

TOWN OF BERWICK, LOUISIANA

Financial Report

Year Ended September 30, 2015

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INDEPENDENT AUDITORS' REPORT

* A Professional Accounting Corporation

The Honorable Louis Ratcliff, Mayor
and Members of the Town Council
Town of Berwick, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Berwick, Louisiana, (hereinafter "Town") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2015, 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.

Emphasis of Matter

As described in Note 19 to the financial statements, the Town implemented the provisions of the Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information and schedules of funding progress for the Town's other post employment benefits, employer's share of net pension liability, and employer pension contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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 inquiries 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 budgetary comparison information on pages 58 through 64, schedule of funding progress on page 65, schedule of employer's share of net pension liability on page 66, schedule of employer contributions on page 67, or note to retirement system schedules on page 68 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Town has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining nonmajor fund financial statements on pages 69 through 72 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on that information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2016, on our consideration of the Town'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 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 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's internal control over financial reporting and compliance.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 31, 2016

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF BERWICK, LOUISIANA

Statement of Net Position
September 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 3,340,969	\$ 265,508	\$ 3,606,477
Investments	964,512	-	964,512
Receivables, net	484,755	99,665	584,420
Due from other governments	94,813	-	94,813
Prepaid expense	86,550	4,376	90,926
Investment in Berwick-Bayou Vista Joint Waterworks Plant	-	753,951	753,951
Capital assets:			
Not being depreciated	1,589,785	15,000	1,604,785
Net of accumulated depreciation	<u>7,344,426</u>	<u>1,376,646</u>	<u>8,721,072</u>
 Total assets	 <u>13,905,810</u>	 <u>2,515,146</u>	 <u>16,420,956</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to net pension liability	<u>863,109</u>	<u>166,516</u>	<u>1,029,625</u>
LIABILITIES			
Accounts payable	225,994	30,985	256,979
Accrued liabilities	37,977	5,512	43,489
Unearned revenues	8,869	-	8,869
Long-term liabilities:			
Portion due or payable within one year:			
Certificates of indebtedness	170,000	-	170,000
Portion due or payable after one year:			
Net OPEB obligation	212,423	-	212,423
Net pension liability	<u>3,099,882</u>	<u>484,127</u>	<u>3,584,009</u>
 Total liabilities	 <u>3,755,145</u>	 <u>520,624</u>	 <u>4,275,769</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to net pension liability	<u>141,385</u>	<u>20,430</u>	<u>161,815</u>
NET POSITION			
Net investment in capital assets	8,764,211	2,145,597	10,909,808
Restricted	2,928,327	-	2,928,327
Unrestricted	<u>(820,149)</u>	<u>(4,989)</u>	<u>(825,138)</u>
 Total net position	 <u>\$10,872,389</u>	 <u>\$ 2,140,608</u>	 <u>\$ 13,012,997</u>

The accompanying notes are an integral part of this statement.

TOWN OF BERWICK, LOUISIANA

Statement of Activities
Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Fees, Commissions, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 1,035,254	\$ 365,115	\$ 14,249	\$ -
Public safety:				
Fire	196,603	-	4,171	-
Police	902,506	118,362	26,610	-
Public works:				
Streets	525,134	-	3,944	-
Drainage	178,957	-	1,473	-
Cemetery	31,155	11,725	-	-
Culture and recreation	391,171	19,588	2,784	179,064
Sanitation	1,391,751	843,928	9,739	145,390
Supporting services	24,316	49,435	-	-
Interest on long term debt	4,814	-	-	-
Total governmental activities	<u>4,681,661</u>	<u>1,408,153</u>	<u>62,970</u>	<u>324,454</u>
Business-type activities:				
Gas	466,526	516,121	-	-
Water	<u>836,287</u>	<u>661,131</u>	<u>-</u>	<u>57,272</u>
Total business-type activities	<u>1,302,813</u>	<u>1,177,252</u>	<u>-</u>	<u>57,272</u>
Total government	<u>\$ 5,984,474</u>	<u>\$ 2,585,405</u>	<u>\$ 62,970</u>	<u>\$ 381,726</u>
General Revenues:				
Taxes:				
Ad valorem taxes				
Drainage				
Franchise				
Sales				
Other				
Intergovernmental				
Interest and investment earnings				
Miscellaneous				
Total general revenues and transfers				
Change in net position				
Net Position-- beginning, as restated				
Net Position--ending				

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (655,890)	\$ -	\$ (655,890)
(192,432)	-	(192,432)
(757,534)	-	(757,534)
(521,190)	-	(521,190)
(177,484)	-	(177,484)
(19,430)	-	(19,430)
(189,735)	-	(189,735)
(392,694)	-	(392,694)
25,119	-	25,119
<u>(4,814)</u>	<u>-</u>	<u>(4,814)</u>
<u>(2,886,084)</u>	<u>-</u>	<u>(2,886,084)</u>
-	49,595	49,595
<u>-</u>	<u>(117,884)</u>	<u>(117,884)</u>
<u>-</u>	<u>(68,289)</u>	<u>(68,289)</u>
<u>(2,886,084)</u>	<u>(68,289)</u>	<u>(2,954,373)</u>
632,184	-	632,184
75,516	-	75,516
259,648	-	259,648
1,819,421	-	1,819,421
2,419	-	2,419
203,790	-	203,790
310	-	310
<u>94,000</u>	<u>-</u>	<u>94,000</u>
3,087,288	-	3,087,288
201,204	(68,289)	132,915
<u>10,671,185</u>	<u>2,208,897</u>	<u>12,880,082</u>
<u>\$ 10,872,389</u>	<u>\$ 2,140,608</u>	<u>\$13,012,997</u>

FUND FINANCIAL STATEMENTS

TOWN OF BERWICK, LOUISIANA

Balance Sheet
Governmental Funds
September 30, 2015

	General	1% Sales Tax	3/4% Sales Tax Liquid and Solid Waste
ASSETS			
Cash	\$ 1,660,107	\$ 694,142	\$ 348,802
Investments	1,310	643,929	319,273
Receivables:			
Taxes	153,212	107,762	99,282
Accounts	9,327	-	113,274
Due from other governments	75,190	-	19,623
Prepaid expenditures	<u>82,602</u>	<u>-</u>	<u>3,948</u>
Total assets	<u>\$ 1,981,748</u>	<u>\$ 1,445,833</u>	<u>\$ 904,202</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 102,415	\$ -	\$ 123,579
Accrued liabilities	32,497	-	4,884
Unearned revenues	<u>8,869</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>143,781</u>	<u>-</u>	<u>128,463</u>
Deferred inflows of resources:			
Unavailable revenues	<u>53,703</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable	82,602	-	-
Restricted	66,939	1,445,833	775,739
Assigned	166,752	-	-
Unassigned	<u>1,467,971</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>1,784,264</u>	<u>1,445,833</u>	<u>775,739</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 1,981,748</u>	 <u>\$ 1,445,833</u>	 <u>\$ 904,202</u>

<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 637,918	\$ 3,340,969
-	964,512
1,898	362,154
-	122,601
-	94,813
-	<u>86,550</u>
<u>\$ 639,816</u>	<u>\$ 4,971,599</u>

\$ -	\$ 225,994
-	37,381
-	<u>8,869</u>
-	<u>272,244</u>

-	<u>53,703</u>
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52,152	134,754
587,664	2,876,175
-	166,752
-	<u>1,467,971</u>
<u>639,816</u>	<u>4,645,652</u>

<u>\$ 639,816</u>	<u>\$ 4,971,599</u>
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(continued)

TOWN OF BERWICK, LOUISIANA

Balance Sheet (continued)

Governmental Funds

September 30, 2015

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position:

Total fund balances - governmental funds	\$ 4,645,652
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Amounts reported for governmental activities in the statement of net position are different because:

Cost of capital assets at September 30, 2015	\$ 14,414,557	
Less: accumulated depreciation as of September 30, 2015:		
Buildings	(2,485,315)	
Improvements	(958,587)	
Equipment	(1,308,322)	
Infrastructure	(2,992)	
Autos and trucks	<u>(725,130)</u>	8,934,211

Deferred outflows of resources related to net pension liability are not available resources and, therefore, are not reported in the funds.	863,109
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Receivables from reimbursement grants and sale of assets are not available to pay for current year expenditures and are deferred in the fund financial statements.	53,703
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Long-term liabilities at September 30, 2015:	
Certificates of indebtedness	(170,000)
Net OPEB obligation	(212,423)
Net pension liability	(3,099,882)

Accrued interest payable	(596)
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Deferred inflows of resources related to net pension liability are not payable from current expendable resources and, therefore, are not reported in the funds	<u>(141,385)</u>
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Total net position - governmental activities	<u>\$10,872,389</u>
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The accompanying notes are an integral part of this statement.

