,724)	\$	\$ (111,724)
Public safety	754,649	28,026		5,278	(721,345)		(721,345)
Public works	531,047				(531,047)		(531,047)
Parks and recreation	7,391				(7,391)		(7,391)
Total governmental activities	1,649,358	245,525		32,326	(1,371,507)		(1,371,507)
Business-type Activities							
Water, sewer, and sanitation	2,546,338	2,259,256	470,855	12,128		195,901	195,901
Total business-type activities	2,546,338	2,259,256	470,855	12,128		195,901	195,901
Total Government	<u>\$ 4,195,696</u>	<u>\$ 2,504,781</u>	<u>\$ 470,855</u>	<u>\$ 44,454</u>	<u>(1,371,507)</u>	<u>195,901</u>	<u>(1,175,606)</u>
General revenues:							
Ad valorem taxes					156,708		156,708
Sales taxes					1,477,227	362,041	1,839,268
Franchise taxes					52,202		52,202
Gaming taxes					100,198		100,198
Investment earnings					21,092	8,189	29,281
Insurance proceeds					56,113		56,113
Miscellaneous					61,154		61,154
Total general revenues					<u>1,924,694</u>	<u>370,230</u>	<u>2,294,924</u>
Change in net position					553,187	566,131	1,119,318
Net position - beginning					10,758,062	9,145,701	19,903,763
Net position - ending					<u>\$ 11,311,249</u>	<u>\$ 9,711,832</u>	<u>\$ 21,023,081</u>

The accompanying notes are an integral part of this statement.

Town of Benton
Benton, Louisiana
Balance Sheet
Governmental Funds
December 31, 2020

	General	Sales Tax Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 768,186	\$ 844,276	\$ 1,612,462
Investments	1,228,363	2,052,704	3,281,067
Receivables	158,928	74,810	233,738
Due from other funds	225		225
Total assets	<u><u>\$ 2,155,702</u></u>	<u><u>\$ 2,971,790</u></u>	<u><u>\$ 5,127,492</u></u>
Liabilities and Fund balances			
Liabilities			
Accounts payable and accrued expenses	\$ 34,676	\$	\$ 34,676
Total liabilities	<u>34,676</u>		<u>34,676</u>
Deferred inflows of resources			
Unavailable revenue			
Ad valorem taxes	5,842		5,842
Other	22,158		22,158
Total deferred inflows of resources	<u>28,000</u>		<u>28,000</u>
Fund balances			
Restricted - public works		2,971,790	2,971,790
Unassigned	2,093,026		2,093,026
Total fund balances	<u>2,093,026</u>	<u>2,971,790</u>	<u>5,064,816</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 <u><u>\$ 2,155,702</u></u>	 <u><u>\$ 2,971,790</u></u>	 <u><u>\$ 5,127,492</u></u>

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, 2020

Fund balances - total governmental funds	\$ 5,064,816
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.	7,102,040
The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.	23,150
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	189,555
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	(917,980)
Compensated absences	(14,938)
Unavailable	
Ad valorem taxes	5,842
Other	22,158
Deferred inflows - pension related	(163,394)
Net position of governmental activities	<u>\$ 11,311,249</u>

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, 2020

	General	Sales Tax Fund	Total Governmental Funds
Revenues:			
Ad valorem taxes	\$ 157,230	\$	\$ 157,230
Sales tax	738,642	738,585	1,477,227
Franchise taxes	52,202		52,202
Gaming taxes	100,198		100,198
Intergovernmental - grants	9,454		9,454
Licenses and permits	195,342		195,342
Fines and forfeitures	28,026		28,026
Investment earnings	7,326	13,766	21,092
Miscellaneous	61,154		61,154
Total revenues	<u>1,349,574</u>	<u>752,351</u>	<u>2,101,925</u>
Expenditures:			
Current:			
General government	280,233		280,233
Public safety	704,802		704,802
Public works	234,415		234,415
Parks and recreation	6,772		6,772
Capital outlay	389,879		389,879
Total expenditures	<u>1,616,101</u>		<u>1,616,101</u>
Excess (deficiency) of revenues over (under) expenditures	(266,527)	752,351	485,824
Other financing sources (uses):			
Insurance proceeds	56,113		56,113
Transfers in	664,342		664,342
Transfers out		(664,342)	(664,342)
Total other financing sources (uses)	<u>720,455</u>	<u>(664,342)</u>	<u>56,113</u>
Net change in fund balance	453,928	88,009	541,937
Fund balances at beginning of year	<u>1,639,098</u>	<u>2,883,781</u>	<u>4,522,879</u>
Fund balances at end of year	<u>\$ 2,093,026</u>	<u>\$ 2,971,790</u>	<u>\$ 5,064,816</u>

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, 2020

Net change in fund balances - total governmental funds	\$	541,937
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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 (\$389,879) exceeded depreciation (\$378,510) in the current period.		11,369
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The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.		(21,886)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Unavailable revenue - ad valorem taxes		(522)
Other		22,158
Non-employer contributions to cost-sharing pension plan		22,872

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		(232)
Pension expense		(22,509)

Change in net position of governmental activities	\$	<u>553,187</u>
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The accompanying notes are an integral part of this statement.

