

**Town of Benton
Benton, Louisiana**

Financial Statement with Auditors' Report

As of and For the Year Ended December 31, 2022

Town of Benton
Benton, Louisiana

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 – 3
Required Supplementary Information: Management's Discussion and Analysis	4 – 10
Basic Financial Statements:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position	11
Statement of Activities	12
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	13
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Net Position – Proprietary Fund	17
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund	18
Statement of Cash Flows – Proprietary Fund	19
Notes to the Financial Statements	20 – 51
Required Supplementary Information:	
Budgetary Comparison Schedules:	
General Fund	52
Sales Tax Fund	53
Note to Required Supplementary Information	54
Schedule of Proportionate Share of Net Pension Liability	55
Schedule of Contributions	56

(Continued)

Town of Benton
Benton, Louisiana

Table of Contents
(Continued)

	<u>Page</u>
Other Supplementary Information:	
Schedule of Compensation Paid to Board Members For the Year Ended December 31, 2022	57
Schedule of Compensation, Benefits, and Other Payments to Agency Head	58
Justice System Funding Schedule – Collecting/Disbursing Schedule	59
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	60 – 61
Schedules For Louisiana Legislative Auditor	
Summary Schedule of Prior Year Audit Findings	62
Summary Schedule of Current Year Audit Findings	63

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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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Benton, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town of Benton's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the governmental activities, the business-type activities, and each major fund of the Town of Benton, as of December 31, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Benton and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Benton's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Benton's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Benton's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 52 - 54, the schedule of proportionate share of net pension liability on page 55, and the schedule of contributions on page 56 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 inquiries, 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.

Supplementary 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 57 - 58 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 59, 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 59, 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 26, 2023, on our consideration of the Town of Benton'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'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's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
June 26, 2023

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, 2022. 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 \$750,942 or 6%. The Town of Benton's net position of our business-type activities increased \$140,699 or 1%.
- In the Town's governmental activities, total general and program revenues were \$3,083,360 in 2022 compared to \$3,392,395 in 2021. Total expenses, excluding depreciation, totaled \$1,783,464 for the year ended December 31, 2022.
- In the Town's business-type activities, total revenues were \$3,188,585 in 2022 compared to \$3,589,271 in 2021. Total expenses, excluding depreciation, totaled \$2,741,461 for the year ended December 31, 2022.

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 \$22,861,349, as restated to \$23,752,990. 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	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 6,798,491	\$ 5,807,203	\$ 5,595,713	\$ 4,885,542	\$ 12,394,204	\$ 10,692,745
Capital assets	8,037,035	8,126,567	5,723,951	5,898,650	13,760,986	14,025,217
Total assets	<u>14,835,526</u>	<u>13,933,770</u>	<u>11,319,664</u>	<u>10,780,865</u>	<u>26,155,190</u>	<u>24,714,635</u>
Deferred outflows of resources	491,511	188,221	224,453	168,591	715,964	356,812
Other Liabilities	41,906	48,631	1,142,783	349,654	1,184,689	398,285
Long-term liabilities	1,307,764	596,731	411,696	287,644	1,719,460	884,375
Total liabilities	<u>1,349,670</u>	<u>645,362</u>	<u>1,554,479</u>	<u>637,298</u>	<u>2,904,149</u>	<u>1,282,660</u>
Deferred inflows of resources	194,215	444,419	19,800	97,930	214,015	542,349
Net position:						
Net investment in capital assets	8,005,342	8,093,662	5,722,114	5,895,323	13,727,456	13,988,985
Restricted	4,085,516	3,415,922		385,088	4,085,516	3,801,010
Unrestricted	1,692,294	1,522,626	4,247,724	3,548,728	5,940,018	5,071,354
Total net position	<u>\$ 13,783,152</u>	<u>\$ 13,032,210</u>	<u>\$ 9,969,838</u>	<u>\$ 10,214,228</u>	<u>\$ 23,752,990</u>	<u>\$ 22,861,349</u>

Net position of the Town of Benton's governmental activities increased by \$750,942 or 6%. Net position of the Town of Benton's business-type activities increased by \$140,699 or 1%. See Table 2 below:

Table 2
Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services	\$ 296,927	\$ 280,128	\$ 2,474,739	\$ 2,395,171	\$ 2,771,666	\$ 2,675,299
Operating grants	170,706	69,438	17,826	12,409	188,532	81,847
Capital grants	257,535	848,969	209,791	727,933	467,326	1,576,902
General revenue						
Ad valorem taxes	186,660	163,086			186,660	163,086
Sales taxes	1,919,268	1,795,370	479,185	447,025	2,398,453	2,242,395
Franchise taxes	70,140	61,968			70,140	61,968
Gaming taxes	100,946	122,740			100,946	122,740
Investment earnings	17,348	16,827	7,044	6,733	24,392	23,560
Miscellaneous	63,830	33,869			63,830	33,869
Transfers	(121,831)		121,831			
Total revenues	<u>2,961,529</u>	<u>3,392,395</u>	<u>3,310,416</u>	<u>3,589,271</u>	<u>6,271,945</u>	<u>6,981,666</u>
Expenses						
General government	948,123	118,846			948,123	118,846
Public safety	884,451	781,804			884,451	781,804
Public works	353,477	761,612			353,477	761,612
Parks and recreation	24,536	9,172			24,536	9,172
Water, sewer, and sanitation			3,169,717	3,086,875	3,169,717	3,086,875
Total expenses	<u>2,210,587</u>	<u>1,671,434</u>	<u>3,169,717</u>	<u>3,086,875</u>	<u>5,380,304</u>	<u>4,758,309</u>
 Change in net position	 <u>\$ 750,942</u>	 <u>\$ 1,720,961</u>	 <u>\$ 140,699</u>	 <u>\$ 502,396</u>	 <u>\$ 891,641</u>	 <u>\$ 2,223,357</u>

The Town's total revenues decreased by \$709,721 or 10%. The total cost of all programs and services increased \$621,995 or 13%. Our analysis below separately considers the operations of the governmental and business-type activities.

Governmental Activities

Total revenues for the governmental activities decreased by \$430,866 or 13% from total revenues in the year ended December 31, 2021 of \$3,392,395 to total revenues of \$2,961,529 in the year ended December 31, 2022. This decrease is primarily due to a reduction in capital grants and contributions.

The cost of all governmental activities this year was \$2,210,587. These costs were covered in part by \$725,168 of program revenues, with the remainder covered by general revenues, including ad valorem and sales taxes.