TOWN OF BERWICK, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2015

	General	1% Sales Tax	3/4% Sales Tax Liquid and Solid Waste
Revenues:			
Taxes	\$ 1,219,379	\$ 701,464	\$ 660,388
Licenses and permits	272,894	-	-
Intergovernmental	368,113	-	145,390
Fees, commissions, and charges for services	228,056	-	843,928
Fines and forfeits	56,974	-	-
Interest income	-	207	103
Miscellaneous	96,801	-	-
Total revenues	<u>2,242,217</u>	<u>701,671</u>	<u>1,649,809</u>
Expenditures:			
Current -			
General government:			
Administrative	919,549	-	-
Public safety:			
Fire	137,835	-	-
Police	880,758	-	-
Public works:			
Streets	371,977	-	-
Drainage	159,759	-	-
Cemetery	31,155	-	-
Culture and recreation	256,362	-	-
Sanitation	-	-	1,293,176
Supporting services	24,316	-	-
Debt service -			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	512,107	-	193,853
Total expenditures	<u>3,293,818</u>	<u>-</u>	<u>1,487,029</u>
Excess (deficiency) of revenues over expenditures	<u>(1,051,601)</u>	<u>701,671</u>	<u>162,780</u>
Other financing sources (uses):			
Transfers in	1,080,000	-	-
Transfers out	-	(755,000)	(225,000)
Total other financing sources (uses)	<u>1,080,000</u>	<u>(755,000)</u>	<u>(225,000)</u>
Net change in fund balances	28,399	(53,329)	(62,220)
Fund balances, beginning	<u>1,755,865</u>	<u>1,499,162</u>	<u>837,959</u>
Fund balances, ending	<u>\$ 1,784,264</u>	<u>\$ 1,445,833</u>	<u>\$ 775,739</u>

Other Governmental	Total Governmental Funds
\$ 207,958	\$ 2,789,189
-	272,894
-	513,503
-	1,071,984
-	56,974
-	310
-	96,801
<u>207,958</u>	<u>4,801,655</u>
-	919,549
-	137,835
-	880,758
-	371,977
-	159,759
-	31,155
-	256,362
-	1,293,176
-	24,316
160,000	160,000
5,375	5,375
-	705,960
<u>165,375</u>	<u>4,946,222</u>
<u>42,583</u>	<u>(144,567)</u>
-	1,080,000
<u>(100,000)</u>	<u>(1,080,000)</u>
<u>(100,000)</u>	<u>-</u>
(57,417)	(144,567)
<u>697,233</u>	<u>4,790,219</u>
<u>\$ 639,816</u>	<u>\$ 4,645,652</u>

(continued)

TOWN OF BERWICK, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)

Governmental Funds

Year Ended September 30, 2015

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Net changes in fund balances - governmental funds	\$ (144,567)
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Amounts reported for governmental activities in the statement of activities are different because:

Some revenues reported in the governmental funds were reported as revenues in the statement of activities in a prior year	(12,932)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	33,617
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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.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	705,960	
Depreciation expense	<u>(510,108)</u>	195,852

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 governmental funds.	(37,638)
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Revenue and general obligation bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is and expenditure in the governmental funds, but their repayment reduces long-term liabilities in the statement of net position.	160,000
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Excess of interest paid over interest accrued	561
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Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability.

Increase in pension expense	(54,214)
Nonemployer pension contribution revenue	<u>60,525</u>

Change in net position - governmental activities	<u>\$ 201,204</u>
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The accompanying notes are an integral part of this statement.

TOWN OF BERWICK, LOUISIANA

Statement of Net Position
Proprietary Funds
September 30, 2015

	Gas	Water	Total Enterprise Funds
ASSETS			
Current assets:			
Cash	\$ 207,702	\$ 57,806	\$ 265,508
Receivables, net	27,363	72,302	99,665
Prepaid expenses	<u>2,231</u>	<u>2,145</u>	<u>4,376</u>
Total current assets	<u>237,296</u>	<u>132,253</u>	<u>369,549</u>
Investment in Berwick-Bayou Vista Joint Waterworks Plant	<u>-</u>	<u>753,951</u>	<u>753,951</u>
Capital assets:			
Not being depreciated	-	15,000	15,000
Net of accumulated depreciation	<u>255,761</u>	<u>1,120,885</u>	<u>1,376,646</u>
Total capital assets	<u>255,761</u>	<u>1,135,885</u>	<u>1,391,646</u>
Total assets	<u>493,057</u>	<u>2,022,089</u>	<u>2,515,146</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to net pension liability	<u>68,545</u>	<u>97,971</u>	<u>166,516</u>
LIABILITIES			
Liabilities:			
Current liabilities:			
Accounts payable	3,778	27,207	30,985
Accrued liabilities	<u>2,445</u>	<u>3,067</u>	<u>5,512</u>
Total current liabilities (payable from current assets)	6,223	30,274	36,497
Noncurrent liabilities:			
Net pension liability	<u>193,651</u>	<u>290,476</u>	<u>484,127</u>
Total liabilities	<u>199,874</u>	<u>320,750</u>	<u>520,624</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to net pension liability	<u>8,172</u>	<u>12,258</u>	<u>20,430</u>
NET POSITION			
Net investment in capital assets	255,761	1,889,836	2,145,597
Unrestricted	<u>97,795</u>	<u>(102,784)</u>	<u>(4,989)</u>
Total net position	<u>\$ 353,556</u>	<u>\$ 1,787,052</u>	<u>\$ 2,140,608</u>

The accompanying notes are an integral part of this statement.

TOWN OF BERWICK, LOUISIANA

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended September 30, 2015

	Gas	Water	Total Enterprise Fund
Operating revenues:			
Charges for services	\$ 497,921	\$ 636,386	\$ 1,134,307
Delinquent charges	14,270	10,925	25,195
Miscellaneous	<u>3,930</u>	<u>13,820</u>	<u>17,750</u>
Total operating revenues	<u>516,121</u>	<u>661,131</u>	<u>1,177,252</u>
Operating expenses:			
Gas and water purchases	166,482	372,914	539,396
Salaries	139,995	166,975	306,970
Retirement contributions	25,528	38,290	63,818
Group insurance	25,045	25,375	50,420
Other insurance	5,055	7,944	12,999
Maintenance and operations	65,780	102,680	168,460
Depreciation	18,871	90,403	109,274
Administration expenses	15,805	14,527	30,332
Water board member fees	-	1,500	1,500
Miscellaneous	<u>3,965</u>	<u>410</u>	<u>4,375</u>
Total operating expense	<u>466,526</u>	<u>821,018</u>	<u>1,287,544</u>
Operating income (loss)	<u>49,595</u>	<u>(159,887)</u>	<u>(110,292)</u>
Nonoperating expenses:			
Decrease in equity of Berwick-Bayou Vista Joint Waterworks Plant	<u>-</u>	<u>(15,269)</u>	<u>(15,269)</u>
Income (loss) before operating transfers	49,595	(175,156)	(125,561)
Capital contributions	<u>-</u>	<u>57,272</u>	<u>57,272</u>
Change in net position	49,595	(117,884)	(68,289)
Net position, beginning, as restated	<u>303,961</u>	<u>1,904,936</u>	<u>2,208,897</u>
Net position, ending	<u>\$ 353,556</u>	<u>\$ 1,787,052</u>	<u>\$ 2,140,608</u>

The accompanying notes are an integral part of this statement.

TOWN OF BERWICK, LOUISIANA

Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2015

	<u>Gas</u>	<u>Water</u>	<u>Total Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 552,019	\$ 659,407	\$1,211,426
Payments to suppliers for goods and services	(264,584)	(506,220)	(770,804)
Payments to employees	<u>(189,464)</u>	<u>(225,203)</u>	<u>(414,667)</u>
Net cash provided (used) by operating activities	<u>97,971</u>	<u>(72,016)</u>	<u>25,955</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital grants received	-	57,272	57,272
Purchase of capital assets	<u>(24,403)</u>	<u>(42,197)</u>	<u>(66,600)</u>
Net cash provided (used) by capital and related financing activities	<u>(24,403)</u>	<u>15,075</u>	<u>(9,328)</u>
Net increase (decrease) in cash and cash equivalents	73,568	(56,941)	16,627
Cash and cash equivalents, beginning of period	<u>134,134</u>	<u>114,747</u>	<u>248,881</u>
Cash and cash equivalents, end of period	<u>\$207,702</u>	<u>\$ 57,806</u>	<u>\$ 265,508</u>

(continued)

TOWN OF BERWICK, LOUISIANA

Statement of Cash Flows (continued)
 Proprietary Funds
 Year Ended September 30, 2015

	Gas	Water	Total Enterprise Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	<u>\$ 49,595</u>	<u>\$ (159,887)</u>	<u>\$ (110,292)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	18,871	90,403	109,274
Pension expense, net of nonemployer contributions	(1,243)	2,980	1,737
Changes in assets and liabilities:			
Accounts receivable	39,118	3,104	42,222
Prepaid expenses	(568)	(561)	(1,129)
Accounts payable	(6,929)	(5,684)	(12,613)
Accrued liabilities	<u>(873)</u>	<u>(2,371)</u>	<u>(3,244)</u>
Total adjustments	<u>48,376</u>	<u>87,871</u>	<u>136,247</u>
Net cash provided (used) by operating activities	<u>\$ 97,971</u>	<u>\$ (72,016)</u>	<u>\$ 25,955</u>

The accompanying notes are an integral part of this statement.

TOWN OF BERWICK, LOUISIANA

Statement of Fiduciary Net Position
September 30, 2015

	Agency Funds			Total Agency Funds
	Payroll	Disbursement	Gas and Water Meter	
ASSETS				
Current assets:				
Cash	\$ 21,634	\$ -	\$ -	\$ 21,634
Accounts receivables	<u>3,569</u>	<u>10,929</u>	<u>-</u>	<u>14,498</u>
Total current assets	<u>25,203</u>	<u>10,929</u>	<u>-</u>	<u>36,132</u>
Restricted assets:				
Customers' deposits -				
Cash	-	-	93,949	93,949
Accounts receivables	<u>-</u>	<u>-</u>	<u>4,646</u>	<u>4,646</u>
Total restricted assets	<u>-</u>	<u>-</u>	<u>98,595</u>	<u>98,595</u>
Total assets	<u>\$ 25,203</u>	<u>\$ 10,929</u>	<u>\$ 98,595</u>	<u>\$ 134,727</u>
LIABILITIES				
Current liabilities:				
Payable from current assets-				
Cash overdraft	\$ -	\$ 10,929	\$ -	\$ 10,929
Accrued liabilities	<u>25,203</u>	<u>-</u>	<u>-</u>	<u>25,203</u>
Total payable from current assets	25,203	10,929	-	36,132
Payable from restricted assets-				
Customers' deposits	<u>-</u>	<u>-</u>	<u>98,595</u>	<u>98,595</u>
Total liabilities	<u>\$ 25,203</u>	<u>\$ 10,929</u>	<u>\$ 98,595</u>	<u>\$ 134,727</u>

The accompanying notes are an integral part of this statement.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

The Town of Berwick ("Town") was incorporated August 1907, under the provisions of the Lawrason Act. The Town operated under a Mayor-Board of Aldermen form of government until January 20, 1992, at which time the Town adopted a Home Rule Charter and now operates under an elected Mayor-Council, administrative-legislative form of government. The Town's operations include police and fire protection, streets and drainage, parks and recreation, residential waste collection services, certain social services and general and administration services. The Town owns and operates an enterprise fund which provides gas and water services.