Town of Benton
Benton, Louisiana
Statement of Net Position
Proprietary Fund
December 31, 2020

	Business-Type Activities- Enterprise Fund
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,713,617
Investments	1,026,352
Receivables	245,092
Prepaid expenses	32,433
Due from other funds	
Restricted cash and cash equivalents	366,650
Total current assets	<u>4,384,144</u>
Noncurrent assets:	
Capital assets:	
Land	29,500
Construction in progress	140,682
Plant and equipment	11,257,066
Less: accumulated depreciation	<u>(5,484,200)</u>
Total noncurrent assets	<u>5,943,048</u>
Total assets	<u>10,327,192</u>
Deferred outflows of resources - pension related	<u>165,692</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued expenses	153,634
Due to other funds	225
Payable from restricted assets:	
Customer deposits	<u>206,650</u>
Total current liabilities	<u>360,509</u>
Noncurrent liabilities:	
Net pension liability	<u>395,233</u>
Total noncurrent liabilities	<u>395,233</u>
Total liabilities	<u>755,742</u>
Deferred inflows of resources - pension related	<u>25,310</u>
Net position	
Net investment in capital assets	5,943,048
Restricted - Sewer repairs	160,000
Unrestricted	3,608,784
Total net position	<u>\$ 9,711,832</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 Fund
For the Year Ended December 31, 2020

	Business-Type Activities- Enterprise Fund
Operating revenues:	
Charges for service -	
Water sales	\$ 1,402,962
Sewerage service charges	485,195
Solid waste collection	171,912
Other charges and fees	199,187
Total operating revenues	<u>2,259,256</u>
Operating expenses:	
Salaries	402,735
Payroll taxes and benefits	155,356
Office expense	26,427
Insurance	55,787
Professional fees	34,968
Repairs and maintenance	317,877
Telephone	6,171
Utilities	72,094
Travel and training	
Vehicle operations	29,653
Commerical solid waste	148,018
Miscellaneous	41,187
Supplies	36,866
Water purchases	827,920
Depreciation	391,279
Total operating expenses	<u>2,546,338</u>
Operating loss	<u>(287,082)</u>
Non-operating revenues (expenses):	
Interest income	8,189
Operating grants and contributions	12,128
Sales taxes	362,041
Total non-operating revenues (expenses)	<u>382,358</u>
Income before contributions	95,276
Contributed capital	<u>470,855</u>
Change in net position	566,131
Net position - beginning of year	<u>9,145,701</u>
Net position - end of year	<u><u>\$ 9,711,832</u></u>

The accompanying notes are an integral part of this statement.

Town of Benton
Benton, Louisiana
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2020

	Business-Type Activities- Enterprise Fund
Cash Flows From Operating Activities	
Receipts from customers	\$ 2,262,906
Cash payments to suppliers for goods and services	(1,649,174)
Cash payments to employees for services	(524,878)
Net Cash From Operating Activities	<u>88,854</u>
Cash Flows From Non-Capital Financing Activities	
Sales tax	354,590
Operating grant and contributions	12,128
Insurance proceeds	
Interfund loans	2,212
Net Cash From Non-Capital Financing Activities	<u>368,930</u>
Cash Flows From Investing Activities	
Cash payments for purchase of investments	(6,666)
Interest income	8,189
Net Cash from Investing Activities	<u>1,523</u>
Cash Flows From Capital and Related Financing Activities	
Payments for property and equipment	(288,089)
Net Cash (Used In) Capital and Related Financing Activities	<u>(288,089)</u>
Net increase in cash, cash equivalents, and restricted cash	171,218
Cash, cash equivalents, and restricted cash, beginning of year	<u>2,909,049</u>
Cash, cash equivalents, and restricted cash, end of year	<u><u>\$ 3,080,267</u></u>
Cash and cash equivalents are reflected on the Statement of Net Position as follows:	
Cash and cash equivalents	\$ 2,713,617
Restricted cash and cash equivalents	366,650
	<u><u>\$ 3,080,267</u></u>
Reconciliation of Operating Income to Net Cash Used	
By Operating Activities:	
Operating income (loss)	\$ (287,082)
Adjustments to reconcile operating loss to net cash	
provided (used) by operating activities:	
Depreciation expense	391,279
Accounts receivable	(3,785)
Accounts payable	(41,870)
Accrued expenses	(2,630)
Prepaid expenses	(10,336)
Pension related	35,843
Customer deposits	7,435
Net Cash Flows From Operating Activities	<u><u>\$ 88,854</u></u>
Non-cash investing and financing transaction:	
Acquisition of property	
Cost of property and equipment	\$ 718,221
Donated assets	(460,965)
Vendor payable for property and equipment	30,833
Cash down payment for property and equipment	<u><u>\$ 288,089</u></u>

