

TOWN OF BERWICK, LOUISIANA

Financial Report

Year Ended September 30, 2020

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INDEPENDENT AUDITOR'S REPORT

The Honorable Duval Arthur, Jr., 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, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that certain information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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 schedules on pages 62-67, schedule of employer's share of net pension liability on page 68, schedule of employer contributions on page 69, schedule of changes in total OPEB liability and related ratios on page 70, or notes to required supplementary information on pages 71-73 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of the Town's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedule to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards on pages 77-78 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 governmental fund financial statements on pages 75-76 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, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 31, 2021

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF BERWICK, LOUISIANA

Statement of Net Position
September 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 4,529,863	\$ 476,882	\$ 5,006,745
Receivables, net	461,913	121,380	583,293
Due from other governments	351,094	-	351,094
Prepaid expense	100,474	3,627	104,101
Investment in Berwick-Bayou Vista Joint Waterworks Plant	-	586,321	586,321
Capital assets:			
Land and construction in progress	2,742,588	15,000	2,757,588
Other, net of accumulated depreciation	<u>9,054,043</u>	<u>1,001,677</u>	<u>10,055,720</u>
Total assets	<u>17,239,975</u>	<u>2,204,887</u>	<u>19,444,862</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to net pension liability	<u>801,565</u>	<u>102,133</u>	<u>903,698</u>
LIABILITIES			
Accounts and other payables	522,605	50,167	572,772
Unearned revenues	57,555	-	57,555
Noncurrent liabilities:			
Due within one year:			
Compensated absences	24,233	5,081	29,314
Due in more than one year:			
Compensated absences	51,496	9,361	60,857
Net OPEB obligation	496,242	-	496,242
Net pension liability	<u>3,695,283</u>	<u>613,435</u>	<u>4,308,718</u>
Total liabilities	<u>4,847,414</u>	<u>678,044</u>	<u>5,525,458</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to net pension liability	<u>192,119</u>	<u>4,569</u>	<u>196,688</u>
NET POSITION			
Net investment in capital assets	11,796,631	1,602,998	13,399,629
Restricted	2,834,542	-	2,834,542
Unrestricted (deficit)	<u>(1,629,166)</u>	<u>21,409</u>	<u>(1,607,757)</u>
Total net position	<u>\$ 13,002,007</u>	<u>\$ 1,624,407</u>	<u>\$ 14,626,414</u>

The accompanying notes are an integral part of this statement.

TOWN OF BERWICK, LOUISIANA

Statement of Activities
Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Fees, Commissions, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 1,110,435	\$ 302,309	\$ 23,566	\$ -
Public safety:				
Fire	149,451	-	57,225	-
Police	1,350,350	100,809	644,674	-
Public works:				
Streets	591,053	-	2,471	1,064,147
Drainage	117,501	-	50,971	626,225
Cemetery	33,612	24,775	-	-
Culture and recreation	442,657	10,460	8,532	-
Sanitation	1,220,657	899,221	7,064	-
Supporting services	2,981	48,725	-	-
Total governmental activities	<u>5,018,697</u>	<u>1,386,299</u>	<u>794,503</u>	<u>1,690,372</u>
Business-type activities:				
Gas	296,409	341,085	-	-
Water	854,942	846,742	-	-
Total business-type activities	<u>1,151,351</u>	<u>1,187,827</u>	<u>-</u>	<u>-</u>
Total government	<u>\$ 6,170,048</u>	<u>\$ 2,574,126</u>	<u>\$ 794,503</u>	<u>\$ 1,690,372</u>
General Revenues:				
Taxes:				
Ad valorem taxes				
Drainage				
Franchise				
Sales				
Other				
Intergovernmental				
Interest and investment earnings				
Gain on disposition of capital assets				
Miscellaneous				
Total general revenues and transfers				
Change in net position				
Net Position-- beginning				
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
\$ (784,560)	\$ -	\$ (784,560)
(92,226)	-	(92,226)
(604,867)	-	(604,867)
475,565	-	475,565
559,695	-	559,695
(8,837)	-	(8,837)
(423,665)	-	(423,665)
(314,372)	-	(314,372)
45,744	-	45,744
<u>(1,147,523)</u>	<u>-</u>	<u>(1,147,523)</u>
-	44,676	44,676
<u>-</u>	<u>(8,200)</u>	<u>(8,200)</u>
<u>-</u>	<u>36,476</u>	<u>36,476</u>
<u>(1,147,523)</u>	<u>36,476</u>	<u>(1,111,047)</u>
677,139	-	677,139
76,810	-	76,810
183,198	-	183,198
1,738,395	-	1,738,395
2,045	-	2,045
143,870	-	143,870
25,435	-	25,435
2,326	-	2,326
113,902	-	113,902
<u>2,963,120</u>	<u>-</u>	<u>2,963,120</u>
1,815,597	36,476	1,852,073
<u>11,186,410</u>	<u>1,587,931</u>	<u>12,774,341</u>
<u>\$ 13,002,007</u>	<u>\$ 1,624,407</u>	<u>\$ 14,626,414</u>

FUND FINANCIAL STATEMENTS

TOWN OF BERWICK, LOUISIANA

Balance Sheet
Governmental Funds
September 30, 2020

ASSETS	General	1% Sales Tax	3/4% Sales Tax Liquid and Solid Waste
Cash	\$ 1,600,055	\$ 1,030,314	\$ 1,032,752
Receivables:			
Taxes	111,474	105,816	97,454
Accounts	25,658	-	120,315
Due from other funds	401,307	-	-
Due from other governments	320,525	-	-
Prepaid expenditures	<u>96,925</u>	<u>-</u>	<u>3,549</u>
Total assets	<u>\$ 2,555,944</u>	<u>\$ 1,136,130</u>	<u>\$ 1,254,070</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 381,574	\$ -	\$ 85,072
Due to other funds	-	-	-
Accrued liabilities	22,402	-	2,988
Unearned revenues	<u>57,555</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>461,531</u>	<u>-</u>	<u>88,060</u>
Deferred inflows of resources:			
Unavailable revenues	<u>32,572</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable	96,925	-	-
Restricted	65,882	1,136,130	1,166,010
Assigned	770,218	-	-
Unassigned (deficit)	<u>1,128,816</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>2,061,841</u>	<u>1,136,130</u>	<u>1,166,010</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,555,944</u>	<u>\$ 1,136,130</u>	<u>\$ 1,254,070</u>

Street & Road Improvement Construction	LCDBG	Other Governmental	Total Governmental Funds
\$ 410,742	\$ 111	\$ 455,889	\$ 4,529,863
-	-	1,196	315,940
-	-	-	145,973
-	-	-	401,307
-	30,569	-	351,094
<u>-</u>	<u>-</u>	<u>-</u>	<u>100,474</u>
<u>\$ 410,742</u>	<u>\$ 30,680</u>	<u>\$ 457,085</u>	<u>\$ 5,844,651</u>
\$ -	\$ 30,569	\$ -	\$ 497,215
401,307	-	-	401,307
-	-	-	25,390
<u>-</u>	<u>-</u>	<u>-</u>	<u>57,555</u>
<u>401,307</u>	<u>30,569</u>	<u>-</u>	<u>981,467</u>
<u>-</u>	<u>30,569</u>	<u>-</u>	<u>63,141</u>
-	-	52,235	149,160
9,435	-	404,850	2,782,307
-	-	-	770,218
<u>-</u>	<u>(30,458)</u>	<u>-</u>	<u>1,098,358</u>
<u>9,435</u>	<u>(30,458)</u>	<u>457,085</u>	<u>4,800,043</u>
<u>\$ 410,742</u>	<u>\$ 30,680</u>	<u>\$ 457,085</u>	<u>\$ 5,844,651</u>