The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513, the *Louisiana Governmental Audit Guide* and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

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

GASB Statement No. 14, *The Financial Reporting Entity*, as amended, established criteria for determining which component units should be considered part of the Town 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 criterion 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 to impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent upon the Town.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Component Unit –

Based on the previous criteria, the Town has one component unit, Berwick Development District (District), since the District is governed by a seven-member board appointed by the mayor of the Town and the Town is entitled to funds received by the District from the sale of properties after the deduction of expenses (financial benefits).

The Town has chosen to issue financial statements of the primary government only; however, the financial statements of the District are not included in and are not material to the accompanying financial statements. Complete financial statements issued by the District can be obtained directly from the District's administrative offices at P. O. Box 128, Berwick, LA, 70342.

Related Organizations –

A related organization is an entity for which the primary government is not financially accountable even though the primary government may provide facilities and some financing or appoint a voting majority of the organization's governing board. Based on the foregoing criteria, certain governmental organizations are not part of the Town and are thus excluded from the accompanying financial statements. These organizations are the volunteer fire department and the public housing authority.

Joint Ventures –

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The Town has entered into joint venture arrangements with other governmental entities for the operation of the Berwick/Bayou Vista Joint Waterworks Commission and the Wards 5 and 8 Joint Sewer Commission. See Note 18 for further discussion of the Town's relationship with these organizations.

B. Basis of Presentation

Government-wide Financial Statements –

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the Town. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating capital or grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level.

Fund Financial Statements –

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major governmental funds of the Town are described below:

General Fund—primary operating fund of the Town. The general fund is always classified as a major fund.

Special Revenue Funds:

1% Sales Tax Fund—accounts for the receipt and use of the Town's prorata portion of the St. Mary Parish 1% sales and use tax. These taxes may be used for any lawful corporate purpose.

¾% Sales Tax Liquid and Solid Waste Fund—accounts for the receipt and use of proceeds of the Town's prorata portion of the St. Mary Parish ¾% sales and use tax. These taxes are dedicated to the construction, maintenance, and operations of sewerage or solid waste disposal systems, and police and fire protection.

Proprietary Funds:

Gas Enterprise Fund—accounts for the provision of gas services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Water Enterprise Fund—accounts for the provision of water service to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Additionally, the Town reports the following fund types:

Governmental Funds –

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special revenue funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt service funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital projects funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Permanent fund

The permanent fund accounts for assets held by the Town pursuant to a trust agreement. The principle portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

Proprietary Funds -

Enterprise funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Fiduciary Funds –

Agency Funds

Fiduciary fund reporting focuses on net position and changes in net position. The only funds accounted for in this category by the Town are agency funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the accrual basis of accounting.

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included in the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned including unbilled water and gas services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Sales taxes are considered measurable when in the hands of intermediary collecting governments and are recognized as revenues at that time. The Town considers property taxes available if they are collected within 60 days after year-end. Expenditures are recorded when the related liability is incurred. However, debt service expenditures are recorded only when payment is due.

Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, charges for services and interest on investments. Franchise fees, licenses, permits, and fines are recognized when they are received because they are not objectively measurable.

D. Cash and Interest-Bearing Deposits

Cash and interest-bearing deposits include amounts in demand deposits, interest-bearing demand deposits, and time deposits. Deposits are stated at cost, which approximates market.

E. Statement of Cash Flows

For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

F. Investments

Under state law, the Town may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. All of the Town's investments are in LAMP, which are stated at amortized cost.

G. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

H. Receivables

All receivables are shown net of an allowance account, as applicable.

I. Prepaid Items

Insurance payments made to insurance agencies that will benefit periods beyond the balance sheet date are recorded as prepaid items.

J. Capital Assets

Capital assets, which include property, plant, equipment and vehicles, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for the proprietary fund. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Assets capitalized have an original cost of \$2,500 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20 - 30 years
Improvements	10 - 40 years
Infrastructure	20 - 50 years
Machinery and equipment	4 - 20 years

K. Restricted Assets

The "customers' deposits" is used to segregate those refundable resources received from customers currently on the system.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

L. Deferred Outflows of Resources and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense or expenditure) until then. The Town reports deferred outflows of resources related to its net pension liability on its government-wide and proprietary funds statements of net position.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows arising from unavailable revenues. Unavailable revenue occurs under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The Town also reports deferred inflows related to its net pension liability on its government-wide and proprietary funds statements of net position.

M. Equity Classifications

Government-wide Financial Statements –

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements –

Proprietary fund equity is classified the same as in the government-wide statements. Governmental fund equity is classified as fund balance. Fund balance for the Town’s governmental funds is displayed depicting the relative strength of the spending constraints placed on the purposes for which resources can be used. In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other government.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

- c. Committed – amounts that can be used only for specific purposes determined by a formal action of the Town Council. The Council is the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Town Council.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent can be expressed by the Town Council.
- e. Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Board members have provided otherwise in its commitment or assignment actions.

N. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses –

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses –

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the governmental funds' financial statements, expenditures are classified by character. In the proprietary funds', as operating or nonoperating.

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

O. Interfund Transfers

Permanent reallocation of resources between funds is classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

P. Compensated Absences

Full time employees of the Town earn vacation leave. Vacation leave earned varies with the length of service, and employees may accumulate two years of unused vacation time. Any potential liability of the Town for vacation leave is considered immaterial; therefore, no liability has been recorded.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Q. Capitalization of Interest Expense

It is the policy of the Town to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. For the year ended September 30, 2015, no capitalized interest expense was recorded.

R. Pensions

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 the Municipal Employees Retirement System, the Municipal Police Retirement System, and the Firefighters' Retirement System, and additions to/deductions from the retirement system's net positions have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms and investments are reported at fair value.

S. Use of Estimates

The Town's management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures or expenses, as appropriate. Actual results may differ from these estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 2015, the Town has cash and interest-bearing deposits (book balances) totaling \$3,722,060 as follows:

	Governmental Activities	Business-type Activities	Agency Funds	Total
Demand deposits	\$ 3,340,819	\$ 265,508	\$ 115,583	\$3,721,910
Petty cash	<u>150</u>	<u>-</u>	<u>-</u>	<u>150</u>
Total	<u>\$ 3,340,969</u>	<u>\$ 265,508</u>	<u>\$ 115,583</u>	<u>\$3,722,060</u>

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 bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at September 30, 2015 are as follows:

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Bank balances	<u>\$ 3,763,310</u>
Federal deposit insurance	\$ 250,000
Pledged securities	<u>3,513,310</u>
Total	<u>\$ 3,763,310</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. The Town does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At September 30, 2015, deposits in the amount of \$3,513,310 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent but not the Town's name.

(3) Investments

Investments held at September 30, 2015 consist of \$964,512 in the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB Statements No. 40, *Deposit and Investment Risk Disclosure*, requires the disclosure of credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investments pools:

Credit risk – LAMP is rated AAAm by Standard & Poor's.

Custodial credit risk – LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not with the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk – pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk – 2a7-like investment pool are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.

Foreign currency risk – not applicable to 2a7-like pools.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair market value of investments is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

(4) Ad Valorem Taxes

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 taxpayers in November. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of St. Mary Parish.

Town property tax revenues are budgeted in the year billed.

For the year ended September 30, 2015, taxes of 18.12 mills were levied on property with assessed valuations totaling \$34,117,708 and were dedicated as follows:

General governmental services	12.12 mills
Maintenance	6.00 mills

For the year ended September 30, 2015, drainage taxes also had assessed valuations totaling \$5,458 and were dedicated as follows:

General governmental services	\$25 per acre
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Total taxes levied for the year ended September 30, 2015 were \$694,689.

(5) Receivables

Receivables at September 30, 2015 of \$584,420 consist of the following:

	Governmental Activities	Business-Type Activities	Total
Accounts	\$ 127,639	\$ 103,691	\$ 231,330
Taxes	376,989	-	376,989
	504,628	103,691	608,319
Less: allowance for uncollectible	(19,873)	(4,026)	(23,899)
Net receivables	<u>\$ 484,755</u>	<u>\$ 99,665</u>	<u>\$ 584,420</u>

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

(6) Due from other Governments

Amounts due from other governments at September 30, 2015 consisted of the following:

State of Louisiana - Homeland Security	\$ 20,086
State of Louisiana - Video Poker	16,852
Louisiana Office of State Parks - Pharr Estates Trail Project	33,617
Louisiana Facility Planning and Control - Sewer Project	19,623
St. Mary Parish Sheriff - prisoner meals	<u>4,635</u>
Total Governmental Activities	<u>\$ 94,813</u>

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

(7) Changes in Capital Assets

Capital asset activity for the year ended September 30, 2015, was as follows:

	Balance 10/1/14	Additions	Deletions	Balance 9/30/15
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,077,103	\$ -	\$ -	\$ 1,077,103
Construction in progress	149,662	363,020	-	512,682
Total capital assets not being depreciated	<u>1,226,765</u>	<u>363,020</u>	<u>-</u>	<u>1,589,785</u>
Capital assets being depreciated:				
Buildings	3,856,270	-	-	3,856,270
Improvements	5,622,306	147,627	-	5,769,933
Equipment	1,972,121	162,517	(4,411)	2,130,227
Infrastructure	33,250	-	-	33,250
Autos and trucks	1,002,296	32,796	-	1,035,092
Total capital assets being depreciated	<u>12,486,243</u>	<u>342,940</u>	<u>(4,411)</u>	<u>12,824,772</u>
Less accumulated depreciation for:				
Buildings	(2,391,020)	(94,295)	-	(2,485,315)
Improvements	(784,703)	(173,884)	-	(958,587)
Equipment	(1,151,851)	(160,882)	4,411	(1,308,322)
Infrastructure	(2,244)	(748)	-	(2,992)
Autos and trucks	(644,831)	(80,299)	-	(725,130)
Total accumulated depreciation	<u>(4,974,649)</u>	<u>(510,108)</u>	<u>4,411</u>	<u>(5,480,346)</u>
Total capital assets, being depreciated, net	<u>7,511,594</u>	<u>(167,168)</u>	<u>-</u>	<u>7,344,426</u>
Governmental activities capital assets, net	<u>\$ 8,738,359</u>	<u>\$ 195,852</u>	<u>\$ -</u>	<u>\$ 8,934,211</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Capital assets being depreciated:				
Gas utility system	931,905	24,403	-	956,308
Water utility system	3,194,699	42,197	-	3,236,896
Total capital assets being depreciated	<u>4,126,604</u>	<u>66,600</u>	<u>-</u>	<u>4,193,204</u>
Less accumulated depreciation for:				
Gas utility system	(681,676)	(18,871)	-	(700,547)
Water utility system	(2,025,608)	(90,403)	-	(2,116,011)
Total accumulated depreciation	<u>(2,707,284)</u>	<u>(109,274)</u>	<u>-</u>	<u>(2,816,558)</u>
Total capital assets, being depreciated, net	<u>1,419,320</u>	<u>(42,674)</u>	<u>-</u>	<u>1,376,646</u>
Business-type activities capital assets, net	<u>\$ 1,434,320</u>	<u>\$ (42,674)</u>	<u>\$ -</u>	<u>\$ 1,391,646</u>

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental activities:	
General government and administration	\$ 44,153
Public safety:	
Police	49,888
Fire	53,026
Public works:	
Streets	143,770
Drainage	15,692
Culture and recreation	128,183
Sanitation	<u>75,396</u>
Total depreciation expense, governmental activities	<u>\$ 510,108</u>
Business-type activities:	
Gas	\$ 18,871
Water	<u>90,403</u>
Total depreciation expense, business-type activities	<u>\$ 109,274</u>

(8) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the year ended September 30, 2015:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
<u>Governmental activities:</u>					
Certificates of Indebtedness- Series 2006	<u>\$330,000</u>	<u>\$ -</u>	<u>\$160,000</u>	<u>\$ 170,000</u>	<u>\$170,000</u>
Total governmental activities	<u>\$330,000</u>	<u>\$ -</u>	<u>\$160,000</u>	<u>\$ 170,000</u>	<u>\$170,000</u>

Certificates payable at September 30, 2015 is comprised of the following:

	<u>Governmental Activities</u>
\$1,250,000 Certificates of Indebtedness, Series 2006, payable in annual installments of \$110,000 to \$170,000 through February 1, 2016, with interest at 2.15 percent per annum	<u>\$ 170,000</u>

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

The annual requirements to amortize all debt outstanding as of September 30, 2015 are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	<u>170,000</u>	<u>1,828</u>	<u>171,828</u>
Total	<u>\$ 170,000</u>	<u>\$ 1,828</u>	<u>\$ 171,828</u>

The various bond indentures contain significant limitations and restrictions as to the annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverage. The Town is in compliance with all such significant limitations and restrictions.

(9) Restricted Net position

At September 30, 2015, the government-wide statement of net position reports the following restricted net position:

	<u>Governmental Activities</u>
Restricted by enabling legislation	<u>\$ 2,520,554</u>
Net position otherwise restricted for:	
Debt service	171,827
Perpetual care:	
Expendable	33,422
Nonexpendable	52,152
Capital improvements	<u>150,372</u>
Total restricted net position	<u>\$ 2,928,327</u>

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

(10) Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	General	1% Sales Tax	3/4% Sales Tax Liquid and Solid Waste	Other Governmental Funds	Total Governmental Funds
Fund balances:					
Nonspendable -					
Permanent fund principal	\$ -	\$ -	\$ -	\$ 52,152	\$ 52,152
Prepaid items	82,602	-	-	-	82,602
Total fund balances - nonspendable	<u>82,602</u>	<u>-</u>	<u>-</u>	<u>52,152</u>	<u>134,754</u>
Restricted for -					
Ad valorem tax restrictions	-	-	-	232,043	232,043
Capital improvements	-	-	-	150,372	150,372
Debt service	-	-	-	171,827	171,827
Perpetual care	-	-	-	33,422	33,422
Sales and use tax restrictions	<u>66,939</u>	<u>1,445,833</u>	<u>775,739</u>	<u>-</u>	<u>2,288,511</u>
Total fund balances - restricted	<u>66,939</u>	<u>1,445,833</u>	<u>775,739</u>	<u>587,664</u>	<u>2,876,175</u>
Assigned to -					
Fire improvements	118,667	-	-	-	118,667
Law enforcement	16,438	-	-	-	16,438
Civic Center	<u>31,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,647</u>
Total fund balances - assigned	<u>166,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,752</u>
Unassigned	<u>1,467,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,467,971</u>
Total fund balances	<u>\$ 1,784,264</u>	<u>\$ 1,445,833</u>	<u>\$ 775,739</u>	<u>\$ 639,816</u>	<u>\$ 4,645,652</u>

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

(11) 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 has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The Town is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended September 30, 2015. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

(12) Interfund Transfers

	<u>Transfers in</u>
	<u>General</u>
Transfers out:	
1% Sales Tax	\$ 755,000
3/4% Sales Tax Liquid and Solid Waste	225,000
Nonmajor Governmental	<u>100,000</u>
Total	<u>\$1,080,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(13) Dedication of Proceeds and Flow of Fund-Sales and Use Tax

The Town collects sales taxes under four sales tax levies as follows:

Proceeds of a 1% parish wide sales and use tax levied in 1966 (2015 collections \$701,464). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is remitted to each participating municipality on a monthly basis. Proceeds of this tax shall be used for the following purposes: construction, acquisition, improvement, maintenance and repairs of streets, capital improvements, public works and buildings (including the acquisition of sites and necessary fixtures, equipment, furnishings and appurtenances, and the payment of obligations and refunding obligations which have been or may be issued for the purpose of acquiring and improving public works and buildings); for payment or supplementing salaries of all municipal employees; for the operation of recreational facilities; for the acquisition, maintenance, repairs and payment of operating expenses of equipment, vehicles, and other machinery owned by the municipality; and for any other public purpose authorized by state law.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Proceeds of a 3/4 of 1% sales and use tax levied in 1974 (2015 collections \$660,388). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is allocated and distributed monthly as above. Proceeds are to be used for the construction, acquisition, extension, improvement, operation, and maintenance of solid waste collection and disposal facilities, sewers and sewerage disposal works, and other facilities for pollution control and abatement, fire and police protection; and to pay debt service requirements on bonds issued for any of the above-mentioned purposes. The tax was reapproved for levy in 1987. At the time of reauthorization, voters approved a provision authorizing that the proceeds could also be used for law enforcement and fire protection costs.

Proceeds of a 3/10 of 1% sales and use tax levied in 1982 (2015 collections \$237,492). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is allocated and distributed monthly as above. Proceeds are dedicated to the following purposes: operating and maintaining the police department, including the acquisition and maintenance of equipment and supplies; paying or supplementing the salaries of municipal employees; and purchasing, constructing, acquiring, extending and/or improving all or any portion of public works or capital improvements, including but not limited to the construction, improvement and maintenance of drainage, water, and flood control extensions and improvements and the acquisition, construction, improvement, maintenance and repair of streets, roads, and bridges.

Proceeds of a 1/2 of 1% sales and use tax levied in 2001 (2014 collections \$220,078). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is allocated and distributed monthly as above. Proceeds are to be used for increased salaries for police departments and also for operating and maintaining the police department.

(14) Employee Retirement

Eligible employees of the Town participate in one of three multiple-employer public employee retirement systems (PERS), which are controlled and administered by a separate board of trustees. These retirement systems provide retirement disability and death benefits to plan members and their beneficiaries. Pertinent information relative to each plan follows:

A. Municipal Employees' Retirement System of Louisiana (MERS)

Plan Description: The Municipal Employees' Retirement System of Louisiana (MERS) was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns and cities within the state, which did not have their own retirement system and which elected to become members of the System. The Town participates in Plan A of MERS.

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.

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

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

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.

Eligibility for Retirement for Plan A and Plan B 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 A shall consist of an amount equal to three 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 A with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and/or minor children as outlined in the statutes.

Any member of Plan A, 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.

Deferred Retirement Option Plan (DROP) Benefits: In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A 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.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Disability Benefits: For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five 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 A shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service whichever is greater or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

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

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

Employer Contributions: According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2015, the actual employer contribution rate was 19.75% for Plan A.

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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At September 30, 2015, The Town reported liabilities in its government-wide financial statements of \$1,936,509 and \$484,127 in its governmental activities and its business-type activities, respectively, for its proportionate share of the net pension liabilities of MERS. The net pension liabilities were measured as of June 30, 2015 and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed on each of the retirement systems as of that date. Under each retirement system, the Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Town's proportional share of MERS was 0.677640%, which was an increase of 0.03638% from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the Town recognized pension expense of \$76,612 and \$9,784 in its governmental activities and business-type activities, respectively, related to its participation in MERS.

At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

	Governmental Activities		Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 80,068	\$ -	\$ 20,018
Changes in Assumption	161,770	-	40,442	-
Net difference between projected and actual earnings on pension plan investments	245,999	-	61,500	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	42,156	1,650	10,539	412
Employer contributions subsequent to the measurement date	<u>178,657</u>	<u>-</u>	<u>54,035</u>	<u>-</u>
	<u>\$ 628,582</u>	<u>\$ 81,718</u>	<u>\$ 166,516</u>	<u>\$ 20,430</u>

The \$232,692 reported as deferred outflows of resources related to pensions resulting from Town contributions to MERS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Governmental Activities	Business-Type Activities	Total
2016	\$ 99,142	\$ 24,785	\$ 123,927
2017	137,364	34,341	171,705
2018	49,714	12,429	62,143
2019	<u>81,987</u>	<u>20,496</u>	<u>102,483</u>
	<u>\$ 368,207</u>	<u>\$ 92,051</u>	<u>\$ 460,258</u>

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Actuarial Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability as of September 30, 2015, and 2014 are as follows:

	Municipal Employees' Retirement System (MERS)
Valuation Date	June 30, 2015
Actuarial cost method	Entry Age Normal
Actuarial cost assumptions:	
Investment rate of return	7.75%, net of investment expense
Projected salary increases	5.75% (3% Inflation, 2.75% Merit)
Mortality Rates	RP-2000 Employee Table for active members RP-2000 Healthy Annuitant Table for healthy annuitants RP-2000 Disabled Lives Mortality Tables for disabled annuitants
Expected remaining service lives	3 years
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 verified by combining data from this plan with three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

Discount Rate: The discount rate used to measure the total pension liability was 7.5%. 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.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Sensitivity to Changes in Discount Rate: The following presents the net pension liability of the participating employers calculated using the discount rate of 7.5%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2015:

	Changes in Discount Rate:		
	MERS - Plan A		
	1% Decrease	Current Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Net Pension Liability	\$ 3,167,875	\$ 2,420,636	\$ 1,783,978

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Town recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended September 30, 2015, the Town recognized revenue as a result of support received from the non-employer contributing entities of \$ 40,236 for its participation in MERS.