The accompanying notes are an integral part of this statement.

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2020

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, 2020
(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, 2020
(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, 2020
(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, 2020
(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, 2020
(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, 2020
(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 its 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, 2020
(Continued)

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

M. Use of Estimates

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

N. Long-Term Obligations

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

O. Bad Debts

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

P. Statement of Cash Flows

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

Q. Postretirement Benefits

The Town provides no postretirement benefits to its employees.

R. Fund Balance

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

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

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

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

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

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

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

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

S. Deferred Inflows / Outflows of Resources

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

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, 2020
(Continued)

T. Pension Plan

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

U. Fair Value Measurements

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

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

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

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

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

(2) Levied Taxes

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

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General	7.32	7.32	N/A
Streets	4.90	4.90	2025

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

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(3) Cash, Cash Equivalents, and Investments

At December 31, 2020, the Town has cash, cash equivalents, and investments (book balances) totaling \$9,000,148 as detailed below:

A. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2020 (book balances) totaled \$4,692,729, of which \$366,650 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, 2020, the Town had investments totaling \$4,307,419 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, 2020, \$8,527,353 of the Town's bank balance of \$9,027,353 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	\$ 4,469,934
Certificates of deposit	<u>4,057,419</u>
	<u>\$ 8,527,353</u>

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

(4) On-behalf Payments

The Town received a total of \$42,375 in police supplemental pay from the State of Louisiana. The Town recognizes this supplemental pay received by the employees as revenues and expenditures of the Town. The revenue is reported in the General Fund under intergovernmental revenues and the expenditure is reported as public safety expenditures.

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Notes to Financial Statements
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(5) Receivables

The following is a summary of receivables at December 31, 2020:

<u>Class of Receivable</u>	
Governmental activities –	
Ad valorem taxes	\$ 11,748
Sales taxes	149,620
Franchise taxes	12,210
Gaming taxes	31,038
Miscellaneous	<u>29,122</u>
	<u>233,738</u>
Business-type activities –	
Water and sewer charges	189,833
Sales taxes	37,405
Miscellaneous	<u>17,854</u>
	<u>245,092</u>
Total	<u>\$ 478,830</u>

(6) Deferred Inflows and Deferred Outflows of Resources

The Statement of Net Position reports deferred inflows of resources at December 31, 2020, consisting of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Pension related - MERS	\$ 94,827	\$ 25,310	\$ 120,137
Pension related - MPERS	<u>68,567</u>		<u>68,567</u>
	<u>\$ 163,394</u>	<u>\$ 25,310</u>	<u>\$ 188,704</u>

The Statement of Net Position reports deferred outflows of resources at December 31, 2020, consisting of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Pension related - MERS	\$ 35,629	\$ 165,692	\$ 201,321
Pension related - MPERS	<u>153,926</u>		<u>153,926</u>
	<u>\$ 189,555</u>	<u>\$ 165,692</u>	<u>\$ 355,247</u>

Information about each retirement plan is detailed in Note 14.

In addition, the Balance Sheet reports deferred inflows of resources from ad valorem taxes and subdivision inspection fees totaling \$28,000.