(continued)

TOWN OF BERWICK, LOUISIANA

Balance Sheet (continued)
 Governmental Funds
 September 30, 2020

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

Total fund balances for governmental funds at September 30, 2020		\$ 4,800,043
Cost of capital assets:		
Land	1,077,103	
Construction in progress	1,665,485	
Capital assets, net of accumulated depreciation	<u>9,054,043</u>	11,796,631
Deferred outflows of resources related to net pension liability		801,565
Certain other assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.		63,141
Long-term liabilities:		
Compensated Absences		(75,729)
Net OPEB obligation		(496,242)
Net pension liability		(3,695,283)
Deferred inflows of resources related to net pension liability		<u>(192,119)</u>
Net position at September 30, 2020		<u>\$ 13,002,007</u>

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, 2020

	General	1% Sales Tax	3/4% Sales Tax Liquid and Solid Waste
Revenues:			
Taxes	\$ 1,158,145	\$ 666,838	\$ 628,258
Licenses and permits	253,917	-	-
Intergovernmental	895,269	-	-
Fees, commissions, and charges for services	160,514	-	899,221
Fines and forfeits	66,347	-	-
Interest income	7,723	5,948	5,727
Miscellaneous	44,811	-	-
Total revenues	<u>2,586,726</u>	<u>672,786</u>	<u>1,533,206</u>
Expenditures:			
Current -			
General government:			
Administrative	1,043,041	-	-
Public safety:			
Fire	100,856	-	-
Police	1,182,288	-	-
Public works:			
Streets	433,765	-	-
Drainage	109,607	-	-
Cemetery	33,612	-	-
Culture and recreation	306,484	-	-
Sanitation	-	-	1,091,117
Supporting services	2,981	-	-
Capital outlay	<u>762,681</u>	<u>-</u>	<u>11,728</u>
Total expenditures	<u>3,975,315</u>	<u>-</u>	<u>1,102,845</u>
Excess (deficiency) of revenues over expenditures	<u>(1,388,589)</u>	<u>672,786</u>	<u>430,361</u>
Other financing sources (uses):			
Insurance Proceeds	80,995	-	-
Transfers in	1,927,187	-	-
Transfers out	<u>(2,478)</u>	<u>(825,000)</u>	<u>(350,000)</u>
Total other financing sources (uses)	<u>2,005,704</u>	<u>(825,000)</u>	<u>(350,000)</u>
Net change in fund balances	617,115	(152,214)	80,361
Fund balances, beginning	<u>1,444,726</u>	<u>1,288,344</u>	<u>1,085,649</u>
Fund balances (deficit), ending	<u>\$ 2,061,841</u>	<u>\$ 1,136,130</u>	<u>\$ 1,166,010</u>

Street & Road Improvement Construction	LCDBG	Other Governmental	Total Governmental Funds
\$ -	\$ -	\$ 224,346	\$ 2,677,587
-	-	-	253,917
450,000	558,099	-	1,903,368
-	-	-	1,059,735
-	-	-	66,347
2,187	96	3,754	25,435
-	-	-	44,811
<u>452,187</u>	<u>558,195</u>	<u>228,100</u>	<u>6,031,200</u>
-	-	-	1,043,041
-	-	-	100,856
-	-	-	1,182,288
-	-	-	433,765
-	-	-	109,607
-	-	-	33,612
-	-	-	306,484
-	-	-	1,091,117
-	-	-	2,981
-	<u>588,668</u>	-	<u>1,363,077</u>
-	<u>588,668</u>	-	<u>5,666,828</u>
<u>452,187</u>	<u>(30,473)</u>	<u>228,100</u>	<u>364,372</u>
-	-	-	80,995
-	-	2,478	1,929,665
<u>(452,187)</u>	-	<u>(300,000)</u>	<u>(1,929,665)</u>
<u>(452,187)</u>	-	<u>(297,522)</u>	<u>80,995</u>
-	(30,473)	(69,422)	445,367
<u>9,435</u>	<u>15</u>	<u>526,507</u>	<u>4,354,676</u>
<u>\$ 9,435</u>	<u>\$ (30,458)</u>	<u>\$ 457,085</u>	<u>\$ 4,800,043</u>

(continued)

TOWN OF BERWICK, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
 Governmental Funds
 Year Ended September 30, 2020

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

Total net change in fund balances for the year ended September 30, 2020 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 445,367
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	30,569
Cost of capital assets	1,363,077
Depreciation expense	(482,126)
Contributions of capital assets are not reported in governmental funds, since such contributions do not result in transfers of financial resources.	626,225
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(2,151)
Net change in OPEB obligation	(82,176)
Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability.	
Increase in pension expense	(157,733)
Nonemployer pension contribution revenue	<u>74,545</u>
Total change in net position for the year ended September 30, 2020 per Statement of Activities	<u>\$ 1,815,597</u>

The accompanying notes are an integral part of this statement.

TOWN OF BERWICK, LOUISIANA

Statement of Net Position
 Proprietary Funds
 September 30, 2020

	<u>Gas</u>	<u>Water</u>	<u>Total Enterprise Funds</u>
ASSETS			
Current assets:			
Cash	\$ 144,026	\$ 332,856	\$ 476,882
Receivables, net	28,074	93,306	121,380
Prepaid expenses	2,073	1,554	3,627
Total current assets	<u>174,173</u>	<u>427,716</u>	<u>601,889</u>
Investment in Berwick-Bayou Vista Joint Waterworks Plant	<u>-</u>	<u>586,321</u>	<u>586,321</u>
Capital assets:			
Land	-	15,000	15,000
Other, net of accumulated depreciation	<u>227,218</u>	<u>774,459</u>	<u>1,001,677</u>
Total capital assets	<u>227,218</u>	<u>789,459</u>	<u>1,016,677</u>
Total assets	<u>401,391</u>	<u>1,803,496</u>	<u>2,204,887</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to net pension liability	<u>51,067</u>	<u>51,066</u>	<u>102,133</u>
LIABILITIES			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 7,279	\$ 39,291	\$ 46,570
Accrued liabilities	1,734	1,863	3,597
Compensated absences	<u>2,547</u>	<u>2,534</u>	<u>5,081</u>
Total current liabilities	<u>11,560</u>	<u>43,688</u>	<u>55,248</u>
Noncurrent liabilities:			
Compensated absences	5,172	4,189	9,361
Net pension liability	<u>306,718</u>	<u>306,717</u>	<u>613,435</u>
Total noncurrent liabilities	<u>311,890</u>	<u>310,906</u>	<u>622,796</u>
Total liabilities	<u>323,450</u>	<u>354,594</u>	<u>678,044</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to net pension liability	<u>2,284</u>	<u>2,285</u>	<u>4,569</u>
NET POSITION			
Net investment in capital assets	227,218	1,375,780	1,602,998
Unrestricted (deficit)	<u>(100,494)</u>	<u>121,903</u>	<u>21,409</u>
Total net position	<u>\$ 126,724</u>	<u>\$ 1,497,683</u>	<u>\$ 1,624,407</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, 2020