Business-type Activities

Total revenues for the business-type activities decreased \$278,855 or 8% from total revenues in the year ended December 31, 2021 of \$3,589,271 to total revenues of \$3,310,416 in the year ended December 31, 2022. This decrease is due primarily to a reduction in capital grants and contributions.

The cost of all business-type activities this year was \$3,169,717. These costs were covered in part by program revenues, consisting of charges for services assessed to users and capital grants and contributions, with the remainder covered by sales taxes.

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 \$6,664,273, which is higher than last year's fund balance of \$5,724,581.

General Fund Budgetary Highlights

The Town adopted a budget for its General Fund for the year ended December 31, 2022. 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 52. Highlights for the year are as follows:

- General government expenditures were approximately \$258,021 over budgeted amounts.
- Overall revenues and other financing sources were approximately \$59,506 more than budgeted amounts.

The Town's General Fund balance of \$2,578,757 reported on page 13 differs from the General Fund's budgetary fund balance of \$2,451,265 reported in the budgetary comparison schedule on page 52. This is primarily due to the Town budgeting on the cash basis of accounting.

CAPITAL ASSESTS

At the end of December 31, 2022, the Town of Benton had invested \$13,760,986 in capital assets. (see table 3 below)

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 278,571	\$ 278,571	\$ 29,500	\$ 29,500	\$ 308,071	\$ 308,071
Construction in progress	35,330	537,927	56,929	12,600	92,259	550,527
Buildings	192,197	218,326			192,197	218,326
Infrastructure	7,272,082	6,827,212			7,272,082	6,827,212
Furniture, equipment, and vehicles	228,272	231,626	1	1	228,273	231,627
Leased assets	30,583	4,121	1,792	3,327	32,375	7,448
Sewer system and equipment			3,743,398	3,849,391	3,743,398	3,849,391
Water system			1,892,331	2,003,831	1,892,331	2,003,831
Total assets	\$ 8,037,035	\$ 8,097,783	\$ 5,723,951	\$ 5,898,650	\$ 13,760,986	\$ 13,996,433

This year's major additions included:

Sewer equipment	\$ 209,228
Infrastructure	257,535
Construction in progress	64,409
Equipment and vehicles	88,760
Total	\$ 619,932

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

DEBT

At the end of 2022 the Town had \$1,719,460 in long-term liabilities as described below:

Outstanding Debt At Year End

	Governmental Activites		Business-Type Activites		Totals	
	2022	2021	2022	2021	2022	2021
Net Pension Liability	\$ 1,261,986	\$ 580,295	\$ 409,859	\$ 287,644	\$ 1,671,845	\$ 867,939
Lease assets	31,693	32,757	1,837	3,388	33,530	36,145
Compensated Absences	14,085	16,436			14,085	16,436
	<u>\$ 1,307,764</u>	<u>\$ 629,488</u>	<u>\$ 411,696</u>	<u>\$ 291,032</u>	<u>\$ 1,719,460</u>	<u>\$ 920,520</u>

More detailed information about the long-term liabilities 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 \$1,671,845, on the Statement of Net Position for governmental and business-type activities at December 31, 2022. Additional information about the Town's net position liability is presented in Note 16 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, 2023 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same as 2022. Expenditures for 2023 are expected to remain substantially the same as 2022.

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, 2022

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 3,163,198	\$ 3,953,202	\$ 7,116,400
Investments	3,313,018	1,036,665	4,349,683
Receivables	292,726	335,153	627,879
Prepaid expenses	41,835	42,102	83,937
Restricted assets:			
Cash and cash equivalents		216,305	216,305
Capital assets			
Depreciable (net)	7,723,134	5,637,522	13,360,656
Non-depreciable	313,901	86,429	400,330
Internal balances	(12,286)	12,286	
Total assets	<u>14,835,526</u>	<u>11,319,664</u>	<u>26,155,190</u>
Deferred outflows of resources - pension related	<u>491,511</u>	<u>224,453</u>	<u>715,964</u>
Liabilities			
Accounts payable and accrued expenses	41,906	200,328	242,234
Unearned revenue		726,150	726,150
Payable from restricted assets:			
Customer deposits		216,305	216,305
Non-current liabilities:			
Due within one year	20,266	1,573	21,839
Due in more than one year	1,287,498	410,123	1,697,621
Total liabilities	<u>1,349,670</u>	<u>1,554,479</u>	<u>2,904,149</u>
Deferred Inflows of Resources			
Leases	50,477		50,477
Pension related	143,738	19,800	163,538
Total Deferred Inflows of Resources	<u>194,215</u>	<u>19,800</u>	<u>214,015</u>
Net Position			
Net investment in capital assets	8,005,342	5,722,114	13,727,456
Restricted for:			
Public works	4,085,516		4,085,516
Unrestricted	1,692,294	4,247,724	5,940,018
Total net position	<u>\$ 13,783,152</u>	<u>\$ 9,969,838</u>	<u>\$ 23,752,990</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, 2022

Functions / Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 948,123	\$ 245,202	\$	\$ 18,927	\$ (683,994)	\$	\$ (683,994)
Public safety	884,451	51,725		76,863	(755,863)		(755,863)
Public works	353,477		257,535	74,916	(21,026)		(21,026)
Parks and recreation	24,536				(24,536)		(24,536)
Total governmental activities	2,210,587	296,927	257,535	170,706	(1,485,419)		(1,485,419)
Business-type Activities							
Water, sewer, and sanitation	3,169,717	2,474,739	209,791	17,826		(467,361)	(467,361)
Total business-type activities	3,169,717	2,474,739	209,791	17,826		(467,361)	(467,361)
Total Government	\$ 5,380,304	\$ 2,771,666	\$ 467,326	\$ 188,532	(1,485,419)	(467,361)	(1,952,780)
General revenues:							
Ad valorem taxes					186,660		186,660
Sales taxes					1,919,268	479,185	2,398,453
Franchise taxes					70,140		70,140
Gaming taxes					100,946		100,946
Investment earnings					17,348	7,044	24,392
Miscellaneous					63,830		63,830
Transfers					(121,831)	121,831	
Total general revenues					2,236,361	608,060	2,844,421
Change in net position					750,942	140,699	891,641
Net position - beginning, restated					13,032,210	9,829,139	22,861,349
Net position - ending					\$ 13,783,152	\$ 9,969,838	\$ 23,752,990

The accompanying notes are an integral part of this statement.