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Notes to Financial Statements
December 31, 2020
(Continued)

(7) Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	Balance at Jan. 1, 2020	Additions	Deletions	Transfers	Balance at Dec. 31, 2020
<u>Governmental Activities:</u>					
Capital assets, not being depreciated:					
Construction in progress	\$ 21,250	\$	\$	\$ (21,250)	\$
Land	278,571				278,571
Total capital assets, not being depreciated	299,821			(21,250)	278,571
Capital assets, being depreciated:					
Buildings	898,909				898,909
Infrastructure	7,261,167	268,663		21,250	7,551,080
Equipment	603,728	45,282			649,010
Vehicles	389,305	75,934			465,239
Total capital assets, being depreciated, at historical cost	9,153,109	389,879		21,250	9,564,238
Less accumulated depreciation:					
Buildings	(637,435)	(25,313)			(662,748)
Infrastructure	(969,923)	(287,300)			(1,257,223)
Equipment	(416,993)	(33,565)			(450,558)
Vehicles	(337,908)	(32,332)			(370,240)
Total accumulated depreciation	(2,362,259)	(378,510)			(2,740,769)
Total capital assets, being depreciated, net	6,790,850	11,369		21,250	6,823,469
Governmental activities capital assets, net	\$ 7,090,671	\$ 11,369	\$	\$	\$ 7,102,040

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Notes to Financial Statements
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(Continued)

	Balance at Jan. 1, 2020	Additions	Deletions	Balance at Dec. 31, 2020
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 29,500	\$	\$	\$ 29,500
Construction in progress	9,200	131,482		140,682
Total capital assets, not being depreciated, at historical cost	38,700	131,482		170,182
Capital assets, being depreciated:				
Vehicles	163,051			163,051
Sewer system	3,633,348			3,633,348
Sewer equipment	3,517,272	481,653		3,998,925
Water equipment	3,301,986	66,586		3,368,572
Other equipment	54,670	38,500		93,170
Total capital assets, being depreciated, at historical cost	10,670,327	586,739		11,257,066
Less accumulated depreciation:				
Vehicles	(163,050)			(163,050)
Sewer system	(2,534,780)	(239,298)		(2,774,078)
Sewer equipment	(808,028)	(53,234)		(861,262)
Water equipment	(1,564,790)	(96,480)		(1,661,270)
Other equipment	(22,273)	(2,267)		(24,540)
Total accumulated depreciation	(5,092,921)	(391,279)		(5,484,200)
Total capital assets, being depreciated, net	5,577,406	195,460		5,772,866
Business-type activities capital assets, net	\$ 5,616,106	\$ 326,942	\$	\$ 5,943,048

Included in current year additions is \$460,965 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	\$ 47,291	\$
Public safety	41,705	
Public works	289,514	
Water, sewer, and sanitation		391,279
Total	\$ 378,510	\$ 391,279

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Notes to Financial Statements
December 31, 2020
(Continued)

(8) Restricted Assets – Proprietary Fund Type

Restricted assets were applicable to the following at December 31, 2020:

	<u>Enterprise Fund</u>
Sewer repairs	\$ 160,000
Customer deposits	<u>206,650</u>
Total restricted assets	<u>\$ 366,650</u>

(9) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2020, consisted of the following:

<u>Class of Payable</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 15,980	\$ 134,807	\$ 150,787
Accrued leave	1,812	17,382	19,194
Accrued payroll	1,590	1,445	3,035
Payroll liabilities	<u>15,294</u>		<u>15,294</u>
Total	<u>\$ 34,676</u>	<u>\$ 153,634</u>	<u>\$ 188,310</u>

(10) Customers' Deposits

Deposits held for customers that are currently active on the water system total \$206,650 at December 31, 2020.

(11) Interfund Transfers

Interfund transfers for the year ended December 31, 2020 consisted of the following:

	<u>Transfer To</u>	<u>Transfer From</u>	<u>Net</u>
Governmental Funds:			
General fund	\$ 664,342	\$	\$ 664,342
Sales Tax - Streets		<u>664,342</u>	<u>(664,342)</u>
	<u>\$ 664,342</u>	<u>\$ 664,342</u>	<u>\$</u>

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

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Notes to Financial Statements
December 31, 2020
(Continued)

(12) Long - Term Liabilities

Long - term liability activity for the year ended December 31, 2020 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	\$ 210,372	\$	\$ (38,387)	\$ 171,985	\$
Net pension liability - MPERS	728,568	17,427		745,995	
Compensated absences	<u>20,448</u>	<u>20,531</u>	<u>(24,229)</u>	<u>16,750</u>	<u>16,719</u>
Total - Governmental Activities					
Long-term liabilities	<u>\$ 959,388</u>	<u>\$ 37,958</u>	<u>\$ (62,616)</u>	934,730	16,719
Less amounts due within period of availability - Recorded in accounts payable				<u>(1,812)</u>	<u>(1,812)</u>
Total long-term liabilities - governmental activities - Government - wide statements				<u>\$ 932,918</u>	<u>\$ 14,907</u>
Business - type Activities:					
Long - term liabilities					
Net pension liability - MERS	\$ 374,568	\$ 20,665	\$	\$ 395,233	\$
Compensated absences	<u>16,179</u>	<u>1,203</u>		<u>17,382</u>	<u>17,382</u>
Total - Business - type Activities					
Long - term liabilities	<u>\$ 390,747</u>	<u>\$ 21,868</u>	<u>\$</u>	412,615	17,382
Less amounts due within period of availabiltiy - Recorded in accounts payable				<u>(17,382)</u>	<u>(17,382)</u>
Total long - term liabilities - business - type activities - Government - wide statements				<u>\$ 395,233</u>	<u>\$</u>

Information about each retirement plan is detailed in Note 14.