	<u>Gas</u>	<u>Water</u>	<u>Total Enterprise Funds</u>
Operating revenues:			
Charges for services	\$ 325,292	\$ 831,816	\$ 1,157,108
Delinquent charges	9,827	10,113	19,940
Miscellaneous	<u>5,966</u>	<u>4,813</u>	<u>10,779</u>
Total operating revenues	<u>341,085</u>	<u>846,742</u>	<u>1,187,827</u>
Operating expenses:			
Gas and water purchases	58,649	356,352	415,001
Salaries	109,487	161,159	270,646
Retirement	26,378	50,842	77,220
Group insurance	21,454	17,877	39,331
Other insurance	3,822	11,013	14,835
Maintenance and operations	51,611	101,995	153,606
Depreciation	13,614	75,967	89,581
Administration expenses	11,394	15,788	27,182
Miscellaneous	<u>-</u>	<u>183</u>	<u>183</u>
Total operating expense	<u>296,409</u>	<u>791,176</u>	<u>1,087,585</u>
Operating income	<u>44,676</u>	<u>55,566</u>	<u>100,242</u>
Nonoperating expenses:			
Decrease in equity of Berwick-Bayou Vista Joint Waterworks Plant	<u>-</u>	<u>(63,766)</u>	<u>(63,766)</u>
Change in net position	44,676	(8,200)	36,476
Net position, beginning	<u>82,048</u>	<u>1,505,883</u>	<u>1,587,931</u>
Net position, ending	<u>\$ 126,724</u>	<u>\$ 1,497,683</u>	<u>\$ 1,624,407</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, 2020

	<u>Gas</u>	<u>Water</u>	<u>Total Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 334,860	\$ 838,704	\$ 1,173,564
Payments to suppliers for goods and services	(143,072)	(494,022)	(637,094)
Payments to employees	<u>(163,516)</u>	<u>(221,887)</u>	<u>(385,403)</u>
Net cash provided by operating activities	28,272	122,795	151,067
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	<u>-</u>	<u>(39,952)</u>	<u>(39,952)</u>
Net increase in cash and cash equivalents	28,272	82,843	111,115
Cash and cash equivalents, beginning	<u>115,754</u>	<u>250,013</u>	<u>365,767</u>
Cash and cash equivalents, ending	<u>\$ 144,026</u>	<u>\$ 332,856</u>	<u>\$ 476,882</u>

(continued)

TOWN OF BERWICK, LOUISIANA

Statement of Cash Flows (continued)
 Proprietary Funds
 Year Ended September 30, 2020

	Gas	Water	Total Enterprise Fund
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 44,676	\$ 55,566	\$ 100,242
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	13,614	75,967	89,581
Pension expense, net of nonemployer contributions	(7,221)	3,178	(4,043)
Changes in assets and liabilities:			
Accounts receivable	(1,412)	(3,225)	(4,637)
Prepaid expenses	(706)	(643)	(1,349)
Accounts payable	(20,712)	(8,048)	(28,760)
Accrued liabilities	33	-	33
Total adjustments	<u>(16,404)</u>	<u>67,229</u>	<u>50,825</u>
Net cash provided by operating activities	<u>\$ 28,272</u>	<u>\$ 122,795</u>	<u>\$ 151,067</u>
Non-cash investing activities			
Change in equity of Berwick-Bayou Vista Joint Waterworks Plant	<u>\$ -</u>	<u>\$ (63,766)</u>	<u>\$ (63,766)</u>

The accompanying notes are an integral part of this statement.

TOWN OF BERWICK, LOUISIANA

Statement of Fiduciary Net Position
 Fiduciary Funds
 September 30, 2020

	<u>Agency Funds</u>		<u>Total</u>
	<u>Payroll</u>	<u>Gas and Water Meter</u>	<u>Agency Funds</u>
ASSETS			
Current assets:			
Cash	\$ 37,940	\$ -	\$ 37,940
Accounts receivable	<u>17,107</u>	<u>-</u>	<u>17,107</u>
Total current assets	<u>55,047</u>	<u>-</u>	<u>55,047</u>
Restricted assets:			
Customers' deposits -			
Cash	-	109,829	109,829
Accounts receivable	<u>-</u>	<u>4,765</u>	<u>4,765</u>
Total restricted assets	<u>-</u>	<u>114,594</u>	<u>114,594</u>
Total assets	<u>\$ 55,047</u>	<u>\$ 114,594</u>	<u>\$ 169,641</u>
LIABILITIES			
Current liabilities:			
Payable from current assets-			
Accrued liabilities	<u>\$ 55,047</u>	<u>\$ -</u>	<u>\$ 55,047</u>
Payable from restricted assets-			
Customers' deposits	<u>-</u>	<u>114,594</u>	<u>114,594</u>
Total liabilities	<u>\$ 55,047</u>	<u>\$ 114,594</u>	<u>\$ 169,641</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 enterprise funds which provide 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 five-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 Berwick Volunteer Fire Department, the Housing Authority of the Town of Berwick and the Berwick Historical Society.

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 or capital 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 and is used to account for all financial resources except those required to be accounted for in another 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.

Capital Project Funds:

Street & Road Improvement Construction Fund— accounts for financial resources to be used for street and road improvements.

LCDBG Fund— accounts for expenditures related to projects financed by the Louisiana Department of Administration, Office of Community Development-Local Government Assistance.

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,

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

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.

Additionally, the Town reports the following fiduciary fund types:

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. Agency funds are used to account for assets held by the Town as an agent for individuals and other 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.

Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, charges for services and interest on investments. 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.

For the purpose of the proprietary fund statement of cash flows, “cash and cash equivalents”

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

include all demand and savings accounts.

E. 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.

F. 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.

G. Receivables

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

H. Prepaid Items

Prepays record payments to vendors that benefit future reporting periods and are also reported on the consumption basis.

I. 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 funds. 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
Autos and trucks	5 years

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

J. Restricted Assets

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

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.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

- 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.
- 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 the council has provided otherwise in its commitment or assignment actions.

N. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses –

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

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 up to two years of unused vacation time. Unused vacation leave, at the termination of employment either by retirement or separation, shall be paid in accordance with the Town's policy.

Compensated absences are measured at the present value and have historically been liquidated by the fund in which the liability was incurred. During the year ended September 30, 2020, there were no significant changes in compensated absences balances.

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, 2020, 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, 2020, the Town has cash and interest-bearing deposits (book balances) totaling \$5,154,514 as follows:

	Governmental Activites	Business-type Activities	Agency Funds	Total
Demand deposits	\$ 4,529,713	\$ 476,882	\$ 147,769	\$ 5,154,364
Petty cash	<u>150</u>	<u>-</u>	<u>-</u>	<u>150</u>
Total	<u>\$ 4,529,863</u>	<u>\$ 476,882</u>	<u>\$ 147,769</u>	<u>\$ 5,154,514</u>

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

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, 2020 are as follows:

Bank balances	<u>\$ 5,237,404</u>
Federal deposit insurance	\$ 250,000
Pledged securities	<u>4,987,404</u>
Total	<u>\$ 5,237,404</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 has not formally adopted policies that limit allowable deposits or investments and address the specific type of risk to which the Town is exposed, nor a policy monitor or attempt to reduce exposure to custodial credit risk. At September 30, 2020, deposits in the amount of \$4,987,404 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) 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 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, 2020, taxes of 18.12 mills were levied on property with assessed valuations totaling \$37,507,348 and were dedicated as follows:

General governmental services	12.12 mills
Maintenance	6.00 mills

For the year ended September 30, 2020, drainage taxes were also assessed and dedicated as follows:

General governmental services	\$25 per acre
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Total taxes levied for the year ended September 30, 2020 were \$756,388.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