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for MERS available at www.mersla.com.

B. Municipal and State Police Retirement System of Louisiana (MPERS)

Plan Description: The Municipal Police Employees' Retirement System (MPERS) is a cost-sharing multiple-employer defined benefit pension plan established by Act 189 of 1973 to provide retirement, disability and survivor benefits to municipal police officers in Louisiana.

Eligibility Requirements: Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria.

Retirement Benefits: Any member of MPERS who was hired before January 1, 2013 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.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Any member of MPERS who was hired on or after January 1, 2013 is eligible for regular retirement, early retirement, disability and survivor benefits based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments (COLA): 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 (DROP): A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in MPERS 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

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

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.

Employer 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, 2015, total contributions due from employers and employees was 41.5%. 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 31.5% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 33.5% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 34% and 7.5%, respectively.

Non-Employer Contributions: MPERS 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 were recognized as revenue during the year ended June 30, 2015 and excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At September 30, 2015, The Town reported liabilities in its government-wide financial statements of \$1,069,280 in its governmental activities for its proportionate share of the net pension liabilities of MPERS. The net pension liabilities were measured as of June 30, 2015 and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed on each of the retirement systems as of that date. Under each retirement system, the Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Town's proportional share of MPERS was 0.136493%, which was an increase of 0.000783% from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the Town recognized a pension benefit of \$28,140 in its governmental activities related to its participation in MPERS.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

At September 30, 2015, 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>
Difference between expected and actual experience	\$ -	\$ 19,648
Changes in Assumption	93,302	154
Net difference between projected and actual earnings on pension plan investments	-	20,307
Changes in proportion and differences between employer contributions and proportionate share of contributions	425	15,218
Employer contributions subsequent to the measurement date	<u>113,967</u>	<u>-</u>
	<u>\$ 207,694</u>	<u>\$ 55,327</u>

The \$113,967 reported as deferred outflows of resources related to pensions resulting from Town contributions to MPERS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	
2016	\$ (1,469)
2017	(1,469)
2018	11,223
2019	<u>30,115</u>
	<u>\$ 38,400</u>

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Actuarial Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability as of September 30, 2015, and 2014 are as follows:

	Municipal Police Employees' Retirement System (MPERS)	
Valuation Date	June 30, 2015	
Actuarial cost method	Entry Age Normal	
Actuarial cost assumptions:		
Expected emaining service lives	4 years	
Investment rate of return	7.5%, net of investment expense	
Inflation rate	2.875%	
Projected salary increases	Yrs of Service	Salary Growth
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%
Mortality	RP-2000 Employee Table for active members	
	RP-2000 Healthy Annuitant Table for healthy annuitants	
	RP-2000 Disables Lives Mortality Tables for disabled annuitants	

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

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.5%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.5% or one percentage point higher 8.5% than the current rate as of June 30, 2015.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

	Changes in Discount Rate:		
	MPERS		
	1%	Current	1%
	Decrease	Discount	Increase
	6.50%	7.50%	8.50%
Net Pension Liability	<u>\$1,486,717</u>	<u>\$1,069,280</u>	<u>\$ 719,475</u>

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Town recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended September 30, 2015, the Town recognized revenue as a result of support received from the non-employer contributing entities of \$24,165 for its participation in MPERS.

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for MPERS available at www.lampers.org.

C. Firefighters' Retirement System (System)

Plan Description: The Firefighters' Retirement System is a cost-sharing multiple-employer defined benefit pension plan established by Act 434 of 1979 to provide retirement, disability and survivor benefits to firefighters in Louisiana.

Eligibility Requirements: Membership in the System is a condition of employment for any full time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System. Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. No person who has attained age fifty or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the System.

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

Retirement Benefits: Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. Any member of the System who has completed at least twenty-five years of creditable service, who has been a member of this system for at least one year, regardless of age, or any member who has completed at least twenty years of creditable service, who has been a member of this system for at least one year, and who has attained the age of fifty years, or any member who has completed at least twelve years of service, who has been a member of this system for at least one year, and who has attained the age of fifty-five shall be entitled to retire from service.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Upon such retirement, the member shall be paid an annual retirement allowance equal to three and one-third percent of average final compensation multiplied by total years of creditable service. However, the annual retirement allowance shall not exceed one hundred percent of average final compensation.

Deferred Retirement Option Plan (DROP): After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months. Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the deferred retirement option plan account balance in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

Initial Benefit Option Plan: Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

Employer Contributions: Employer contributions are actuarially determined each year. For the year ended June 30, 2015, employer and employee contributions for members above the poverty line were 29.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 31.25% and 8.0%, respectively.

Non-Employer Contributions: The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2015 and were excluded from pension expense. Non-employer contributions received by the System during the year ended June 30, 2015 was \$23,924,457.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At September 30, 2015, The Town reported liabilities in its government-wide financial statements of \$94,093 in its governmental activities for its proportionate share of the net pension liabilities of the System. The net pension liabilities were measured as of June 30, 2015 and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed on each of the retirement systems as of that date. Under each retirement system, the Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Town's proportional share of the System was 0.017434%, which was an increase of 0.000475% from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the Town recognized a pension expense of \$5,742 in its governmental activities related to its participation in the System.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

At September 30, 2015, 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>
Difference between expected and actual experience	\$ -	\$ 4,300
Changes in Assumption	1,179	40
Net difference between projected and actual earnings on pension plan investments	10,092	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,642	-
Employer contributions subsequent to the measurement date	<u>10,920</u>	<u>-</u>
	<u>\$ 26,833</u>	<u>\$ 4,340</u>

The \$10,920 reported as deferred outflows of resources related to pensions resulting from Town contributions to the System subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	
2016	\$ 2,400
2017	2,400
2018	2,400
2019	4,121
2020	307
2021	<u>(55)</u>
	<u>\$ 11,573</u>

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Actuarial Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability as of September 30, 2015, and 2014 are as follows:

	Firefighters' Retirement System
Valuation Date	June 30, 2015
Actuarial cost method	Entry Age Normal
Actuarial cost assumptions:	
Expected emaining service lives	7 years
Investment rate of return	7.5% per annum
Inflation rate	2.875% per annum
Projected salary increases	Vary from 15% in the first two years of service to 4.75% after 25 years
Mortality	RP-2000 Employee Table for active members RP-2000 Healthy Annuitant Table for healthy annuitants RP-2000 Disables Lives Mortality Tables for disabled annuitants
Cost of Living Adjustments	Only those previously granted

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

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate: The following presents the net pension liability of the participating employers calculated using the discount rate of 7.5%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.5% or one percentage point higher 8.5% than the current rate as of June 30, 2015.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Changes in Discount Rate: Firefighters' Retirement System			
	1% Decrease	Current Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Net Pension Liability	\$ 133,481	\$ 94,093	\$ 60,984

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Town recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended September 30, 2015, the Town recognized revenue as a result of support received from the non-employer contributing entities of \$4,171 for its participation in the System.

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the System available at www.lafirefightersret.com.

(15) Post-Employment Benefits

Effective with the fiscal year beginning October 1, 2009, the Town implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (GASB 45). The requirements of GASB 45 are being implemented prospectively. Accordingly, for financial reporting purposes, no liability is reported for postemployment benefits liability at the date of transition.

From an accrual accounting perspective, the cost of postemployment healthcare benefits should be associated with the periods in which the costs occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB 45, the Town began to recognize the cost of postemployment healthcare in the year when employee services are received, to report the accumulated liability from prior years, and to provide information useful in assessing potential demands on the Town's future cash flows. Because the Town adopted the requirements of GASB 45 prospectively, recognition of the liability accumulated from prior years will be phased in over thirty years, commencing with the liability at September 30, 2010.

Plan Description and Funding Policy. The Town participates in a single-employer defined benefit plan and has elected to make available health benefits to all eligible retirees who retire from the Town on or after December 31, 1997. Retirees are considered eligible if they meet the retirement eligibility requirements of the Municipal Retirement System of Louisiana. Under the post-employment benefit package, retirees may continue group health insurance coverage through the Town's group policy at the retiree's own expense.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Once the retiree becomes eligible to obtain Medicare supplement insurance, the Town will pay the premium for the Medicare supplement insurance policy up to a maximum of \$150 per month. Any Medicare supplement premium costs above \$150 must be paid by the retiree. The Town will provide benefits to the retiree only and no coverage will be provided to dependents of the retiree. During the year ended September 30, 2015, the Town incurred costs totaling \$5,400, related to providing this benefit, which is expensed as incurred.