Town of Benton
Benton, Louisiana
Balance Sheet
Governmental Funds
December 31, 2022

	General	Sales Tax Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 1,247,321	\$ 1,915,877	\$ 3,163,198
Investments	1,239,688	2,073,330	3,313,018
Receivables	196,417	96,309	292,726
Total assets	<u>\$ 2,683,426</u>	<u>\$ 4,085,516</u>	<u>\$ 6,768,942</u>
Liabilities and Fund balances			
Liabilities			
Accounts payable and accrued expenses	\$ 41,906	\$	\$ 41,906
Due to other funds	12,286		12,286
Total liabilities	<u>54,192</u>		<u>54,192</u>
Deferred inflows of resources:			
Unavailable revenue			
Leases	50,477		50,477
Total deferred inflows of resources	<u>50,477</u>		<u>50,477</u>
Restricted - public works		4,085,516	4,085,516
Unassigned	2,578,757		2,578,757
Total fund balances	<u>2,578,757</u>	<u>4,085,516</u>	<u>6,664,273</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,683,426</u>	<u>\$ 4,085,516</u>	<u>\$ 6,768,942</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, 2022

Fund balances - total governmental funds	\$ 6,664,273
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.	8,037,035
The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.	41,835
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	491,511
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	(1,261,986)
Lease liability	(31,693)
Compensated absences	(14,085)
Deferred inflows - pension related	(143,738)
Net position of governmental activities	<u>\$ 13,783,152</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, 2022

	General	Sales Tax Fund	Total Governmental Funds
Revenues:			
Ad valorem taxes	\$ 186,660	\$	\$ 186,660
Sales tax	960,205	959,063	1,919,268
Franchise taxes	70,140		70,140
Gaming taxes	100,946		100,946
Intergovernmental	141,782		141,782
Licenses and permits	245,202		245,202
Fines and forfeitures	51,725		51,725
Investment earnings	6,200	11,148	17,348
Miscellaneous	63,830		63,830
Total revenues	<u>1,826,690</u>	<u>970,211</u>	<u>2,796,901</u>
Expenditures:			
Current:			
General government	408,878		408,878
Public safety	863,988		863,988
Public works	357,920		357,920
Parks and recreation	24,536		24,536
Capital outlay	80,056		80,056
Total expenditures	<u>1,735,378</u>		<u>1,735,378</u>
Excess (deficiency) of revenues over (under) expenditures	91,312	970,211	1,061,523
Other financing sources (uses):			
Transfers in	178,786		178,786
Transfers out		(300,617)	(300,617)
Total other financing sources (uses)	<u>178,786</u>	<u>(300,617)</u>	<u>(121,831)</u>
Net change in fund balance	270,098	669,594	939,692
Fund balances at beginning of year	<u>2,308,659</u>	<u>3,415,922</u>	<u>5,724,581</u>
Fund balances at end of year	<u>\$ 2,578,757</u>	<u>\$ 4,085,516</u>	<u>\$ 6,664,273</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, 2022

Net change in fund balances - total governmental funds	\$ 939,692
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$427,123) exceeded capital outlays (\$80,056) in the current period.	(347,067)
The net effect of various transactions involving capital assets (sales, trade-ins, donated infrastructure, etc.) is to increase net assets.	257,535
The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.	7,844
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Non-employer contributions to cost-sharing pension plan	28,924
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.	
Lease payments	1,212
Compensated absences	2,350
Pension expense	(139,548)
	<hr/>
Change in net position of governmental activities	<u>\$ 750,942</u>

The accompanying notes are an integral part of this statement.

Town of Benton
Benton, Louisiana
Statement of Net Position
Proprietary Fund
December 31, 2022

	<u>Business-Type Activities- Enterprise Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 3,953,202
Investments	1,036,665
Receivables	335,153
Prepaid expenses	42,102
Due from other funds	12,286
Restricted cash and cash equivalents	<u>216,305</u>
Total current assets	<u>5,595,713</u>
Noncurrent assets:	
Capital assets:	
Land	29,500
Construction in progress	56,929
Plant and equipment	11,971,025
Lease assets	7,678
Less: accumulated depreciation	<u>(6,341,181)</u>
Total noncurrent assets	<u>5,723,951</u>
Total assets	<u>11,319,664</u>
Deferred outflows of resources - pension related	<u>224,453</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued expenses	200,328
Lease liability	1,573
Unearned revenue	726,150
Payable from restricted assets:	
Customer deposits	<u>216,305</u>
Total current liabilities	<u>1,144,356</u>
Noncurrent liabilities:	
Lease liability	264
Net pension liability	<u>409,859</u>
Total noncurrent liabilities	<u>410,123</u>
Total liabilities	<u>1,554,479</u>
Deferred inflows of resources - pension related	<u>19,800</u>
Net position	
Net investment in capital assets	5,722,114
Unrestricted	<u>4,247,724</u>
Total net position	<u>\$ 9,969,838</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, 2022

	Business-Type Activities- Enterprise Fund
Operating revenues:	
Charges for service -	
Water sales	\$ 1,600,443
Sewerage service charges	542,123
Solid waste collection	180,447
Other charges and fees	151,726
Total operating revenues	<u>2,474,739</u>
Operating expenses:	
Salaries	449,204
Payroll taxes and benefits	164,039
Office expense	39,953
Insurance	64,705
Professional fees	46,357
Repairs and maintenance	665,354
Telephone	23,962
Utilities	93,200
Vehicle operations	29,002
Commerical solid waste	150,177
Miscellaneous	25,189
Supplies	33,825
Water purchases	956,494
Depreciation	428,256
Total operating expenses	<u>3,169,717</u>
Operating loss	<u>(694,978)</u>
Non-operating revenues (expenses):	
Interest income	7,044
Operating grants and contributions	17,826
Intergovernmental grants	44,026
Sales taxes	479,185
Total non-operating revenues (expenses)	<u>548,081</u>
Income before contributions and transfers	(146,897)
Transfers in	121,831
Contributed capital	165,765
Total other financing sources	<u>287,596</u>
Change in net position	140,699
Net position - beginning of year, restated	<u>9,829,139</u>
Net position - end of year	<u><u>\$ 9,969,838</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, 2022