(4) Receivables

Net receivables at September 30, 2020 of \$605,165 consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Agency Fund</u>	<u>Total</u>
Accounts	\$ 154,023	\$ 127,690	\$ 21,872	\$ 303,585
Taxes	<u>343,989</u>	<u>-</u>	<u>-</u>	<u>343,989</u>
	498,012	127,690	21,872	647,574
Less: allowance for uncollectible	<u>(36,099)</u>	<u>(6,310)</u>	<u>-</u>	<u>(42,409)</u>
Net receivables	<u>\$ 461,913</u>	<u>\$ 121,380</u>	<u>\$ 21,872</u>	<u>\$ 605,165</u>

(5) Due from other Governments

Amounts due from other governments at September 30, 2020 consisted of the following:

Governmental Activities:

State of Louisiana - Coronavirus Relief Fund	\$ 257,654
State of Louisiana - Community Development Block Grant Program	30,569
State of Louisiana - Video Poker	19,940
St. Mary Parish Government - Public Safety Grants	32,572
St. Mary Parish Sheriff - Prisoner Maintenance	2,674
St. Mary Parish Water and Sewer Commission No. 2	<u>7,685</u>
Total Governmental Activities	<u>\$ 351,094</u>

(6) Interfund Receivables/Payables

Interfund receivables/payables at September 30, 2020 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major governmental:		
General Fund	401,307	-
Capital Projects Fund		
Street and Road Improvement	<u>-</u>	<u>401,307</u>
Total interfund receivables/payables	<u>\$ 401,307</u>	<u>\$ 401,307</u>

These receivables and payables reverse in the normal course of operations. All remaining balances resulted from time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payment between the funds are made.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

(7) Changes in Capital Assets

Capital asset activity for the year ended September 30, 2020, was as follows:

	Balance 10/1/19	Additions	Deletions	Balance 09/30/20
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,077,103	\$ -	\$ -	\$ 1,077,103
Construction in progress	827,424	1,526,654	(688,593)	1,665,485
Total capital assets not being depreciated	<u>1,904,527</u>	<u>1,526,654</u>	<u>(688,593)</u>	<u>2,742,588</u>
Capital assets being depreciated:				
Buildings	3,856,270	-	-	3,856,270
Improvements	8,420,275	1,082,535	-	9,502,810
Equipment	2,267,883	34,003	-	2,301,886
Infrastructure	33,250	-	-	33,250
Autos and trucks	1,215,315	34,804	(75,191)	1,174,928
Total capital assets being depreciated	<u>15,788,268</u>	<u>1,151,342</u>	<u>(75,191)</u>	<u>16,869,144</u>
Less accumulated depreciation for:				
Buildings	(2,862,493)	(94,294)	-	(2,956,787)
Improvements	(1,768,334)	(278,422)	-	(2,046,756)
Equipment	(1,773,431)	(60,990)	-	(1,834,421)
Infrastructure	(5,984)	(748)	-	(6,732)
Autos and trucks	(988,684)	(47,672)	65,951	(970,405)
Total accumulated depreciation	<u>(7,398,768)</u>	<u>(482,126)</u>	<u>65,951</u>	<u>(7,815,101)</u>
Total capital assets, being depreciated, net	<u>8,389,500</u>	<u>669,216</u>	<u>(9,240)</u>	<u>9,054,043</u>
Governmental activities capital assets, net	<u>\$ 10,294,027</u>	<u>\$ 2,195,870</u>	<u>\$ (697,833)</u>	<u>\$ 11,796,631</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Capital assets being depreciated:				
Gas utility system	962,176	-	-	962,176
Water utility system	3,278,394	39,952	-	3,318,346
Total capital assets being depreciated	<u>4,240,570</u>	<u>39,952</u>	<u>-</u>	<u>4,280,522</u>
Less accumulated depreciation for:				
Gas utility system	(721,344)	(13,614)	-	(734,958)
Water utility system	(2,467,920)	(75,967)	-	(2,543,887)
Total accumulated depreciation	<u>(3,189,264)</u>	<u>(89,581)</u>	<u>-</u>	<u>(3,278,845)</u>
Total capital assets, being depreciated, net	<u>1,051,306</u>	<u>(49,629)</u>	<u>-</u>	<u>1,001,677</u>
Business-type activities capital assets, net	<u>\$ 1,066,306</u>	<u>\$ (49,629)</u>	<u>\$ -</u>	<u>\$ 1,016,677</u>

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Depreciation expense was charged as direct expense to functions as follows:

Governmental activities:	
General government and administration	\$ 28,618
Public safety:	
Police	34,902
Fire	40,772
Public works:	
Streets	146,994
Drainage	2,867
Culture and recreation	123,458
Sanitation	<u>104,515</u>
Total depreciation expense, governmental activities	<u>\$ 482,126</u>
Business-type activities:	
Gas	\$ 13,614
Water	<u>75,967</u>
Total depreciation expense, business-type activities	<u>\$ 89,581</u>

At September 30, 2020, the Town has outstanding construction commitments totaling \$430,578.

In February of 2021, the Town executed a contract in the amount of \$323,000 for construction of new roof.

(8) Restricted Net position

At September 30, 2020, the government-wide statement of net position reports the following restricted net position:

	<u>Governmental</u>
	<u>Activities</u>
Restricted by enabling legislation	\$ 2,731,274
Net position otherwise restricted for:	
Perpetual care:	
Expendable	41,598
Nonexpendable	52,235
Street & road improvements	<u>9,435</u>
Total restricted net position	<u>\$ 2,834,542</u>

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

(9) Net Position/Fund Balance

Net position is presented as net investments in capital assets, restricted, and unrestricted on the Town's government-wide and proprietary funds statement of net position. A component of the Town's net position is significantly affected by transactions that resulted in the recognition of deferred outflow of resources and deferred inflow of resources, and the difference between the deferred outflow of resources and deferred inflow of resources and the balance of the related asset or liability is significant. As discussed in Note 13, the Town's recognition of net pension liability in accordance with GASBS No. 68 significantly affected the Town's unrestricted portion of net position as of September 30, 2020.

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	Street & Road Improvement Construction	LCDBG	Other Governmental Funds	Total Governmental Funds
Fund balances:							
Nonspendable -							
Permanent fund principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,235	\$ 52,235
Prepaid items	96,925	-	-	-	-	-	96,925
Total fund balances - nonspendable	96,925	-	-	-	-	52,235	149,160
Restricted for -							
Ad valorem tax restrictions	-	-	-	-	-	363,252	363,252
Street & road improvement	-	-	-	9,435	-	-	9,435
Perpetual care	-	-	-	-	-	41,598	41,598
Sales and use tax restrictions	65,882	1,136,130	1,166,010	-	-	-	2,368,022
Total fund balances - restricted	65,882	1,136,130	1,166,010	9,435	-	404,850	2,782,307
Assigned to -							
Fire improvements	171,672	-	-	-	-	-	171,672
Law enforcement	11,724	-	-	-	-	-	11,724
Civic Center	586,822	-	-	-	-	-	586,822
Total fund balances - assigned	770,218	-	-	-	-	-	770,218
Unassigned	1,128,816	-	-	-	(30,458)	-	1,098,358
Total fund balances (deficit)	\$ 2,061,841	\$ 1,136,130	\$ 1,166,010	\$ 9,435	\$ (30,458)	\$ 457,085	\$ 4,800,043

The deficit in unassigned fund balance recognized in the LCDBG fund is due to timing of expenditures and related reimbursement.