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(13) Risk Management

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

(14) Pension Plans

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

MUNICIPAL EMPLOYEES RETIREMENT SYSTEM

Plan Description

The Municipal Employees' Retirement System of Louisiana is the administrator of a cost-sharing, multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. Effective October 1, 1978, under Act 788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan. The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. Employees of the Town are members of Plan B.

Eligibility Requirements:

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes. Any person eligible for membership but whose first employment making him eligible for membership in the System occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2.

Retirement Benefits:

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

Any member of Plan B who was hired before January 1, 2013 can retire providing the member meets one of the following criteria:

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

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

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

Survivor Benefits:

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

DROP Benefits:

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

Disability Benefits:

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service; in which he would receive a regular retirement under retirement provisions. A member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of thirty percent of his final average compensation or two percent of his final average compensation multiplied by his years of creditable service, whichever is greater; or an amount equal to two percent of the member's final

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average compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.

Cost of Living Increases:

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Deferred Benefits:

Both plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Employer Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. Member contributions are at 5% of earnable compensation. For the plan year ending June 30, 2020, the actual employer contribution rate was 14.00% for Plan B. For the plan year beginning July 1, 2020, the actual employer contribution rate is 15.50%. The Town's contributions to the System for the years ended December 31, 2020, 2019, and 2018 were \$71,679, \$70,046, and \$71,032, respectively.

Non-Employer Contributions

In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions totaling \$17,406 are recognized as revenue during the year ended December 31, 2020 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, 2020, the Town reported a liability of \$567,218 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2020 as compared to the total of all employers' contributions received by the System during the fiscal year ended June 30, 2020. The Town's proportion as measured at June 30, 2020, was .6259120%, which was a decrease of .04273% from its proportion measured as of June 30, 2019.

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Notes to Financial Statements
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For the year ended December 31, 2020, the Town recognized pension expense of \$82,862, less employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, (\$780).

At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	
	Governmental Activities	Business-type Activities
Differences between expected and actual experience	\$ 2,864	\$ 6,681
Changes in proportion and differences between employer contributions and proportionate share of contributions	91,963	18,629
Total	<u>\$ 94,827</u>	<u>\$ 25,310</u>

	Deferred Outflows of Resources	
	Governmental Activities	Business-type Activities
Changes of assumptions	\$ 5,274	\$ 12,305
Differences between expected and actual experience		
Net difference between projected and actual earnings on pension plan investments	18,474	43,107
Changes in proportion and differences between employer contributions and proportionate share of contributions	377	83,436
Employer contributions subsequent to the measurement date	11,504	26,844
Total	<u>\$ 35,629</u>	<u>\$ 165,692</u>

The Town reported a total of \$38,348 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020, which will be recognized as a reduction in net pension liability in the year ended December 31, 2021.

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

Year	Amount
2021	\$ 12,790
2022	6,996
2023	14,030
2024	9,020
Total	<u>\$ 42,836</u>

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Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

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

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

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

	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public equity	53%	2.33%
Public fixed income	38%	1.67%
Alternatives	9%	.40%
Totals	<u>100%</u>	4.40%
Inflation		<u>2.60%</u>
Expected Arithmetic Nominal Return		<u>7.00%</u>

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by the Board of Trustees and PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.95%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.95% or one percentage point higher 7.95% than the current rate as of June 30, 2020:

	<u>Changes in Discount Rate</u>		
	1% Decrease <u>5.95%</u>	Current Discount Rate <u>6.95%</u>	1% Increase <u>7.95%</u>
Net Pension Liability	\$ 755,073	\$ 567,218	\$ 408,267

Changes in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2020 were recognized in the current reporting period except as follows:

Differences between Expected and Actual Experience:

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

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

Differences between Projected and Actual Investment Earnings:

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

Changes of Assumptions:

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

Changes in Proportion:

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

Contributions – Proportionate Share

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

Pension Plan Fiduciary Net Position

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 2020. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.la.la.gov.