	Business-Type Activities- Enterprise Fund
Cash Flows From Operating Activities	
Receipts from customers	\$ 2,444,106
Cash payments to suppliers for goods and services	(2,065,296)
Cash payments to employees for services	(633,866)
Net Cash (used in) Operating Activities	<u>(255,056)</u>
Cash Flows From Non-Capital Financing Activities	
Sales tax	479,822
Intergovernmental grants	44,026
Grant Income - ARPA	340,759
Operating grant and contributions	17,826
Transfers from other funds	121,831
Interfund loans	12,570
Net Cash From Non-Capital Financing Activities	<u>1,016,834</u>
Cash Flows From Investing Activities	
Cash payments for purchase of investments	(5,169)
Interest income	7,044
Net Cash from Investing Activities	<u>1,875</u>
Cash Flows From Capital and Related Financing Activities	
Payments for property and equipment	(87,792)
Net Cash (Used In) Capital and Related Financing Activities	<u>(87,792)</u>
Net increase in cash, cash equivalents, and restricted cash	675,861
Cash, cash equivalents, and restricted cash, beginning of year	<u>3,493,646</u>
Cash, cash equivalents, and restricted cash, end of year	<u><u>\$ 4,169,507</u></u>
Cash and cash equivalents are reflected on the Statement of Net Position as follows:	
Cash and cash equivalents	\$ 3,953,202
Restricted cash and cash equivalents	216,305
	<u><u>\$ 4,169,507</u></u>
Reconciliation of Operating Income to Net Cash Used	
By Operating Activities:	
Operating income (loss)	\$ (694,978)
Adjustments to reconcile operating loss to net cash	
provided (used) by operating activities:	
Depreciation expense	428,256
Accounts receivable	(34,034)
Accounts payable	72,425
Accrued expenses	(8,846)
Prepaid expenses	(9,502)
Pension related	(11,777)
Customer deposits	3,400
Net Cash Flows From Operating Activities	<u><u>\$ (255,056)</u></u>
Non-cash investing and financing transaction:	
Acquisition of property	
Cost of property and equipment	\$ 253,557
Donated assets	(165,765)
Cash down payment for property and equipment	<u><u>\$ 87,792</u></u>

The accompanying notes are an integral part of this statement.

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2022

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, 2022
(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, 2022
(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, 2022
(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, 2022
(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, 2022
(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, 2022
(Continued)

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

J. Sales Taxes

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

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

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

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

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

K. Compensated Absences

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

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

L. Interfund Activity

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

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2022
(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 \$46,468.

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, 2022
(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 meet this definition and qualify for reporting in this category. Accordingly, the items pension-related and leases are reported in the Statement of Net Position..

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

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2022
(Continued)

T. Pension Plan

The Town is a participating employer in a cost-sharing, multiple-employer, defined benefit pension plans as described in Note 16. 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:

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

Approximately 30% of the Town's ad valorem tax revenues are derived from 10 taxpayers.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2022
(Continued)

(3) Cash, Cash Equivalents, and Investments

At December 31, 2022, the Town has cash, cash equivalents, and investments (book balances) totaling \$11,682,388 as detailed below:

A. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2022 (book balances) totaled \$7,332,705, of which \$216,305 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, 2022, the Town had investments totaling \$4,349,683 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, 2022, \$11,247,684 of the Town's bank balance of \$11,747,684 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	\$ 7,148,001
Certificates of deposit	<u>4,099,683</u>
	<u>\$ 11,247,684</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 \$52,200 in police supplemental pay from the State of Louisiana. The Town recognizes this supplemental pay received by the employees as revenues and expenditures of the Town. The revenue is reported in the General Fund under intergovernmental revenues and the expenditure is reported as public safety expenditures.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2022
(Continued)

(5) Receivables

The following is a summary of receivables at December 31, 2022:

<u>Class of Receivable</u>	
Governmental activities –	
Ad valorem taxes	\$ 18,307
Sales taxes	192,618
Franchise taxes	15,699
Gaming taxes	13,678
Leases	50,477
Miscellaneous	<u>1,947</u>
	<u>292,726</u>
Business-type activities –	
Water and sewer charges	286,999
Sales taxes	<u>48,154</u>
	<u>335,153</u>
Total	<u>\$ 627,879</u>

(6) Deferred Inflows and Deferred Outflows of Resources

The Statement of Net Position reports deferred inflows of resources at December 31, 2022, consisting of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Pension related - MERS	\$ 121,235	\$ 19,800	\$ 141,035
Pension related - MPERS	22,503		22,503
Leases	<u>50,477</u>		<u>50,477</u>
	<u>\$ 194,215</u>	<u>\$ 19,800</u>	<u>\$ 214,015</u>

The Statement of Net Position reports deferred outflows of resources at December 31, 2022, consisting of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Pension related - MERS	\$ 34,371	\$ 224,453	\$ 258,824
Pension related - MPERS	<u>457,140</u>		<u>457,140</u>
	<u>\$ 491,511</u>	<u>\$ 224,453</u>	<u>\$ 715,964</u>

Information about each retirement plan is detailed in Note 16.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2022
(Continued)

(7) Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

	Balance at Jan. 1, 2022	Additions	Deletions	Transfers	Balance at Dec. 31, 2022
<u>Governmental Activities:</u>					
Capital assets, not being depreciated:					
Construction in progress	\$ 537,927	\$ 20,080	\$	\$ (522,677)	\$ 35,330
Land	278,571				278,571
Total capital assets, not being depreciated	816,498	20,080		(522,677)	313,901
Capital assets, being depreciated:					
Buildings	907,067				907,067
Infrastructure	8,400,049	257,535		522,677	9,180,261
Equipment	658,665	17,605			676,270
Vehicles	465,239	42,371			507,610
Total capital assets, being depreciated, at historical cost	10,431,020	317,511		522,677	11,271,208
Less accumulated depreciation:					
Buildings	(688,741)	(26,129)			(714,870)
Infrastructure	(1,572,837)	(335,342)			(1,908,179)
Equipment	(485,659)	(35,010)			(520,669)
Vehicles	(406,619)	(28,320)			(434,939)
Total accumulated depreciation	(3,153,856)	(424,801)			(3,578,657)
Leased assets					
Equipment	4,415	28,784			33,199
Total leased assets, being amortized	4,415	28,784			33,199
Less accumulated amortization for:					
Leased equipment	(294)	(2,322)			(2,616)
Total accumulated amortization, leased equipment	(294)	(2,322)			(2,616)
Total capital assets, being depreciated/amortized, net	7,281,285	(80,828)		522,677	7,723,134
Governmental activities capital assets, net	\$ 8,097,783	\$ (60,748)	\$	\$	\$ 8,037,035

Included in current year additions is \$257,535 of donated assets acquired through the Town's acceptance of street and drainage from subdivisions within the Town's coverage area.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2022
(Continued)