(10) Contingencies

Threatened/Pending Litigation

There are no known lawsuits presently threatened or pending against the Town of Berwick as of September 30, 2020.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

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, 2020. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

(11) Interfund Transfers

Transferring Fund	Receiving Fund		
	General	Other Governmental	Total
General	\$ -	\$ 2,478	2,478
1% Sales Tax	825,000	-	825,000
3/4% Sales Tax Liquid and Solid Waste	350,000	-	350,000
Street & Road Improvement Construction	452,187	-	452,187
Nonmajor Governmental	300,000	-	300,000
Total	<u>\$1,927,187</u>	<u>\$ 2,478</u>	<u>\$1,929,665</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 and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(12) 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 (2020 collections \$666,838). 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.

Proceeds of a 3/4 of 1% sales and use tax levied in 1974 (2020 collections \$628,258). 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

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

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 (2020 collections \$233,929). 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 ½ of 1% sales and use tax levied in 2001 (2020 collections \$209,370). 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.

(13) Employee Retirement

Eligible employees of the Town participate in one of three cost-sharing, multiple-employer defined benefit 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), a cost-sharing multiple-employer defined benefit pension plan, 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. Those individuals paid jointly by a participating employer and a parish are not eligible for membership in MERS with exceptions as outlined in the statutes.

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

Retirement Benefits: Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-11:1785. The following brief description of the plan and its benefits is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

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

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.
3. Any age with twenty (20) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

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. Final compensation is the average monthly earnings during the highest sixty

consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. An additional regular retirement benefit can be received for any city marshal or deputy city marshal. See plan booklet for further details.

Any member of Plan A Tier 2 can retire providing he meets one of the following:

1. Age 67 with seven (7) years of creditable service
2. Age 62 with ten (10) years of creditable service
3. Age 55 with thirty (30) years of creditable service
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Any city marshal or deputy city marshal shall receive an additional regular benefit computed on supplemental marshal's earnings. See Plan Booklet for further details.

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

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the Board of Trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

Disability Benefits: For Plan 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 (1) an amount equal to three percent of his final compensation multiplied by his years of credible service, but not less than forty-five percent of his final compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

Cost of Living Increases: MERS 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 MERS 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: Contributions for all members are established by statute. Member contributions are at 9.50% of earnable compensation for Plan A. The contributions are deducted from the member's salary and remitted by the participating municipality

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2020, the actual employer contribution rate was 27.75% for Plan A.

Non-Employer Contributions: According to state statute, MERS also receives one-fourth (1/4) of 1% of ad valorem taxes within the respective parishes except for Orleans. MERS also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At September 30, 2020, The Town reported liabilities in its government-wide financial statements of \$1,840,307 and \$613,435 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

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

were measured as of June 30, 2020 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, 2020, the Town's proportional share of MERS was 0.567548%, which was an increase of 0.01537% from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the Town recognized pension expense of \$205,592 and \$77,220 in its governmental activities and business-type activities, respectively, related to its participation in MERS.

At September 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	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	\$ 854	\$ 10,432	\$ 284	\$ 3,477
Changes in Assumption	30,961	-	10,320	-
Net difference between projected and actual earnings on pension plan investments	183,643	-	61,214	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	28,911	3,277	9,638	1,092
Employer contributions subsequent to the measurement date	<u>62,031</u>	<u>-</u>	<u>20,677</u>	<u>-</u>
	<u>\$ 306,400</u>	<u>\$ 13,709</u>	<u>\$ 102,133</u>	<u>\$ 4,569</u>

Deferred outflows of resources of \$82,708 related to pension resulting from the Town's contributions subsequent to the measurement date will be recognized as an adjustment to the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
2021	\$ 89,448	\$ 29,816	\$ 119,264
2022	72,565	24,188	96,753
2023	41,728	13,909	55,637
2024	26,919	8,974	35,893
	<u>\$ 230,660</u>	<u>\$ 76,887</u>	<u>\$ 307,547</u>

Actuarial Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future.

The actuarial assumptions used in the June 30, 2020 valuation was based on the results of an experience study, for the period July 1, 2013 through June 30, 2018.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

	Municipal Employees' Retirement System (MERS) Plan A
Valuation Date	June 30, 2020
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years
Investment rate of return	6.95%, net of pension plan investment expense, including inflation
Inflation rate	2.5%
Projected salary increases, including inflation and merit increases:	
-1 to 4 years of service	6.4%
-More than 4 years of service	4.5%
Annuity and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

The investment rate of return was 6.950%, which was a .050 decrease from the rate used as of June 30, 2019. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public equity	53%	2.33%
Public fixed income	38%	1.67%
Alternatives	<u>9%</u>	<u>0.40%</u>
Totals	<u>100%</u>	<u>4.40%</u>
Inflation		<u>2.60%</u>
Expected Arithmetic Nominal Return		<u>7.00%</u>

The discount rate used to measure the total pension liability was 6.950%, which was a .050% decrease from the rate used as of June 30, 2019. 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, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	Changes in Discount Rate:		
	<u>MERS - Plan A</u>		
	1% Decrease	Current Discount Rate	1% Increase
	5.95%	6.95%	7.95%
Net Pension Liability	<u>\$ 3,192,050</u>	<u>\$ 2,453,742</u>	<u>\$ 1,829,472</u>

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

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, 2020, the Town recognized revenue as a result of support received from the non-employer contributing entities of \$38,503 for its participation in MERS.

Payables to the Pension Plan: The Town recorded accrued liabilities to MERS for the year ended September 30, 2020 primarily due to the accrual for payroll at the end of the fiscal year. The amounts due are included in the fiduciary fund statement liabilities under the amounts reported as accrued liabilities. The balance due to MERS as of September 30, 2020 is \$23,686.

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

The Municipal Police Employees' Retirement System of Louisiana issues a stand-alone report on their financial statements. Access to the audit report can be found on the System's website: www.lampers.org or on the Louisiana Legislative Auditor's website, www.la.state.la.us.

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

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of MPERS 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 MPERS for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are 3.33% 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 per month, whichever is greater.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of MPERS 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 MPERS 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 MPERS 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 3% (generally) and 2.50%, 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 the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under conditions outlined in state statute, 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 the member's average final compensation or \$200 per month, whichever is greater. If deceased member had less than 10 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.

A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

Deferred Retirement Option Plan (DROP): A member is eligible to enter DROP when he is eligible for regular retirement based on the member's sub plan participation. Upon filing the application for the program, the employee's active membership in the system is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited in to 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 36 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 in the system shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the system's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

on the system's investment portfolio return or a money market investment return. This could result in negative earnings rate being applied to the account.

If the member elects the money market investment return option, the funds are transferred to a government money market account and earn interest at the money market rate.

Initial Benefit Option Plan: In 1999, the State Legislature authorized MPERS 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, 2020, the employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 32.50% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 32.50% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than poverty guidelines issued by the United States Department of Health and Human Services were 34.25% 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, 2020, and excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At September 30, 2020, The Town reported liabilities in its government-wide financial statements of \$1,740,959 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, 2020, 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, 2020, the Town's proportional share of MPERS was 0.188368%, which was an increase of 0.024088% from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the Town recognized a pension expense of \$324,355 in its governmental activities related to its participation in MPERS.