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM

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

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(Continued)

Plan Description

Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

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

Membership Prior to January 1, 2013

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200.00 per month, whichever is greater.

Membership Commencing January 1, 2013

Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

Cost of Living Adjustments

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility. No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

Deferred Retirement Option Plan

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

Initial Benefit Option Plan

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

Contributions

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2020, total contributions due from employers and employees was 42.50%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 32.25% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 32.50% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 34.25% and 7.5%, respectively. The Town contributions to the System for the years ended

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

December 31, 2020, 2019, and 2018 were \$84,369, \$80,021, and \$80,484, respectively. Included in contributions for the year ended December 31, 2020 were contributions for the month of December 2020 totaling \$7,862, which were paid in 2021.

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 \$17,594 are recognized as revenue during the year ended December 31, 2020 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, 2020, the Town reported a liability of \$745,995 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on the employer's contributions to the System during the year ended June 30, 2020, as compared to the total of all employers' contributions to the System for the year ended June 30, 2020. At June 30, 2020, the Town's proportion was .0807150%, which was an increase of .000491% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized pension expense of \$91,289, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$8,087.

At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 29,384
Changes of assumptions	17,727	18,410
Net difference between projected and actual earnings on pension plan investments	89,497	
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,035	20,679
Employer contributions subsequent to the measurement date	43,667	94
Total	<u>\$ 153,926</u>	<u>\$ 68,567</u>

The Town reported a total of \$43,667 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020, which will be recognized as a reduction in net pension liability in the year ended December 31, 2021.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

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

<u>Year</u>	<u>Amount</u>
2021	\$ (8,848)
2022	15,793
2023	17,752
2024	16,995
Total	<u>\$ 41,692</u>

Actuarial Methods and Assumptions

The actuarial assumptions used in the June 30, 2020 valuation were based on the assumptions used in the June 30, 2020 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, 2020 are as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	6.950%, net of investment expense, decreased from 7.125% used in 2019
Expected Remaining Service Lives	4 years
Inflation Rate	2.5%

	<u>Years of Service</u>	<u>Salary Growth Rate</u>
Salary increases, including inflation and merit	1 – 2 Above 2	12.30% 4.70%

Mortality For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.

For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.

For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

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.

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	48.50%	3.08%
Fixed income	33.50%	0.54%
Alternatives	18%	1.02%
Other	0%	0.00%
Totals	100%	4.64%
Inflation		2.55%
Expected Arithmetic Nominal Return		7.19%

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates 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 6.95%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.95% or one percentage point higher 7.95% than the current rate as of June 30, 2020.

	<u>Changes in Discount Rate</u>		
	1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
Net Pension Liability	\$1,048,043	\$ 745,995	\$ 493,495

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

Change in Net Pension Liability

The changes in the net pension liability for the year ended December 31, 2020 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, 2020. 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, 2020
(Continued)

(15) Leases

The Town leases certain equipment operating leases. Rental costs on the leases totaled \$7,191 for the year ended December 31, 2020.

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

<u>Year Ending</u> <u>December 31,</u>	
2021	\$ 7,015
2022	5,338
2023	1,588
2024	397
Total	<u>\$ 14,338</u>

(16) Interfund Balances

Interfund balances at December 31, 2020 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	\$ 225	\$	\$ 225
Total Governmental Funds	<u>225</u>	<u></u>	<u>225</u>
Enterprise Funds:			
Enterprise Fund	<u></u>	(225)	(225)
Total Enterprise Funds	<u></u>	<u></u>	<u>(225)</u>
Total	<u>\$ 225</u>	<u>\$(225)</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

In February 2021, the Town awarded contracts for a street improvement project totaling approximately \$528,400.

Subsequent events have been evaluated through June 24, 2021, the date the financial statements were available to be issued.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued).

(18) Commitments

As of December 31, 2020, the Town of Benton has commitments for signed construction, engineering, and other contracts of approximately \$154,824. As of December 31, 2020, approximately \$140,682 had been incurred on those contracts, and the balance remaining in those contracts was approximately \$14,142, which will be incurred subsequent to December 31, 2020.

In August of 2020, the Town signed a contract for \$233,500, to supply labor and materials for the removal and replacement of new baffle covers at the sewer plant. The Town will utilize insurance proceeds received of \$160,000 towards the contract. As of December 31, 2020, no costs have been incurred on this contract.