	Balance at Jan. 1, 2022	Additions	Deletions	Balance at Dec. 31, 2022
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 29,500	\$	\$	\$ 29,500
Construction in progress	12,600	44,329		56,929
Total capital assets, not being depreciated, at historical cost	42,100	44,329		86,429
Capital assets, being depreciated:				
Vehicles	163,051			163,051
Sewer system	3,633,348	209,228		3,842,576
Sewer equipment	4,160,811			4,160,811
Water equipment	3,711,417			3,711,417
Other equipment	93,170			93,170
Total capital assets, being depreciated, at historical cost	11,761,797	209,228		11,971,025
Less accumulated depreciation:				
Vehicles	(163,050)			(163,050)
Sewer system	(3,030,064)			(3,030,064)
Sewer equipment	(914,704)	(315,221)		(1,229,925)
Water equipment	(1,771,710)	(111,500)		(1,883,210)
Other equipment	(29,046)			(29,046)
Total accumulated depreciation	(5,908,574)	(426,721)		(6,335,295)
Leased assets				
Equipment	7,678			7,678
Total leased assets, being amortized	7,678			7,678
Less accumulated amortization for:				
Leased equipment	(4,351)	(1,535)		(5,886)
Total accumulated amortization, leased equipment	(4,351)	(1,535)		(5,886)
Total capital assets, being depreciated, net	5,856,550	(219,028)		5,637,522
Business-type activities capital assets, net	\$ 5,898,650	\$ (174,699)	\$	\$ 5,723,951

Included in current year additions is \$165,765 of donated assets acquired through the Town's acceptance of water and sewer systems from subdivisions within the Town's coverage area.

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

	Governmental Activities	Business-type Activities
General government	\$ 73,275	\$
Public safety	35,929	
Public works	317,919	
Water, sewer, and sanitation		428,256
Total	\$ 427,123	\$ 428,256

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2022
(Continued)

(8) Restricted Assets – Proprietary Fund Type

Restricted assets consisted of customer deposits in the amount of \$216,305.

(9) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2022, consisted of the following:

<u>Class of Payable</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 17,690	\$ 180,482	\$ 198,172
Accrued leave	1,565	12,398	13,963
Accrued payroll	7,570	3,007	10,577
Payroll liabilities	15,081	4,441	19,522
Total	<u>\$ 41,906</u>	<u>\$ 200,328</u>	<u>\$ 242,234</u>

(10) Customers' Deposits

Deposits held for customers that are currently active on the water system total \$216,305 at December 31, 2022.

(11) Interfund Transfers

Interfund transfers for the year ended December 31, 2022 consisted of the following:

	<u>Transfer To</u>	<u>Transfer From</u>	<u>Net</u>
Governmental Funds:			
General fund	\$ 178,786	\$	\$ 178,786
Sales Tax - Streets		(300,617)	(300,617)
Total Governmental funds	178,786	(300,617)	(121,831)
Enterprise Funds:			
Water and Sewer	121,831		121,831
	<u>\$ 300,617</u>	<u>\$(300,617)</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.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2022
(Continued)

(12) Long - Term Liabilities

Long - term liability activity for the year ended December 31, 2022 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	\$ 90,343	\$ 38,385	\$	\$ 128,728	\$
Net pension liability - MPERS	489,952	643,306		1,133,258	
Leased assets	32,757		(1,064)	31,693	6,181
Compensated absences	<u>17,341</u>	<u>23,518</u>	<u>(25,209)</u>	<u>15,650</u>	<u>15,650</u>
Total - Governmental Activities					
Long-term liabilities	<u>\$ 630,393</u>	<u>\$ 705,209</u>	<u>\$ (26,273)</u>	1,309,329	21,831
Less amounts due within period of availability - Recorded in accounts payable				<u>(1,565)</u>	<u>(1,565)</u>
Total long-term liabilities - governmental activities - Government - wide statements				<u>\$ 1,307,764</u>	<u>\$ 20,266</u>
Business - type Activities:					
Long - term liabilities					
Net pension liability - MERS	\$ 287,644	\$ 122,215	\$	\$ 409,859	\$
Leased assets	3,388		(1,551)	1,837	1,573
Compensated absences	<u>18,681</u>	<u>14,931</u>	<u>(21,214)</u>	<u>12,398</u>	<u>12,398</u>
Total - Business - type Activities					
Long - term liabilities	<u>\$ 309,713</u>	<u>\$ 137,146</u>	<u>\$ (22,765)</u>	424,094	13,971
Less amounts due within period of availabilitiy - Recorded in accounts payable				<u>(12,398)</u>	<u>(12,398)</u>
Total long - term liabilities - business - type activities - Government - wide statements				<u>\$ 411,696</u>	<u>\$ 1,573</u>

Information about each retirement plan is detailed in Note 16.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2022
(Continued)

Leased Assets

During 2021 and 2022, the Town entered into lease agreements to lease certain equipment. The equipment is included in governmental activities capital assets at a cost of \$33,199, with accumulated amortization totaling \$2,616, and business-type capital assets at a cost of 7,678, with accumulated amortization totaling \$5,886, as of December 31, 2022. Interest has been imputed at a rate of 1.37%, and the Town will make monthly payments through 2027. The following lease payments under lease agreements are as follows:

Governmental Activities:

<u>Fiscal Year</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 6,181	\$ 1,122	\$ 7,303
2024	6,428	875	7,303
2025	6,686	617	7,303
2026	6,498	350	6,848
2027	5,900	86	5,986
	<u>\$ 31,693</u>	<u>\$ 3,050</u>	<u>\$ 34,743</u>

Business-Type Activities:

<u>Fiscal Year</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,573	\$ 15	\$ 1,588
2024	264	1	265
	<u>\$ 1,837</u>	<u>\$ 16</u>	<u>\$ 1,853</u>

(13) New Accounting Principle

In June, 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases, which increased the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Statement establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after June 15, 2021. The Town implemented this Statement in the current year, with no changes to the prior net position as a result of this implementation.

(14) Unearned Revenue

Unearned revenue at December 31, 2022, consists of funds received under the Coronavirus State and Local Fiscal Recovery Funds which had not yet been used/expended. The Town plans to use those funds in subsequent years.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2022
(Continued)

(15) 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.

(16) 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.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2022
(Continued)

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

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

Survivor Benefits:

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

DROP Benefits:

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

Disability Benefits:

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

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2022
(Continued)

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

Cost of Living Increases:

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

Deferred Benefits:

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

Employer Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. Member contributions are at 5% of earnable compensation. For the plan year ending June 30, 2022, the actual employer contribution rate was 15.50% for Plan B. The Town's contributions to the System for the years ended December 31, 2022, 2021, and 2020 were \$67,374, \$80,102, and \$71,679, respectively. Included in contributions for the year ended December 31, 2022, were contributions for the month of December 2022, totaling \$5,676, which were paid in 2023.