At September 30, 2020, 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)

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 68,575
Changes in Assumption	41,369	42,964
Net difference between projected and actual earnings on pension plan	208,863	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	166,456	57,350
Employer contributions subsequent to the measurement date	<u>50,808</u>	<u>-</u>
	<u>\$ 467,496</u>	<u>\$168,889</u>

Deferred outflows of resources of \$50,808 related to pension resulting from the Town's contributions subsequent to the measurement date will be recognized as an adjustment to the net pension liability in the following fiscal year. 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>	
2021	\$ 46,133
2022	73,629
2023	88,374
2024	<u>39,663</u>
	<u>\$ 247,799</u>

Actuarial Methods and Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The actuarial assumptions used in the June 30, 2020 valuation were based on the assumptions used in the June 30, 2020 actuarial funding valuation and were based on the results of an actuarial experience study for the period of July 1, 2014 through June 30, 2019. In cases where benefit structures were changed after the study period, assumptions were based on the estimates of future experience.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

	Municipal Police Employees' Retirement System (MPERS)	
Valuation Date	June 30, 2020	
Actuarial cost method	Entry Age Normal	
Actuarial cost assumptions:		
Expected emaining service lives	4 years	
Investment rate of return	6.950%, net of investment expense	
Inflation rate	2.50%	
Projected salary increases, including inflation and merit	Yrs of Service	Salary Growth
	1-2	12.30%
	Above 2	4.70%
Mortality	<p>For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety BelowMedian Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p>	
Cost of Living Adjustments	<p>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.</p>	

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

The investment rate of return was 6.950%, which was a .175% decrease from the rate used as of June 30, 2019.

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, 2014 through June 30, 2019 and review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	48.50%	3.08%
Fixed Income	33.50%	0.54%
Alternative	<u>18.00%</u>	<u>1.02%</u>
Totals	<u>100.00%</u>	<u>4.64%</u>
Inflation		<u>2.55%</u>
Expected Nominal Return		<u>7.19%</u>

The discount rate used to measure the total pension liability was 6.950%, which was a .175% decrease from the rate used as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.950%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.950% or one percentage point higher 7.950% than the current rate:

	Changes in Discount Rate:		
	<u>MPERS</u>		
	1%	Current	1%
	Decrease	Discount	Increase
	5.950%	6.950%	7.950%
Net Pension Liability	<u>\$2,445,862</u>	<u>\$1,740,959</u>	<u>\$1,151,690</u>

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

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, 2020, the Town recognized revenue as a result of support received from the non-employer contributing entities of \$41,059 for its participation in MPERS.

Payables to the Pension Plan: The Town recorded accrued liabilities to MPERS for the year ended September 30, 2020 primarily due to the accrual for payroll at the end of the fiscal year. The amounts due are included in the fiduciary fund statement liabilities under the amounts reported as accrued liabilities. The balance due to MPERS as of September 30, 2020 is \$15,035.

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 (FFRS)

Plan Description: The Firefighters' Retirement System (FFRS) 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: 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. Members in FFRS consist of full-time firefighters, eligible employees of the retirement system, or any person in a position as defined in the municipal fire and police civil service system that earns at least \$375 per month, excluding state supplemental pay, and is employed by a fire department of any municipality, parish, or fire district of the state of Louisiana, except for Orleans Parish and the City of Baton Rouge.

No person who has attained age 50 or over shall become a member of FFRS unless the person becomes a member by reason of merger or unless FFRS received an application for membership before the applicant attained the age of 50. No person who has not attained the age of 18 shall become a member of FFRS.

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 FFRS, 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 FFRS, or for any other purpose in order to attain eligibility or increase the amount of service credit in FFRS.

Retirement Benefits: Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Benefits are payable over the retirees' lives in the form of a monthly annuity. A member may elect an unreduced benefit or any of seven options at retirement.

See R.S. 11 :2256(A) for additional details on retirement benefits.

Disability Benefits: A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11 :2258(B).

Death Benefits: Benefits shall be payable to the surviving eligible spouse or designated beneficiary of a deceased member as specified in R.S. 11 :2256(B) & (C).

Deferred Retirement Option Plan (DROP): After completing 20 years of creditable service and attaining the age of 50 years, 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 DROP, employer and employee contributions to FFRS cease. The monthly retirement benefit that would have been payable is paid into the member's DROP account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are 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 FFRS. No withdrawals may be made from the DROP 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.

Cost of Living Adjustments (COLAs): Under the provisions of R.S. 11:246 and 11 :2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, FFRS must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase based on a formula equal to up to \$1 times the total number of years of credited service accrued at retirement or at death of the member or retiree plus the number of years since retirement or since death of the member or retiree to the system's fiscal year end preceding the payment of the benefit increase. If there are not sufficient funds to fund the benefit at the rate of one dollar per year for such total number of years, then the rate shall be reduced in proportion to the amount of funds that are available to fund the cost-of living adjustment.

Contributions: Contribution requirements for employers, non-employer contributing entities, and employees are established and may be amended in accordance with Title 11 and Title 22 of the Louisiana Revised Statutes.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Employer Contributions: According to state statute, employer contributions are actuarially-determined each year. For the year ended June 30, 2020, employer and employee contribution rates for members above the poverty line were 27.75% and 10.00%, respectively. The employer and employee contribution rates for those members below the poverty line were 27.75% and 8.00%, respectively.

Non-Employer Contributions: According to state statute, FFRS receives insurance premium assessments from the state of Louisiana. The assessment is considered support from a non-employer contribution 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, 2020 and were excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At September 30, 2020, The Town reported liabilities in its government-wide financial statements of \$114,017 in its governmental activities for its proportionate share of the net pension liabilities of FFRS. The net pension liabilities were measured as of June 30, 2020 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, 2020, the Town's proportional share of FFRS was 0.016449%, which was an increase of 0.000002% from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the Town recognized a pension expense of \$19,788 in its governmental activities related to its participation in FFRS.

At September 30, 2020, 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)

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 7,295
Changes in Assumption	11,022	-
Net difference between projected and actual earnings on pension plan investments	12,556	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	479	2,226
Employer contributions subsequent to the measurement date	<u>3,612</u>	<u>-</u>
	<u>\$ 27,669</u>	<u>\$ 9,521</u>

Deferred outflows of resources of \$3,612 related to pension resulting from the Town's contributions subsequent to the measurement date will be recognized as an adjustment to the net pension liability in the following fiscal year. 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>	
2021	\$ 1,679
2022	4,519
2023	4,282
2024	3,096
2025	682
2026	<u>278</u>
	<u>\$ 14,536</u>

Actuarial Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

For each year, the actuary determines the reasonable range of the actuarial valuation interest rate, an expected long-term portfolio rate of return and standard deviation based upon the System's target asset allocation and a thirty-year time horizon. These rates were based on an analysis of the System's portfolio along with expected long-term rates of return, standard deviations of return, and correlations between asset classes collected from a number of investment consulting firms in addition to the System's investment

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

consultant, NEPC, L.L.C. Using these values and assuming that future portfolio returns are normally distributed, ten thousand trials of returns over the upcoming thirty years was performed. The results of these trials were organized into percentiles and a reasonable range equal to the 40th through 60th percentiles was set. For the fiscal year ended June 30, 2020, the reasonable range was set at 5.99% through 7.06% and the Board of Trustees elected to set the System's assumed rate of return at 7.00% for Fiscal 2020. For the fiscal year ended June 30, 2019, the reasonable range was set at 6.20% through 7.15% and the Board of Trustees elected to set the System's assumed rate of return at 7.15% for Fiscal 2019. The actuarial valuation interest rates selected by the board, which were within the reasonable range, were 7.00% and 7.15% for fiscal years 2020 and 2019, respectively.