(19) Uncertainty

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

Town of Benton
Benton, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Ad valorem taxes	\$ 149,783	\$ 131,877	\$ 158,746	\$ 26,869
Sales tax	570,000	633,970	723,740	89,770
Franchise taxes	53,000	56,500	51,896	(4,604)
Gaming taxes	112,300	102,300	89,090	(13,210)
Intergovernmental	94,900	59,225	57,829	(1,396)
Licenses and permits	209,300	182,819	190,375	7,556
Fines and forfeitures	41,600	28,081	28,026	(55)
Investment earnings	7,450	7,250	7,326	76
Miscellaneous	27,450	13,275	68,891	55,616
Total revenues	1,265,783	1,215,297	1,375,919	160,622
Expenditures:				
Current:				
General government	302,578	266,520	280,771	(14,251)
Public safety	694,690	716,457	708,307	8,150
Public works	311,593	232,533	240,270	(7,737)
Parks and recreation	32,000	33,297	6,772	26,525
Capital outlay	349,000	381,078	389,880	(8,802)
Total expenditures	1,689,861	1,629,885	1,626,000	3,885
Excess (deficiency) of revenues over (under) expenditures	(424,078)	(414,588)	(250,081)	164,507
Other financing sources:				
Transfers in	457,000	414,682	664,342	249,660
Total other financing sources	457,000	414,682	664,342	249,660
Excess of revenues and other sources over expenditures and other uses	32,922	94	414,261	414,167
Fund balances at beginning of year	1,493,678	1,526,600	1,558,057	31,457
Fund balances at end of year	\$ 1,526,600	\$ 1,526,694	\$ 1,972,318	\$ 445,624

Town of Benton
Benton, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
Sales Tax Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales tax	\$ 591,000	\$ 709,844	\$ 723,683	\$ 13,839
Investment earnings	250	250	13,766	13,516
Total revenues	<u>591,250</u>	<u>710,094</u>	<u>737,449</u>	<u>27,355</u>
Other financing sources (uses):				
Transfers out	(457,000)	(414,297)	(664,342)	(250,045)
Total other financing sources (uses)	<u>(457,000)</u>	<u>(414,297)</u>	<u>(664,342)</u>	<u>(250,045)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	134,250	295,797	73,107	(222,690)
Fund balances at beginning of year	<u>2,783,933</u>	<u>2,918,183</u>	<u>2,823,872</u>	<u>(94,311)</u>
Fund balances at end of year	<u>\$ 2,918,183</u>	<u>\$ 3,213,980</u>	<u>\$ 2,896,979</u>	<u>\$ (317,001)</u>

Town of Benton
Benton, Louisiana
Note to Required Supplementary Information
For The Year Ended December 31, 2020

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 2020 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:

	<u>General Fund</u>	<u>Sales Tax Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ 414,261	\$ 73,107
Adjustments:		
Revenue accruals – net	29,768	14,902
Expenditure accruals – net	<u>9,899</u>	<u> </u>
Excess of revenues and other sources over expenditures and other uses (GAAP) basis	<u>\$ 453,928</u>	<u>\$ 88,009</u>

Town of Benton
Benton, Louisiana
Schedule of Proportionate Share of Net Pension Liability
For the Year Ended December 31, 2020

Municipal Police Employees Retirement System of Louisiana

	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.080720%	0.080220%	0.084229%	0.086750%	0.095660%	0.082928%
Proportionate share of the net pension liability	\$ 745,995	\$ 728,568	\$ 712,077	\$ 757,373	\$ 896,576	\$ 649,654
Covered-employee payroll	\$ 249,307	\$ 251,536	\$ 247,848	\$ 261,978	\$ 267,956	\$ 221,827
Proportionate share of the net pension liability as a percentage of covered employee payroll	299.23%	289.65%	287.30%	289.10%	334.60%	292.87%
Plan fiduciary net position as a percentage of the total pension liability	70.94%	71.01%	71.89%	70.08%	66.04%	70.73%

Municipal Employees Retirement System of Louisiana

	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.625910%	0.668646%	0.689256%	0.681390%	0.721650%	0.655064%
Proportionate share of the net pension liability	\$ 567,218	\$ 584,940	\$ 582,995	\$ 589,576	\$ 598,198	\$ 445,212
Covered-employee payroll	\$ 485,067	\$ 511,154	\$ 510,789	\$ 505,768	\$ 530,201	\$ 454,529
Proportionate share of the net pension liability as a percentage of covered employee payroll	116.94%	114.44%	114.14%	116.57%	112.82%	97.95%
Plan fiduciary net position as a percentage of the total pension liability	66.26%	66.14%	65.60%	62.49%	62.11%	66.18%