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 \$17,826 are recognized as revenue during the year ended December 31, 2022 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, 2022, the Town reported a liability of \$538,587 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022 as compared to the total of all employers' contributions received by the System during the fiscal year ended June 30, 2022. The Town's proportion as measured at June 30, 2022, was .613436%, which was a decrease of .03904% from its proportion measured as of June 30, 2021.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2022
(Continued)

For the year ended December 31, 2022, the Town recognized pension expense of \$69,903, less employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, (\$177).

At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Differences between expected and actual experience	\$ 1,645	\$ 5,210
Changes in proportion and differences between employer contributions and proportionate share of contributions	119,590	14,590
Net difference between projected and actual earnings on pension plan investments		
Total	<u>\$ 121,235</u>	<u>\$ 19,800</u>

	<u>Deferred Outflows of Resources</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Changes of assumptions	\$ 1,383	\$ 4,377
Differences between expected and actual experience		
Changes in proportion and differences between employer contributions and proportionate share of contributions	25,318	195,791
Employer contributions subsequent to the measurement date	7,670	24,285
Total	<u>\$ 34,371</u>	<u>\$ 224,453</u>

The Town reported a total of \$31,955 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2022, which will be recognized as a reduction in net pension liability in the year ended December 31, 2023.

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>
2023	\$ 20,964
2024	9,763
2025	10,678
2026	44,429
Total	<u>\$ 85,834</u>

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2022
(Continued)

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2022 are as follows:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.85%, 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	6.4% plan B
More than 4 years of service	4.5% plan B
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.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2022
(Continued)

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, 2022 are summarized in the following table:

	Target Asset <u>Allocation</u>	Long-Term Expected Portfolio Real Rate of <u>Return</u>
Public equity	53%	2.31%
Public fixed income	38%	1.65%
Alternatives	9%	.39%
Totals	<u>100%</u>	4.35%
Inflation		<u>2.60%</u>
Expected Arithmetic Nominal Return		<u>6.95%</u>

The discount rate used to measure the total pension liability was 6.85%. 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 6.85%, 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 5.85% or one percentage point higher 7.85% than the current rate as of June 30, 2022:

	<u>Changes in Discount Rate</u>		
	1% Decrease <u>5.85%</u>	Current Discount Rate <u>6.85%</u>	1% Increase <u>7.85%</u>
Net Pension Liability	\$ 734,196	\$ 538,587	\$ 373,148

Changes in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2022 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

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2022
(Continued)

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, 2022. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.la.gov.

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM

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

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2022
(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, 2022
(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, 2022, total contributions due from employers and employees was 39.75%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 39.75% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 29.75% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 32.25% 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, 2022
(Continued)

December 31, 2022, 2021, and 2020 were \$104,013, \$99,832, and \$84,369, respectively. Included in contributions for the year ended December 31, 2022 were contributions for the month of December 2022 totaling \$10,355, which were paid in 2023.

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 \$24,663 are recognized as revenue during the year ended December 31, 2022 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, 2022, the Town reported a liability of \$1,133,258 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, as compared to the total of all employers' contributions to the System for the year ended June 30, 2022. At June 30, 2022, the Town's proportion was .1108670%, which was an increase of .0189530% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized pension expense of \$246,693, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$(3,694).

At December 31, 2022, 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	\$ 5,589	\$ 9,236
Changes of assumptions	39,091	8,429
Net difference between projected and actual earnings on pension plan investments	202,322	
Changes in proportion and differences between employer contributions and proportionate share of contributions	155,896	4,838
Employer contributions subsequent to the measurement date	54,242	
Total	<u>\$ 457,140</u>	<u>\$ 22,503</u>

The Town reported a total of \$54,242 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2022, which will be recognized as a reduction in net pension liability in the year ended December 31, 2023.

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2022
(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>
2023	\$ 113,129
2024	112,469
2025	48,673
2026	<u>106,124</u>
Total	<u>\$ 380,395</u>

Actuarial Methods and Assumptions

The actuarial assumptions used in the June 30, 2022 valuation were based on the assumptions used in the June 30, 2022 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, 2022 are as follows:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	6.750%, net of investment expense, decreased from 7.125% used in 2020
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	12.30%
	Above 2	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, 2022
(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.

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

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2022 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	55.50%	3.60%
Fixed Income	30.50%	0.85%
Alternatives	14%	0.95%
Totals	100%	5.40%
Inflation		2.66%
Expected Arithmetic Nominal Return		8.06%

The discount rate used to measure the total pension liability was 6.75%. 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 6.75%, 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 5.75% or one percentage point higher 7.75% than the current rate as of June 30, 2022.

	<u>Changes in Discount Rate</u>		
	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability	\$1,586,344	\$1,133,258	\$ 754,781

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2022
(Continued)

Change in Net Pension Liability

The changes in the net pension liability for the year ended December 31, 2022 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, 2022. 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, 2022
(Continued)

(17) Interfund Balances

Interfund balances at December 31, 2022 consisted of the following:

	<u>Due From Other Fund</u>	<u>Due To Other Fund</u>	<u>Net</u>
Governmental Funds:			
General Fund	\$	\$(12,286)	\$(12,286)
Total Governmental Funds	<u> </u>	<u>(12,286)</u>	<u>(12,286)</u>
Enterprise Funds:			
Enterprise Fund	<u>12,286</u>	<u> </u>	<u>12,286</u>
Total Enterprise Funds	<u>12,286</u>	<u> </u>	<u>12,286</u>
Total	<u>\$ 12,286</u>	<u>\$(12,286)</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.

(18) Leases

The Town, as a lessor, has entered into two lease agreements involving real estate and facilities owned by the Town. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the year ended December 31, 2022 was \$7,500.

The future inflow of resources for the years subsequent to December 31, 2022, under existing lease agreements are as follows:

<u>Fiscal Year</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 5,541	\$ 1,959	\$ 7,500
2024	5,756	1,744	7,500
2025	5,980	1,520	7,500
2026	6,212	1,288	7,500
2027	6,453	1,047	7,500
2028-2032	14,395	2,105	16,500
2033-2037	1,414	1,086	2,500
2038-2042	1,711	789	2,500
2043-2047	2,070	430	2,500
2048-2049	945	55	1,000
	<u>\$ 50,477</u>	<u>\$ 12,023</u>	<u>\$ 62,500</u>

(Continued)

Town of Benton
Benton, Louisiana
Notes to Financial Statements
December 31, 2022
(Continued)

(19) Prior Period Restatement

The fund balance and net position of the Town of Benton Business-type Activities was restated as of December 31, 2021, to correct the recording of the Coronavirus State and Local Fiscal Recovery Funds received, as noted below:

	<u>Business-type Activities</u>
Net Position, December 31, 2021, as previously reported	\$ 10,214,228
Correction of revenue recognition	<u>(385,089)</u>
Total Net Position, December 31 2021, restated	<u>\$ 9,829,139</u>

Correction of revenue recognition was made to record as unearned revenue the ARPA revenue which was received and not yet expended; this amount was previously reported as restricted net position and restricted fund balance.