The remaining actuarial assumptions utilized for this report for fiscal year 2020 are based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019, unless otherwise specified in this report. The assumptions in the report for fiscal year 2019 were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. Additional details are given in the actuary's complete Experience Reports for each period.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

	<u>Firefighters' Retirement System</u>
Valuation Date	June 30, 2020
Actuarial cost method	Entry Age Normal
Actuarial cost assumptions:	
Expected remaining service lives	7 years
Investment rate of return	7.00% per annum (net of investment expenses, including inflation)
Inflation rate	2.500% per annum
Projected salary increases	14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases
Cost of Living Adjustments (COLAs)	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

The investment rate of return was 7.000%, which was a .150% decrease from the rate used as of June 30, 2019.

The mortality rate assumptions were updated in fiscal year 2020 to reflect changes from the recent experience study and rates set in the Pub-2010 Public Retirement Plans mortality tables, as compared to the RP-2000 Combined Healthy and Disabled Lives tables that were used for the previous valuation. For the June 30, 2020 valuation, assumptions for mortality rates were based on the following:

- For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.
- For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

- For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.
- In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale.

The estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation and the G.S. Curran & Company Consultant Average study for 2020. The consultants' average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long term standard deviation and then reduced the assumption by the long term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2020.

The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. Prior year's financial reports presented the long-term expected real rate of return provided by the System's investment consultant, whereas this year's report presents this information for both fiscal years 2020 and 2019 from the System's actuary. The actuary's method incorporates information from multiple consultants and investment firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The actuary's method integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020, and June 30, 2019, are summarized in the following tables:

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

As of June 30, 2020:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rates of Return
Equity:		
U.S. Equity	26.00%	5.72%
Non-U.S. Equity	12.00%	6.24%
Global Equity	10.00%	6.23%
Emerging Market Equity	6.00%	8.61%
Fixed Income		
U.S. Core Fixed Income	26.00%	1.00%
Emerging Market Debt	5.00%	3.40%
Multi-Asset Strategies:		
Global Tactical Asset Allocation	0.00%	4.22%
Risk Parity	0.00%	4.22%
Alternatives:		
Real Estate	6.00%	4.20%
Private Equity	<u>9.00%</u>	10.29%
	<u>100.00%</u>	

As of June 30, 2019:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rates of Return
Equity:		
U.S. Equity	21.50%	5.74%
Non-U.S. Equity	12.00%	6.57%
Global Equity	10.00%	6.30%
Emerging Market Equity	5.50%	8.31%
Fixed Income		
U.S. Core Fixed Income	26.00%	1.70%
Emerging Market Debt	5.00%	3.49%
Multi-Asset Strategies:		
Global Tactical Asset Allocation	5.00%	2.73%
Risk Parity	5.00%	2.73%
Alternatives:		
Real Estate	6.00%	4.19%
Private Equity	<u>4.00%</u>	8.84%
	<u>100.00%</u>	

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

The discount rate used to measure the total pension liability was 7.000%, which was a .150% decrease from the rate used as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at the actuarially-determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate: The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.00% or one percentage point higher 8.00% than the current rate as of June 30, 2020.

	Changes in Discount Rate:		
	Firefighters' Retirement System		
	1%	Current	1%
	Decrease	Discount	Increase
	6.00%	7.00%	8.00%
Net Pension Liability	\$ 164,697	\$ 114,017	\$ 71,715

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, 2020, the Town recognized revenue as a result of support received from the non-employer contributing entities of \$4,609 for its participation in FFRS.

Payables to the Pension Plan: The Town recorded accrued liabilities to FFRS for the year ended September 30, 2020 primarily due to the accrual for payroll at the end of the fiscal year. The amounts due are included in the fiduciary fund statement liabilities under the amounts reported as accrued liabilities. The balance due to FFRS as of September 30, 2020 is \$1,032.

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.

D. Aggregate Net Pension Liability, Deferred Outflows of Resources, Deferred Inflows of Resources and Pension Expense

As detailed above, the Town participates in three separate defined benefit pension plans. The aggregate amounts for the Town's participation in Municipal Employees' Retirement System of Louisiana (MERS), Municipal and State Police Retirement System of Louisiana (MPERS), and Firefighters' Retirement System (FFRS) are as follows:

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Employer's Proportionate Share of Net Pension Liability:

	<u>MERS</u>	<u>MPERS</u>	<u>FFRS</u>	<u>Aggregate</u>
Governmental Activities	\$ 1,840,307	\$ 1,740,959	\$ 114,017	\$ 3,695,283
Business-Type Activities	<u>613,435</u>	<u>-</u>	<u>-</u>	<u>613,435</u>
Total	<u>\$ 2,453,742</u>	<u>\$ 1,740,959</u>	<u>\$ 114,017</u>	<u>\$ 4,308,718</u>

Deferred Outflows of Resources:

	<u>MERS</u>	<u>MPERS</u>	<u>FFRS</u>	<u>Aggregate</u>
Governmental Activities	\$ 306,400	\$ 467,496	\$ 27,669	\$ 801,565
Business-Type Activities	<u>102,133</u>	<u>-</u>	<u>-</u>	<u>102,133</u>
Total	<u>\$ 408,533</u>	<u>\$ 467,496</u>	<u>\$ 27,669</u>	<u>\$ 903,698</u>

Deferred Inflows of Resources:

	<u>MERS</u>	<u>MPERS</u>	<u>FFRS</u>	<u>Aggregate</u>
Governmental Activities	\$ 13,709	\$ 168,889	\$ 9,521	\$ 192,119
Business-Type Activities	<u>4,569</u>	<u>-</u>	<u>-</u>	<u>4,569</u>
Total	<u>\$ 18,278</u>	<u>\$ 168,889</u>	<u>\$ 9,521</u>	<u>\$ 196,688</u>

Pension Expense:

	<u>MERS</u>	<u>MPERS</u>	<u>FFRS</u>	<u>Aggregate</u>
Governmental Activities	\$ 250,592	\$ 324,355	\$ 19,788	\$ 594,735
Business-Type Activities	<u>77,220</u>	<u>-</u>	<u>-</u>	<u>77,220</u>
Total	<u>\$ 327,812</u>	<u>\$ 324,355</u>	<u>\$ 19,788</u>	<u>\$ 671,955</u>

(14) Post-Employment Benefits

Effective with the fiscal year beginning October 1, 2017, the Town implemented Government Accounting Standards Board Statement Number 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (GASB 75).

Plan description

The Town participates in a single-employer defined benefit plan, administered by the Town, 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.

Benefits provided

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. Once the retiree becomes eligible to obtain Medicare supplement insurance, the Town will pay the premium for the Medicare supplement insurance

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

policy up to a maximum of \$150 per month. Any Medicare supplement premium costs above \$150 must be paid by the retiree. The premium rates are established and may be amended by the group health insurance carrier with the Town determining the contribution requirements of the retirees. The Town will provide benefits to the retiree only and no coverage will be provided to dependents of the retiree. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Employees Covered by Benefit Terms

At September 30, 2020, there were a total of 47 employees covered by the benefit terms. Of these 47 employees, 40 were active employees, 3 were inactive (retired) employees currently receiving benefits payments and 4 were inactive (retired) employees who are not currently receiving benefits as they do not currently meet eligibility requirements.

The Town's total OPEB liability of \$496,242 was measured as of September 30, 2020 and was determined by the alternative measurement method. Small employers with less than 100 total plan participants are eligible to use the alternative measurement method.