Annual OPEB Cost and Net OPEB Obligation. The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The Town has elected to calculate the ARC and related information in accordance with the alternative measurement method permitted by GASB 45 for employers in plans with fewer than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The Town utilizes the level percentage of payroll amortization method to amortize the unfunded actuarial liability. The following table shows the components of the Town's annual OPEB costs for the year, the amount actually contributed to the plan, and the changes in the Town's net OPEB obligation to the retiree health plan:

Annual required contribution	\$ 42,790
Interest on net OPEB obligation	6,991
Adjustment to annual required contribution	<u>(6,743)</u>
Annual OPEB cost (expense)	43,038
Contributions made	<u>(5,400)</u>
Increase in net OPEB obligation	37,638
Beginning net OPEB obligation, 10/1/2014	<u>174,785</u>
Ending net OPEB obligation, 9/30/2015	<u>\$ 212,423</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended September 30, 2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2013	\$40,486	\$7,200	17.8%	\$140,242
9/30/2014	\$41,743	\$7,200	17.2%	\$174,785
9/30/2015	\$43,038	\$5,400	12.5%	\$212,423

Funded Status and Funding Progress. The funded status of the plan as of the most recent actuarial valuation is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
9/30/2013	\$0	\$348,318	\$348,318	0.0%	\$1,269,035	27.45%

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial liabilities for the benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the Town's valuation, the entry age actuarial cost method was used. Based on the historical and expected returns of the Town's short-term investments, a discount rate of 4.0% was used. In addition, the actuarial assumptions included an annual healthcare trend rate of 8% initially, reduced by decrements to an ultimate rate of 4.7% after 10 years. The Town's unfunded actuarial liability is being amortized as a level percentage of projected payroll on an open basis over 30 years.

(16) Long-Term Contract

The Town entered into a water storage tanks maintenance contract for two water towers in 2002, and the contract remains effective through the year 2062 unless terminated. The annual fee is adjusted every subsequent three years to reflect current cost of services by the company subject to adjustments, either up or down, to be limited to a maximum of 5% annually.

(17) Compensation of Town Officials

A detail of compensation paid to the Mayor and Town Council for the year ended September 30, 2015 follows:

Mayor:	
Louis Ratcliff	\$ 36,000
Council:	
Jacki Ackel	4,500
Duval Arthur, Jr.	6,000
Troy Lombardo	6,000
Damon Robison	6,000
Greg Roussel	6,000
Edgar Thomas, Jr.	1,500
	<u>\$ 66,000</u>

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to a political subdivision head. For the year ended September 30, 2015, payments made to Mayor Louis Ratcliff requiring disclosure are as follows:

Salary	\$ 36,000
Benefits-retirement	<u>7,110</u>
	<u>\$ 43,110</u>

(18) Joint Ventures

Berwick/Bayou Vista Joint Waterworks District -

The Town is a member of a joint venture with the St. Mary Parish Government for the construction, maintenance, and operation of a water plant which supplies water to the Town and the unincorporated community of Bayou Vista for distribution to their residents. Each participant has a 50% interest in the venture. The cost of constructing the plant was borne by the Town and the St. Mary Parish Government, and they have appointed a board to operate and maintain the plant. The Town has included its share of the joint venture in these financial statements in the proprietary fund type accounts using the equity method of accounting.

St. Mary Parish Wards 5 and 8 Joint Sewerage Commission -

The Town is a member of a joint venture with the Parish of St. Mary, Sewerage District No. 8 of the Parish of St. Mary, and the City of Patterson for operating and maintaining a sewerage disposal system. The system is operated by a five-member board of commissioners, appointed one each by the Town, Sewerage District No. 8 and the City of Patterson, and two appointed by the St. Mary Parish Council (one each from Wards 5 and 8 of the parish). The costs of constructing the system, which amounted to approximately \$10,300,000, were paid by the participants in the following percentages:

Town of Berwick	27.05 %
City of Patterson	27.75
St. Mary Parish	<u>45.20</u>
Total	<u>100.00 %</u>

The board operates and maintains the system as the "St. Mary Parish Wards 5 and 8 Joint Sewerage Commission". Operating expenses are paid from revenues generated by charging the participants a monthly fee based on a percentage of water consumption by residents of participating units. The Town finances its share of the fees paid from a governmental type (Special Revenue) fund and has not included its 27.05% share of the system in these financial statements.

Following is a summary of the financial statements issued by the St. Mary Parish Wards 5 and 8 Joint Sewerage Commission as of September 30, 2014 which includes only the assets and liabilities required in operating and maintaining the system, and does not include the original \$10,300,000 construction cost paid by the participants.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

The balance sheet reflected the following:

Total assets	\$ 1,506,302
Total liabilities	<u>(133,958)</u>
Total net assets	<u>\$ 1,372,344</u>

The statement of revenues and expenses for the fiscal year ended September 30, 2014 reflected the following:

Operating revenues	\$ 867,566
Non-operating revenues	188
Operating expenses	<u>(994,381)</u>
Change in net position	<u>\$ (126,627)</u>

Additional information may be obtained from the separately issued financial statements of Wards 5 and 8 Joint Sewerage Commission for the year ended September 30, 2014.

(19) New Accounting Pronouncements

During the year ended September 30, 2015, the Town implemented the provisions of Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27*. GASB Statement No. 68 established accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through plans covered by Statement No. 67, *Financial Reporting for Pension Plans*. Statement No. 68 requires the restatement of net position for the initial measurement of the Town's proportionate share of net pension liability as follows:

	Government-Wide Financial Statements		Fund Financial Statements	
	Governmental Activities	Business- Type Activities	Gas Fund	Water Fund
Beginning balance, before restatement	\$13,055,654	\$ 2,545,201	\$438,482	\$2,106,719
Implementation of GASB Statement No. 68	<u>(2,384,469)</u>	<u>(336,304)</u>	<u>(134,521)</u>	<u>(201,783)</u>
Beginning balance, as restated	<u>\$10,671,185</u>	<u>\$ 2,208,897</u>	<u>\$303,961</u>	<u>\$1,904,936</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BERWICK, LOUISIANA

Budgetary Comparison Schedule

General Fund

Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Taxes:				
Ad valorem	\$ 425,100	\$ 425,100	\$ 424,226	\$ (874)
Drainage	72,000	72,000	75,516	3,516
Sales	500,000	500,000	457,570	(42,430)
TV cable franchise fees	25,000	25,000	27,500	2,500
Utility franchise fees	245,000	245,000	232,148	(12,852)
Tobacco and beer	3,000	3,000	2,419	(581)
	<u>1,270,100</u>	<u>1,270,100</u>	<u>1,219,379</u>	<u>(50,721)</u>
Licenses and permits:				
Occupational licenses	255,000	255,000	251,044	(3,956)
Permits	15,000	15,000	21,850	6,850
	<u>270,000</u>	<u>270,000</u>	<u>272,894</u>	<u>2,894</u>
Intergovernmental:				
Federal Government	209,353	209,353	142,891	(66,462)
State of Louisiana	161,300	161,300	183,062	21,762
St. Mary Parish Council	42,160	42,160	42,160	-
	<u>412,813</u>	<u>412,813</u>	<u>368,113</u>	<u>(44,700)</u>
Fees, Commissions, and Charges for Services				
Wharf leases	74,000	74,000	60,863	(13,137)
Payments in lieu of taxes	-	-	24,710	24,710
Cemetery plot and mausoleum sales	20,000	20,000	11,725	(8,275)
Mosquito abatement	50,000	50,000	49,435	(565)
Witness fees	2,500	2,500	1,650	(850)
Telephone commissions	250	250	347	97
Prison meals	50,000	50,000	59,738	9,738
Property rentals	20,000	20,000	19,588	(412)
	<u>216,750</u>	<u>216,750</u>	<u>228,056</u>	<u>11,306</u>
Fines and forfeits	<u>51,800</u>	<u>51,800</u>	<u>56,974</u>	<u>5,174</u>
Interest	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Miscellaneous	<u>50,000</u>	<u>50,000</u>	<u>96,801</u>	<u>46,801</u>
Total revenues	<u>2,272,463</u>	<u>2,272,463</u>	<u>2,242,217</u>	<u>(30,246)</u>

(continued)

TOWN OF BERWICK, LOUISIANA

Budgetary Comparison Schedule
General Fund (continued)
Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Expenditures:				
General Government -				
Administrative salaries	\$ 347,742	\$ 349,497	\$ 342,231	\$ 7,266
Payroll taxes	3,962	3,966	8,719	(4,753)
Retirement	64,798	65,131	79,087	(13,956)
Health insurance	51,797	51,797	49,399	2,398
Workers' compensation insurance	2,997	3,002	2,997	5
Office maintenance and operations	70,500	70,500	70,153	347
Dues and subscriptions	2,500	2,500	1,971	529
Publications and notices	11,500	11,500	9,670	1,830
Legal and accounting	131,000	91,000	67,315	23,685
Town hall maintenance and supplies	50,000	50,000	46,633	3,367
Cost of preparing tax rolls	1,500	1,500	3,209	(1,709)
Magistrate fees	6,000	6,000	6,000	-
Liability and property insurance	125,000	125,000	170,505	(45,505)
Autopsy fees	5,000	5,000	6,748	(1,748)
Other charges	<u>82,500</u>	<u>82,500</u>	<u>54,912</u>	<u>27,588</u>
Total general government	<u>956,796</u>	<u>918,893</u>	<u>919,549</u>	<u>(656)</u>
Public Safety -				
Fire:				
Salaries	39,000	39,000	40,109	(1,109)
Payroll taxes	519	519	771	(252)
F/D retirement fund	11,213	11,213	10,920	293
Health insurance	4,809	4,809	5,166	(357)
Workers' compensation insurance	3,012	3,012	2,068	944
Telephone	6,000	6,000	4,005	1,995
Power	6,000	6,000	5,534	466
Equipment maintenance	60,000	60,000	32,627	27,373
Supplies	30,000	5,000	28,760	(23,760)
Other charges	<u>12,700</u>	<u>12,700</u>	<u>7,875</u>	<u>4,825</u>
Total fire	<u>173,253</u>	<u>148,253</u>	<u>137,835</u>	<u>10,418</u>

(continued)