(20) Commitments

As of December 31, 2022, the Town of Benton has commitments for signed construction, engineering, and other contracts of approximately \$335,600. As of December 31, 2022, approximately \$77,009 had been incurred on those contracts, and the balance remaining in those contracts was approximately \$258,591, which will be incurred subsequent to December 31, 2022.

(21) Subsequent events

In February 2023, the Town signed an engineering contract for a sewer project in the amount of \$139,150.

Subsequent events have been evaluated through June 26, 2023, the date the financial statements were available to be issued.

Town of Benton
Benton, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 163,270	\$ 163,270	\$ 198,542	\$ 35,272
Sales tax	880,500	880,500	961,478	80,978
Franchise taxes	61,000	65,100	70,550	5,450
Gaming taxes	130,000	87,526	104,795	17,269
Intergovernmental	163,900	60,400	141,782	81,382
Licenses and permits	219,600	235,652	245,243	9,591
Fines and forfeitures	63,000	43,815	51,725	7,910
Investment earnings	5,100	3,348	6,200	2,852
Miscellaneous	49,200	25,304	63,830	38,526
Total revenues	<u>1,735,570</u>	<u>1,564,915</u>	<u>1,844,145</u>	<u>279,230</u>
Expenditures:				
Current:				
General government	357,278	353,179	405,858	(52,679)
Public safety	852,150	837,151	868,900	(31,749)
Public works	495,000	256,489	362,531	(106,042)
Parks and recreation	10,500	36,896	24,421	12,475
Capital outlay			80,026	(80,026)
Total expenditures	<u>1,714,928</u>	<u>1,483,715</u>	<u>1,741,736</u>	<u>(258,021)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,642</u>	<u>81,200</u>	<u>102,409</u>	<u>21,209</u>
Other financing sources:				
Transfers in	414,000	398,510	178,786	(219,724)
Total other financing sources	<u>414,000</u>	<u>398,510</u>	<u>178,786</u>	<u>(219,724)</u>
Excess of revenues and other sources over expenditures and other uses	<u>434,642</u>	<u>479,710</u>	<u>281,195</u>	<u>(198,515)</u>
Fund balances at beginning of year	<u>1,527,054</u>	<u>1,840,636</u>	<u>2,170,070</u>	<u>329,434</u>
Fund balances at end of year	<u>\$ 1,961,696</u>	<u>\$ 2,320,346</u>	<u>\$ 2,451,265</u>	<u>\$ 130,919</u>

Town of Benton
Benton, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
Sales Tax Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales tax	\$ 880,000	\$ 997,913	\$ 960,336	\$ (37,577)
Investment earnings	500	685	11,148	10,463
Total revenues	<u>880,500</u>	<u>998,598</u>	<u>971,484</u>	<u>(27,114)</u>
Other financing sources (uses):				
Transfers out	(414,000)	(398,510)	(300,617)	97,893
Total other financing sources (uses)	<u>(414,000)</u>	<u>(398,510)</u>	<u>(300,617)</u>	<u>97,893</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	466,500	600,088	670,867	70,779
Fund balances at beginning of year	<u>2,896,979</u>	<u>3,105,843</u>	<u>3,318,340</u>	<u>212,497</u>
Fund balances at end of year	<u>\$ 3,363,479</u>	<u>\$ 3,705,931</u>	<u>\$ 3,989,207</u>	<u>\$ 283,276</u>

Town of Benton
Benton, Louisiana
Note to Required Supplementary Information
For The Year Ended December 31, 2022

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 2022 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)	\$ 281,195	\$ 670,867
Adjustments:		
Revenue accruals – net	(17,456)	(1,273)
Expenditure accruals – net	<u>6,359</u>	<u> </u>
Excess of revenues and other sources over expenditures and other uses (GAAP) basis	<u>\$ 270,098</u>	<u>\$ 669,594</u>

Town of Benton
Benton, Louisiana
Schedule of Proportionate Share of Net Pension Liability
For the Year Ended December 31, 2022

Municipal Police Employees Retirement System of Louisiana

	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.110867%	0.091914%	0.080720%	0.080220%	0.084229%	0.086750%	0.095660%	0.082928%
Proportionate share of the net pension liability	\$ 1,133,258	\$ 489,952	\$ 745,995	\$ 728,568	\$ 712,077	\$ 757,373	\$ 896,576	\$ 649,654
Covered-employee payroll	\$ 331,530	\$ 280,413	\$ 249,307	\$ 251,538	\$ 247,848	\$ 281,978	\$ 267,956	\$ 221,827
Proportionate share of the net pension liability as a percentage of covered employee payroll	341.83%	174.73%	299.23%	289.65%	287.30%	289.10%	334.60%	292.87%
Plan fiduciary net position as a percentage of the total pension liability	70.80%	84.09%	70.94%	71.01%	71.89%	70.08%	66.04%	70.73%

Municipal Employees Retirement System of Louisiana

	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.613440%	0.652479%	0.625910%	0.668646%	0.689256%	0.681390%	0.721650%	0.655064%
Proportionate share of the net pension liability	\$ 538,587	\$ 377,987	\$ 567,218	\$ 584,940	\$ 582,995	\$ 589,576	\$ 598,198	\$ 445,212
Covered-employee payroll	\$ 493,180	\$ 499,516	\$ 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	109.21%	75.67%	116.94%	114.44%	114.14%	116.57%	112.82%	97.95%
Plan fiduciary net position as a percentage of the total pension liability	69.56%	79.14%	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, 2022

Municipal Police Employees Retirement System of Louisiana

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 104,013	\$ 99,832	\$ 84,369	\$ 80,021	\$ 80,464	\$ 82,694	\$ 74,874	\$ 76,732
Contributions in relation to the contractually required contribution	104,013	99,832	84,369	80,021	80,464	82,694	74,874	76,732
Contribution deficiency (excess)								
Covered-employee payroll	\$ 340,871	\$ 315,282	\$ 254,621	\$ 247,165	\$ 254,525	\$ 266,979	\$ 244,903	\$ 252,474
Contributions as a percentage of covered-employee payroll	30.51%	31.67%	33.14%	32.38%	31.62%	30.97%	30.57%	30.39%