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

Town of Benton
Benton, Louisiana
Schedule of Contributions
For The Year Ended December 31, 2020

Municipal Police Employees Retirement System of Louisiana

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 84,369	\$ 80,021	\$ 80,484	\$ 82,694	\$ 74,874	\$ 76,732
Contributions in relation to the contractually required contribution	84,369	80,021	80,484	82,694	74,874	76,732
Contribution deficiency (excess)						
Covered-employee payroll	\$ 254,621	\$ 247,165	\$ 254,525	\$ 266,979	\$ 244,903	\$ 252,474
Contributions as a percentage of covered-employee payroll	33.14%	32.38%	31.62%	30.97%	30.57%	30.39%

Municipal Employees Retirement System of Louisiana

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 71,679	\$ 70,046	\$ 71,032	\$ 60,608	\$ 52,553	\$ 45,636
Contributions in relation to the contractually required contribution	71,679	70,046	71,032	60,608	52,553	45,636
Contribution deficiency (excess)						
Covered-employee payroll	\$ 485,488	\$ 500,326	\$ 521,495	\$ 500,440	\$ 513,334	\$ 480,380
Contributions as a percentage of covered-employee payroll	14.76%	14.00%	13.62%	12.11%	10.24%	9.50%

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

Town of Benton
Benton, Louisiana
Schedule of Compensation Paid to Board Members
For the Year Ended December 31, 2020

Mayor - Shelly G Horton, Jr.	\$ 43,333
Aldermen:	
Ronald Jones	5,100
Linda Gates	5,100
Leighton Allen	5,100
Jackie Carr	5,100
Wayne Cathcart	5,100
	<hr/>
	\$ 68,833
	<hr/>

Town of Benton
Benton, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2020

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

Purpose

Salary

Amount

\$ 43,333

Town of Benton
Benton, Louisiana
Other Supplementary Information
Justice System Funding Schedule
Collecting/Disbursing Schedule
As Required by Act 87 of the 2020 Regular Legislative Session
For the Year Ended December 31, 2020

Cash Basis Presentation	January 2020 - June 2020	July 2020 - December 2020
Beginning Balance of Amounts Collected (i.e. cash on hand)	-	-
Add: Collections		
Criminal Fines - Other	13,800	14,226
Criminal Court Costs/Fees	1,110	188
Subtotal Collections	14,910	14,414
Less: Disbursements to Governments and Nonprofits		
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund - Criminal Fines - Other	95	230
North Louisiana Criminalistics Laboratory Commission - Criminal Fines - Other	1,520	2,750
State of Louisiana Treasurer - CMIS - Criminal Fines - Other	40	81
Louisiana Supreme Court - Criminal Fines - Other	20	41
Louisiana Commission on Law Enforcement - Criminal Fines - Other	108	205
Less: Amounts Retained by Collecting Agency		
Amounts Self-Disbursed to Collecting Agency - Criminal Fines - Other	13,127	11,107
Subtotal Disbursements/Retainage	14,910	14,414
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	-	-
Ending Balance of "Partial Payments" Collected but not Disbursed	N/A	N/A

Other Information:

Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)	4,991
Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service)	N/A

COOK & MOREHART

Certified Public Accountants

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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities and each major fund of the Town of Benton, Louisiana, as of and for the year ended December 31, 2020, 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 24, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Benton's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is reported in the accompanying Summary Schedule of Audit Findings as item 2020-001.

Town of Benton's Response to Findings

Town of Benton's response to the finding 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 24, 2021

Town of Benton
Benton, Louisiana
Summary Schedule of Prior Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2020

Summary Schedule of Prior Audit Findings

There were no findings for the prior year ended December 31, 2019.

Corrective Action Plan for Current Year Audit Findings

There is one finding for the current year audit for the year ended December 31, 2020.

2020-001 Finding - Budget

Condition: Actual expenditures and other financing uses for the Sales Tax Fund exceeded budgeted expenditures and other financing uses by more than 5%.

Criteria: The Local Government Budget Act requires the annual budgets be amended when actual plus projected expenditures and other financing uses exceed budgeted amounts by more than 5%.

Cause: Transfers needed for construction projects were inadvertently not included in the amended budget.

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

Recommendation: We recommend a proper monitoring of budget to actual comparisons throughout the year and that budgets be appropriately amended when actual plus projected expenditures and other financing uses exceed budgeted amounts by more than 5%.

Views of Responsible Officials and Planned Corrective Actions: The Town will monitor its budgets in the future and amend as needed in order to comply with the Local Government Budget Act.