TOWN OF BERWICK, LOUISIANA

Budgetary Comparison Schedule
General Fund (continued)
Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Police:				
Salaries	513,410	513,410	528,391	(14,981)
Payroll taxes	1,347	1,347	9,175	(7,828)
Police retirement fund	151,702	111,702	113,967	(2,265)
Health insurance	106,770	106,770	103,471	3,299
Workers' compensation insurance	22,481	22,481	22,018	463
Automobile expenses	57,500	57,500	42,465	15,035
Supplies	10,000	10,000	13,876	(3,876)
Uniforms	5,000	5,000	1,489	3,511
Radio maintenance	6,000	6,000	610	5,390
Telephone	13,500	13,500	13,096	404
Prisoner expenses	25,000	25,000	21,575	3,425
Other charges	9,500	9,500	10,625	(1,125)
Total police	<u>922,210</u>	<u>882,210</u>	<u>880,758</u>	<u>1,452</u>
Total public safety	<u>1,095,463</u>	<u>1,030,463</u>	<u>1,018,593</u>	<u>11,870</u>
Public works -				
Streets:				
Salaries	115,005	115,005	118,480	(3,475)
Payroll taxes	230	230	2,022	(1,792)
Retirement	21,851	21,851	21,890	(39)
Health insurance	30,698	30,698	30,774	(76)
Workers' compensation insurance	6,820	6,820	6,435	385
Equipment maintenance	72,000	72,000	21,717	50,283
Power	95,000	95,000	90,331	4,669
Materials and repairs	141,500	91,500	74,712	16,788
Other charges	7,500	7,500	5,616	1,884
Total streets	<u>490,604</u>	<u>440,604</u>	<u>371,977</u>	<u>68,627</u>
Drainage:				
Salaries	39,999	39,999	60,336	(20,337)
Payroll taxes	80	80	1,989	(1,909)
Retirement	7,700	7,700	8,176	(476)
Health insurance	10,028	10,028	11,352	(1,324)
Workers' compensation insurance	2,916	2,916	3,326	(410)
Maintenance and repairs	65,500	65,500	65,552	(52)
Power	9,000	9,000	6,008	2,992
Other charges	1,000	1,000	3,020	(2,020)
Total drainage	<u>136,223</u>	<u>136,223</u>	<u>159,759</u>	<u>(23,536)</u>
Cemetery:				
Maintenance	<u>35,000</u>	<u>35,000</u>	<u>31,155</u>	<u>3,845</u>
Total public works	<u>661,827</u>	<u>611,827</u>	<u>562,891</u>	<u>48,936</u>

TOWN OF BERWICK, LOUISIANA

Budgetary Comparison Schedule
General Fund (continued)
Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Culture and Recreation				
Salaries	108,478	108,478	92,048	16,430
Payroll taxes	878	878	2,599	(1,721)
Retirement	19,219	19,219	15,451	3,768
Health insurance	14,428	14,428	12,507	1,921
Workers' compensation insurance	5,478	5,478	3,530	1,948
Maintenance and repairs	126,000	126,000	91,538	34,462
Utilities	28,000	28,000	26,827	1,173
Miscellaneous	<u>14,750</u>	<u>14,750</u>	<u>11,862</u>	<u>2,888</u>
Total culture and recreation	<u>317,231</u>	<u>317,231</u>	<u>256,362</u>	<u>60,869</u>
Supporting Services -				
Mosquito abatement	15,000	15,000	17,316	(2,316)
Rabies control	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Total supporting services	<u>22,000</u>	<u>22,000</u>	<u>24,316</u>	<u>(2,316)</u>
Capital Outlay -				
Police	46,146	46,146	32,796	13,350
Fire	40,000	40,000	-	40,000
Streets	232,925	232,925	245,632	(12,707)
Culture and recreation	<u>127,100</u>	<u>127,100</u>	<u>233,679</u>	<u>(106,579)</u>
Total capital outlay	<u>446,171</u>	<u>446,171</u>	<u>512,107</u>	<u>(65,936)</u>
Total expenditures	<u>3,499,488</u>	<u>3,346,585</u>	<u>3,293,818</u>	<u>52,767</u>
Deficiency of revenues over expenditures	<u>(1,227,025)</u>	<u>(1,074,122)</u>	<u>(1,051,601)</u>	<u>22,521</u>
Other financing sources (uses):				
Transfers in	<u>1,370,000</u>	<u>1,080,000</u>	<u>1,080,000</u>	<u>-</u>
Total other financing sources(uses)	<u>1,370,000</u>	<u>1,080,000</u>	<u>1,080,000</u>	<u>-</u>
Net change in fund balance	142,975	5,878	28,399	22,521
Fund balance, beginning	<u>2,068,597</u>	<u>2,068,597</u>	<u>1,755,865</u>	<u>(312,732)</u>
Fund balance, ending	<u>\$2,211,572</u>	<u>\$2,074,475</u>	<u>\$ 1,784,264</u>	<u>\$ (290,211)</u>

TOWN OF BERWICK, LOUISIANA

Budgetary Comparison Schedule
1% Sales Tax Fund
Year Ended September 30, 2015

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes - sales taxes	\$ 775,000	\$ 735,000	\$ 701,464	\$ (33,536)
Interest earned	<u>200</u>	<u>200</u>	<u>207</u>	<u>7</u>
Total revenues	775,200	735,200	701,671	(33,529)
Other financing uses:				
Operating transfer out	<u>(755,000)</u>	<u>(755,000)</u>	<u>(755,000)</u>	<u>-</u>
Net change in fund balance	20,200	(19,800)	(53,329)	(33,529)
Fund balance, beginning	<u>1,528,940</u>	<u>1,528,940</u>	<u>1,499,162</u>	<u>(29,778)</u>
Fund balance, ending	<u>\$ 1,549,140</u>	<u>\$ 1,509,140</u>	<u>\$ 1,445,833</u>	<u>\$ (63,307)</u>

See Notes to Budgetary Comparison Schedules

TOWN OF BERWICK, LOUISIANA

Budgetary Comparison Schedule
3/4% Sales Tax Liquid and Solid Waste Fund
Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - sales tax	\$ 750,000	\$ 725,000	\$ 660,388	\$ (64,612)
Sewer service charges	425,000	425,000	393,567	(31,433)
Sanitation service charges	462,500	462,500	450,361	(12,139)
Intergovernmental	350,000	150,000	145,390	(4,610)
Interest earned	200	200	103	(97)
Total revenues	<u>1,987,700</u>	<u>1,762,700</u>	<u>1,649,809</u>	<u>(112,891)</u>
Expenditures:				
Sanitation -				
Salaries	257,004	257,004	305,655	(48,651)
Payroll taxes	1,212	1,212	5,389	(4,177)
Municipal retirement	47,098	47,098	54,054	(6,956)
Health insurance	39,304	39,304	48,860	(9,556)
Workers' compensation insurance	12,833	12,833	14,246	(1,413)
Waste disposal fees	439,442	439,442	425,232	14,210
Maintenance	113,000	88,000	115,660	(27,660)
Other charges	22,500	22,500	18,349	4,151
Sewer treatment fees	375,612	300,612	282,060	18,552
Power	25,000	25,000	23,671	1,329
Capital outlay	<u>350,000</u>	<u>230,000</u>	<u>193,853</u>	<u>36,147</u>
Total expenditures	<u>1,683,005</u>	<u>1,463,005</u>	<u>1,487,029</u>	<u>(24,024)</u>
Excess of revenues over expenditures	304,695	299,695	162,780	(136,915)
Other financing sources (uses):				
Operating transfers out	<u>(300,000)</u>	<u>(225,000)</u>	<u>(225,000)</u>	<u>-</u>
Total other financing uses	<u>(300,000)</u>	<u>(225,000)</u>	<u>(225,000)</u>	<u>-</u>
Net change in fund balance	4,695	74,695	(62,220)	(136,915)
Fund balance, beginning	<u>1,085,556</u>	<u>1,085,556</u>	<u>837,959</u>	<u>(247,597)</u>
Fund balance, ending	<u>\$ 1,090,251</u>	<u>\$ 1,160,251</u>	<u>\$ 775,739</u>	<u>\$ (384,512)</u>

See Notes to Budgetary Comparison Schedules

TOWN OF BERWICK, LOUISIANA

Notes to Budgetary Comparison Schedules

(1) Basis of Accounting

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Mayor and the Town Council.

(2) Budgets and Budgetary Accounting

The Town follows these procedures in establishing budgetary data:

1. The Town's chief administrative officer prepares a proposed budget for the general and special revenue funds and submits them to the Mayor and Town Council for the fiscal year no later than forty five days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After holding the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfers 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 Town Council.
6. All budgetary appropriations lapse at the end of each fiscal year.

(3) Excess of Expenditures over Appropriations

For the year ended September 30, 2015, expenditures exceeded appropriations in the $\frac{3}{4}\%$ Tax Liquid and Solid Waste Fund by \$24,024. These excess expenditures were covered by available fund balance in the fund.

TOWN OF BERWICK, LOUISIANA

Schedule of Funding Progress
Postemployment Benefits Other than Pensions
Year Ended September 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
9/30/2010	\$0	\$281,066	\$281,066	0.0%	\$1,460,105	19.25%
9/30/2013	\$0	\$348,318	\$348,318	0.0%	\$1,269,035	27.45%

TOWN OF BERWICK, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
Year Ended September 30, 2015

Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Employees' Retirement System					
2015	0.677640%	2,420,636	1,093,093	221.4%	66.18%
Municipal Police Employees' Retirement System					
2015	0.136493%	1,069,280	353,157	302.8%	70.73%
Firefighters' Retirement System					
2015	0.017434%	94,093	34,738	270.9%	72.45%

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

TOWN OF BERWICK, LOUISIANA

Schedule of Employer Contributions
Year Ended September 30, 2015

Year ended September 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
Municipal Employees' Retirement System 2015	\$ 232,692	\$ 232,692	-	\$1,178,189	19.75%
Municipal Police Employees' Retirement System 2015	\$ 113,967	\$ 113,967	-	\$ 367,932	30.98%
Firefighters' Retirement System 2015	\$ 10,920	\$ 10,920	-	\$ 38,018	28.72%

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

TOWN OF BERWICK

Note to Retirement System Schedules
Year Ended September 30, 2015

(1) Retirement Systems

A. Municipal Employees' Retirement System

Changes of benefit terms – There were no changes of benefit terms for the year ended September 30, 2015

Changes of assumptions – There were no changes of benefit assumptions for the year ended September 30, 2015.