Municipal Employees Retirement System of Louisiana

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 67,374	\$ 80,102	\$ 71,679	\$ 70,046	\$ 71,032	\$ 60,608	\$ 52,553	\$ 45,636
Contributions in relation to the contractually required contribution	67,374	80,102	71,679	70,046	71,032	60,608	52,553	45,636
Contribution deficiency (excess)								
Covered-employee payroll	\$ 434,668	\$ 516,784	\$ 485,488	\$ 500,326	\$ 521,495	\$ 500,440	\$ 513,334	\$ 480,380
Contributions as a percentage of covered-employee payroll	15.50%	15.50%	14.78%	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, 2022

Mayor - Shelly G Horton, Jr.	\$ 40,000
Aldermen:	
Ronald Jones	5,100
James Friday	5,100
Tiffany Manning	5,100
Jackie Carr	5,100
Wayne Cathcart	<u>5,100</u>
	<u>\$ 65,500</u>

Town of Benton
Benton, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2022

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

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 40,000
Reimbursement	26

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, 2022

Cash Basis Presentation	January 2022 - June 2022	July 2022 - December 2022
Beginning Balance of Amounts Collected (i.e. cash on hand)	<u>0</u>	<u>0</u>
Add: Collections		
Criminal Fines - Other	163	137
Criminal Court Costs/Fees	29,180	33,764
Subtotal Collections	<u>29,343</u>	<u>33,901</u>
Less: Disbursements to Governments and Nonprofits		
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund - Criminal Fines - Other	600	665
North Louisiana Criminalistics Laboratory Commission - Criminal Fines - Other	4,780	4,890
State of Louisiana Treasurer - CMIS - Criminal Fines - Other	157	163
Louisiana Supreme Court - Criminal Fines - Other	79	81
Louisiana Commission on Law Enforcement - Criminal Fines - Other	307	318
Less: Amounts Retained by Collecting Agency		
Amounts Self-Disbursed to Collecting Agency - Criminal Fines - Other	23,420	27,784
Subtotal Disbursements/Retainage	<u>29,343</u>	<u>33,901</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	<u>0</u>	<u>0</u>
Ending Balance of "Partial Payments" Collected but not Disbursed	<u>0</u>	<u>0</u>

Other Information:

Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)	<u>0</u>
Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service)	<u>0</u>

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J. PRESTON DELAUNE, CPA

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, 2022, 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 26, 2023.

Report on 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 these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

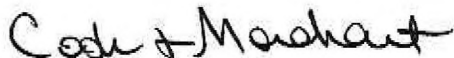
As part of obtaining reasonable assurance about whether the Town of Benton's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 2022-001.

Town of Benton's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Benton's response to the finding identified in our audit and described in the accompanying schedule of current year audit findings. Town of Benton's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 26, 2023

Town of Benton
Benton, Louisiana
Summary Schedule of Prior Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2022

Summary Schedule of Prior Audit Findings

There were two findings for the prior year ended December 31, 2021.

2021-001 - Collateral

Finding: At December 31, 2021, bank balances totaling \$66,265 were uninsured.

Recommendation: We recommend the Town implement procedures for insuring that all bank balances are fully insured or collateralized at all times.

Current Status: No finding in the current year.

2021-002 - Budget

Finding: Actual revenues and other financing sources for the General Fund were less than budgeted revenues and other financing sources by more than 5%.

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

Current Status: See finding in current year.

Town of Benton
Benton, Louisiana
Summary Schedule of Current Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2022

Corrective Action Plan for Current Year Audit Findings

There is one finding for the current year audit for the year ended December 31, 2022.

2022-001 Finding - Budget

Condition: Actual expenditures for the General Fund were more than budgeted expenditures 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 are more than budgeted amounts by more than 5%.

Cause: The Town did not appropriately amend the budget for 2022.

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 are expected to be more than 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.

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Independent Accountants' Report on Applying Agreed-Upon Procedures

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. The Town of Benton's management is responsible for those C/C areas identified in the SAUPs.

The Town of Benton has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii. **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. **Disbursements**, including processing, reviewing, and approving.
 - iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff

procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Procedures performed. No exceptions noted.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Procedures performed. Noted the following exception:

Exception: The Town did not provide updates to the board about the resolution of the prior year findings.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedures performed. Noted the following exception:

Exception: The bank reconciliations for the month selected were not approved by a member of management.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.
- Procedures performed. No exceptions noted.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Procedures performed. No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the

transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Procedures performed. No exceptions noted.

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

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

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedures performed. No exceptions noted.

8) Contracts

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

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Procedures performed. No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Procedures performed. Noted the following exception:

Exception: For the employees selected for testing, there were no approvals noted on the timesheets.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Procedures performed. Noted the following exception:

Exception: The Town could not locate ethics training documentation for 2 selected employees.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

The Town does not have bond/notes outstanding.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Procedures performed. No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
 - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedures and discussed the results with management.

14) *Prevention of Sexual Harassment*

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344;
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Procedures performed. Noted the following exceptions:

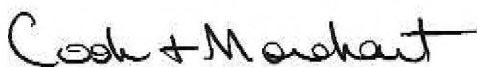
Exception: The Town could not locate prevention of sexual harassment training documentation for 2 selected employees.

Exception: The Town did not complete the required sexual harassment report.

We were engaged by the Town of Benton, to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Town of Benton, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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



Cook & Morehart
Certified Public Accountants
June 26, 2023

SHELLY HORTON JR
MAYOR



STEPHANIE SULLIVANT-COLLIER
CAO/ TOWN CLERK

TOWN OF BENTON LOUISIANA

June 26, 2023

Cook & Morehart, CPAs
1215 Hawn Ave
Shreveport, LA 71107

The Town of Benton submits the following responses to the exceptions identified in the Statewide Agreed-Upon Procedures Report for the year ended December 31, 2022:

Exceptions: The Town did not provide updates to the board about the resolution of the prior year findings.

Response: The Town will add the discussion of audit findings to the meeting agendas.

Exceptions: The bank reconciliations for the month selected were not approved by a member of management.

Response: The Town will ensure future bank reconciliations are approved by management.

Exception: For the employees selected for testing, there were no approvals noted on the timesheets.

Response: The Town will ensure all timesheets are approved.

Exception: The Town could not locate ethics training documentation for 2 selected employees.

Response: The Town will ensure ethics training documentation is obtained from all employees.

Exception: The Town could not locate prevention of sexual harassment training documentation for 2 selected employees.

Response: The Town will ensure prevention of sexual harassment training documentation is obtained from all employees.

Exception: The Town did not complete the required sexual harassment report.

Response: The Town will ensure required report is completed

Sincerely,

A handwritten signature in black ink, appearing to read "Shelly Horton".

Shelly Horton
Mayor

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The Town of Benton is an equal opportunity employer.