B. Municipal Police Employees' Retirement System

Changes of benefit terms – There were no changes of benefit terms for the year ended September 30, 2015

Changes of assumptions – There were no changes of benefit assumptions for the year ended September 30, 2015.

C. Firefighters' Retirement System

Changes of benefit terms – There were no changes of benefit terms for the year ended September 30, 2015

Changes of assumptions – There were no changes of benefit assumptions for the year ended September 30, 2015.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF BERWICK, LOUISIANA

Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2015

	Special Revenue	Capital Projects	Debt Service
	Public Improvement Maintenance Fund	Street & Road Improvement Construction Fund	Certificates of Indebtedness of 2006 Fund
ASSETS			
Cash	\$ 230,145	\$ 150,372	\$ 171,827
Receivables:			
Taxes	<u>1,898</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 232,043</u>	<u>\$ 150,372</u>	<u>\$ 171,827</u>
FUND BALANCES			
Nonspendable	\$ -	\$ -	\$ -
Restricted	<u>232,043</u>	<u>150,372</u>	<u>171,827</u>
Total fund balances	<u>\$ 232,043</u>	<u>\$ 150,372</u>	<u>\$ 171,827</u>

Permanent Fund	
Berwick Memorial Perpetual Care Fund	Total Nonmajor Governmental Funds
\$ 85,574	\$ 637,918
-	1,898
<u>\$ 85,574</u>	<u>\$ 639,816</u>
\$ 52,152	\$ 52,152
33,422	587,664
<u>\$ 85,574</u>	<u>\$ 639,816</u>

TOWN OF BERWICK, LOUISIANA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended September 30, 2015

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>
	<u>Public Improvement Maintenance Fund</u>	<u>Street & Road Improvement Construction Fund</u>	<u>Certificates of Indebtedness of 2006 Fund</u>
Revenues:			
Taxes	\$ 207,958	\$ -	\$ -
Expenditures:			
Debt Service -			
Principal	-	-	160,000
Interest and fiscal charges	-	-	5,375
Total expenditures	-	-	165,375
Excess (deficiency) of revenues over expenditures	207,958	-	(165,375)
Other financing sources (uses):			
Operating transfers out	(100,000)	-	-
Net change in fund balances	107,958	-	(165,375)
Fund balances, beginning of year	124,085	150,372	337,202
Fund balances, end of year	\$ 232,043	\$ 150,372	\$ 171,827

<u>Permanent Fund</u>	
<u>Berwick Memorial Perpetual Care Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>\$ -</u>	<u>\$ 207,958</u>
-	160,000
<u>-</u>	<u>5,375</u>
<u>-</u>	<u>165,375</u>
<u>-</u>	<u>42,583</u>
<u>-</u>	<u>(100,000)</u>
-	(57,417)
<u>85,574</u>	<u>697,233</u>
<u>\$ 85,574</u>	<u>\$ 639,816</u>

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITORS' 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*

The Honorable Louis Ratcliff, Mayor
and Members of the Town Council
Town of Berwick, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Berwick (hereinafter "Town"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 31, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified a deficiency in internal control that we consider to be a material weakness and which is described in the accompanying schedule of audit results and findings as item 2015-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of audit results and findings as item 2015-002.

Town's Response to Findings

The Town's responses to the findings identified in our audit are included in the accompanying corrective action plan for current audit findings. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the responses.

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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 31, 2016

TOWN OF BERWICK, LOUISIANA

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2015

A. Internal Control -

2014-001 – Segregation of Duties:

CONDITION: Accounting and financial functions are not adequately segregated.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: See schedule of audit results and findings item 2015-001.

B. Compliance -

2014-002 – Budget Variance

CONDITION: Budget variance in excess of 5% was incurred in the ¾% Sales Tax Liquid and Solid Waste Fund.

RECOMMENDATION: We recommend that the Town periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to cause compliance with state statute.

CURRENT STATUS: See schedule of audit results and findings item 2015-002.

C. Management Letter –

2014-ML-1 Uncollected Ad valorem Taxes

CONDITION: The Town did not collect all ad valorem taxes levied for the tax year 2013 and did not attempt to seize and advertise for sale property related to the unpaid taxes.

RECOMMENDATION: We recommend that the Town implement policies and procedures to seize and advertise for sale the property on which the taxes are due.

CURRENT STATUS: This issue has been resolved.

2014-ML-2 Tracking of Sales Tax Usage

CONDITION: Support for the purpose of the use of sales tax proceeds could not be provided.

RECOMMENDATION: We recommend that the Town implement policies and procedures to ensure that support is maintained for the usage of sales tax proceeds.

CURRENT STATUS: This issue has been resolved.

D. OMB A-133 – This section was not applicable.

TOWN OF BERWICK, LOUISIANA

Schedule of Audit Results and Findings
Year Ended September 30, 2015

Part I. Summary of Audit Results

Unmodified opinions have been issued on the financial statements of the Town's governmental activities, business-type activities, each major fund (General Fund, 1% Sales Tax Fund, ¾% Sales Tax Liquid and Solid Waste Fund, Gas Enterprise Fund, and Water Enterprise Fund), and the aggregate remaining fund information.

A deficiency in internal control over financial reporting was disclosed by the audit of the financial statements and is considered to be a material weakness.

An instance of noncompliance required to be reported under *Government Auditing Standards* is reported in Part II of this schedule.

A management letter was issued.

Part II. Findings reported in accordance with *Government Auditing Standards*

A. Internal Control Findings-

2015-001 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Town's internal control over financial reporting includes those policies and procedures that pertain to the Town's ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The cause of the condition is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

TOWN OF BERWICK, LOUISIANA

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2015

B. Compliance Findings-

2015-002 – Budget Variance

CONDITION: Budget variance in excess of 5% was incurred in the ¾% Sales Tax Liquid and Solid Waste Fund.

CRITERIA: LSA-RS 39:1311 et seq, Budgetary Authority and Control, provides for the following:

“A. The adopted budget and any duly authorized adopted amendments shall form the framework from which the chief executive or administrative officers and members of the governing authority of the political subdivision shall monitor revenues and control expenditures. The chief executive or administrative officer for a political subdivision subject to public participation shall advise the governing authority or independently elected official in writing when:

(1) Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.

(2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.

(3) Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures.

CAUSE: The condition results from a failure to properly monitor the revenues and expenditures of the ¾% Sales Tax Liquid and Solid Waste Fund.

EFFECT: The Town may not prevent and/or detect compliance violations due to over expenditure of the appropriated budget, and/or errors or irregularities on a timely basis.

RECOMMENDATION: We recommend that the Town periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to cause compliance with state statute.

Part III. Findings and questioned costs for federal awards reported in accordance with Office of Management and Budget Circular A-133:

The requirements of OMB Circular A-133 are not applicable.

TOWN OF BERWICK, LOUISIANA

Corrective Action Plan for Current Audit Findings
Year Ended September 30, 2015

2015-001 - Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated

MANAGEMENT'S RESPONSE: Not considered necessary

2015-002 - Budget Variance

CONDITION: Budget variance in excess of 5% was incurred in the $\frac{3}{4}$ % Sales Tax Liquid and Solid Waste Fund.

MANAGEMENT'S RESPONSE: The Town will more closely monitor budget to actual comparisons and adopt the necessary amendments to insure compliance with state statute.

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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MANAGEMENT LETTER

The Honorable Louis Ratcliff, Mayor
Town of Berwick
Berwick, Louisiana 70342

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Berwick (hereinafter "Town") as of and for the year ended September 30, 2015 and have issued our report thereon dated March 31, 2016.

In planning and performing our audit of the financial statements of the Town, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control or on its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control or on compliance.

During our audit we noted a matter involving internal control or compliance that is summarized below for your consideration. This comment and the related recommendation is intended to improve the Town's internal control and its compliance with laws, regulations, contracts, and grant agreements and other matters. Our comment is not intended to reflect upon the ability or integrity of the Town's personnel.

2015-ML-1 Accounts Payable Bank Reconciliations

The Town overdrew its Accounts Payable Fiduciary Fund bank account for general ledger purposes by \$10,583 in April, 2015. Personnel performing bank reconciliation procedures did not communicate the negative cash balance to immediate supervisors. Those bank reconciliations were also not reviewed by supervisory personnel and the negative cash position went undetected by Town personnel until audit procedures were performed.

The Town should direct personnel performing reconciliation procedures to report negative cash positions and/or unusual, suspicious or unexplained activity immediately to supervisory personnel. The Town should also implement policies and/or procedures to assure bank reconciliations are reviewed by supervisory personnel on a timely basis.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not identify all weaknesses in policies and procedures or incidents of noncompliance that may exist. We aim, however, to use our knowledge of the Town's operations gained during our work to make comments and suggestions that we hope will be useful to you.

Town of Berwick
Management Letter

This report is intended solely for the information and use of the Town's management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

We would like to express our appreciation to you and your staff for the courtesies and assistance rendered to us in the performance of our audit. Should you have any questions or need additional assistance, please feel free to contact us.

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC
Certified Public Accountants

TOWN OF BERWICK

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Berwick, LA 70342

www.townofberwick.org

March 31, 2016

Kolder, Champagne, Slaven & Company CPAs
1234 David Drive, Suite 203
Morgan City, LA 70380

In connection with your audit of the financial statements of the Town of Berwick as of and for the year ended September 30, 2015 we provide the following responses to reported management letter items:

Accounts Payable Bank Reconciliations

CONDITION: The Town overdrew its Accounts Payable Fiduciary Fund bank account for general ledger purposes by \$10,583 in April, 2015. Personnel performing bank reconciliation procedures did not communicate the negative cash balance to immediate supervisors. Those bank reconciliations were also not reviewed by supervisory personnel and the negative cash position went undetected by Town personnel until audit procedures were performed.

MANAGEMENT'S RESPONSE: The Town will direct personnel performing reconciliation procedures to report negative cash positions and/or unusual, suspicious or unexplained activity immediately to supervisory personnel. The Town will also implement policies and procedures to assure bank reconciliations are reviewed by supervisory personnel on a timely basis.

We trust the foregoing adequately addresses the reported issues.

Sincerely,