Key Assumptions and Other Inputs

The total OPEB liability as of September 30, 2020 was determine using the following key assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases, including inflation:	3.00%
Discount Rate:	2.41%
Health Care Cost Trend Rates:	
Medicare Supplement:	Initially 4.9%, decreasing 0.1% in year 2 and year 3, then remaining unchanged through year 4, then decreasing 0.1% through year 8 and remaining at 4.30% through year 10

The discount rate was based on the September 30, 2020 Fidelity General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.

The cost trend numbers used in the analysis were developed consistent with the Getzen model promulgated by the Society of Actuaries for use in long-term trend projection which provide for the change in assumptions/inputs.

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

Changes in Total OPEB Liability:

	Total OPEB Liability
Balance at 9/30/2019	<u>\$ 414,066</u>
Charges for the year:	
Service cost	15,976
Interest	11,752
Effect of economic/demographic gains or losses	40,297
Effect of changes in assumptions/inputs	19,551
Benefit payments	<u>(5,400)</u>
Net changes	<u>82,176</u>
Balance at 9/30/2020	<u>\$ 496,242</u>

During the year ended September 30, 2020, the Town incurred costs totaling \$5,400, related to providing OPEB benefits, which is expensed as incurred. OPEB expense recognized by the Town for the fiscal year ended September 30, 2020 is \$82,176.

Sensitivity to the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.41 percent) or 1-percentage-point higher (3.41 percent) than the current discount rate:

	1% Decrease (1.41%)	Discount Rate (2.41%)	1% Increase (3.41%)
Total OPEB Liability	<u>\$ 561,328</u>	<u>\$ 496,242</u>	<u>\$ 441,931</u>

Sensitivity to the total OPEB liability to changes in the healthcare cost trends

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Trend Rate	1% Increase
Total OPEB Liability	<u>\$ 456,346</u>	<u>\$ 496,242</u>	<u>\$ 539,198</u>

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

(15) On-Behalf Payments of Salaries

During the year ended September 30, 2020, the State of Louisiana paid the Town's policemen \$79,852 of supplemental pay, which is included in the accompanying financial statements as intergovernmental revenues and public safety-police expenses/expenditures.

(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, 2020 follows:

Mayor:	
Duval Arthur, Jr.	36,000
Council:	
Colleen Askew	6,000
Kevin Hebert	6,000
Lud Henry	6,000
Raymond Price	6,000
James Richard	<u>6,000</u>
	<u>\$ 66,000</u>

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, 2020, payments made to Mayor Arthur Duval, Jr. requiring disclosure are as follows:

Salary	\$ 36,000
Car allowance	1,800
Benefits-retirement	10,160
Travel and other reimbursements	<u>3,442</u>
	<u>\$ 51,402</u>

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

(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, Water and Sewer Commission No. 2 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, Water and Sewer Commission No. 2 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, 2019 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.

The balance sheet reflected the following:

Total assets and deferred outflows of resources	\$ 1,744,186
Total liabilities and deferred inflows of resources	<u>(297,711)</u>
Total net assets	<u>\$ 1,446,475</u>

TOWN OF BERWICK, LOUISIANA

Notes to the Financial Statements (continued)

The statement of revenues and expenses for the fiscal year ended September 30, 2019 reflected the following:

Operating revenues	\$ 974,479
Non-operating revenues	17,725
Operating expenses	<u>(1,021,466)</u>
Change in net position	<u>\$ (29,262)</u>

Additional information may be obtained from the separately issued financial statements of the Berwick/Bayou Vista Joint Waterworks District and Wards 5 and 8 Joint Sewerage Commission as made publicly available on the Louisiana Legislative Auditor's website.

(19) New Accounting Pronouncements Scheduled to be Implemented

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements:

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

The Statement postpones effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

GASB Statement No. 84, *Fiduciary Activities*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The provisions of GASB Statement No. 84 are effective for fiscal periods beginning after December 15, 2018. GASBS No. 95 postponed this statement by 1 year. The effects of implementation or its applicability on the Town's financial statements has not yet been determined.

GASB Statement No. 87, *Leases*

The Statement increased the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after December 15, 2019. GASBS No. 95 postponed this statement by 18 months. The effects of implementation or its applicability on the Town's financial statements has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BERWICK, LOUISIANA

Budgetary Comparison Schedule
 General Fund
 Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes:				
Ad valorem	\$ 450,500	\$ 450,500	\$ 452,793	\$ 2,293
Drainage	75,000	75,000	76,810	1,810
Sales	410,000	410,000	443,299	33,299
TV cable franchise fees	35,000	35,000	17,678	(17,322)
Utility franchise fees	235,000	235,000	165,520	(69,480)
Tobacco and beer	2,000	2,000	2,045	45
	<u>1,207,500</u>	<u>1,207,500</u>	<u>1,158,145</u>	<u>(49,355)</u>
Licenses and permits:				
Occupational licenses	240,000	240,000	246,414	6,414
Permits	10,000	10,000	7,503	(2,497)
	<u>250,000</u>	<u>250,000</u>	<u>253,917</u>	<u>3,917</u>
Intergovernmental:				
Federal Government	-	-	646,475	646,475
State of Louisiana	131,300	131,300	199,002	67,702
St. Mary Parish Council	28,000	28,000	49,792	21,792
	<u>159,300</u>	<u>159,300</u>	<u>895,269</u>	<u>735,969</u>
Fees, Commissions, and Charges for Services:				
Wharf leases	50,000	50,000	42,092	(7,908)
Cemetery plot and mausoleum sales	20,000	20,000	24,775	4,775
Mosquito abatement	50,000	50,000	48,725	(1,275)
Witness fees	2,000	2,000	50	(1,950)
Prison meals	40,000	40,000	34,412	(5,588)
Property rentals	15,000	15,000	10,460	(4,540)
	<u>177,000</u>	<u>177,000</u>	<u>160,514</u>	<u>(16,486)</u>
Fines and forfeits	<u>55,500</u>	<u>55,500</u>	<u>66,347</u>	<u>10,847</u>
Interest	<u>2,500</u>	<u>2,500</u>	<u>7,723</u>	<u>5,223</u>
Miscellaneous	<u>57,500</u>	<u>57,500</u>	<u>44,811</u>	<u>(12,689)</u>
Total revenues	<u>1,909,300</u>	<u>1,909,300</u>	<u>2,586,726</u>	<u>677,426</u>

(continued)

TOWN OF BERWICK, LOUISIANA

Budgetary Comparison Schedule (continued)

General Fund

Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
General Government -				
Administrative salaries	\$ 380,522	\$ 380,522	\$ 387,895	\$ (7,373)
Payroll taxes	9,726	9,726	9,801	(75)
Retirement	97,428	97,428	117,552	(20,124)
Health insurance	74,329	74,329	64,441	9,888
Workers' compensation insurance	3,217	3,217	4,235	(1,018)
Office maintenance and operations	75,000	75,000	85,872	(10,872)
Dues and subscriptions	5,000	5,000	4,042	958
Publications and notices	5,500	5,500	6,643	(1,143)
Legal and accounting	91,000	191,000	112,753	78,247
Town hall maintenance and supplies	50,000	80,000	35,818	44,182
Cost of preparing tax rolls	3,500	3,500	3,862	(362)
Magistrate fees	6,000	6,000	6,000	-
Liability and property insurance	155,000	155,000	128,800	26,200
Autopsy fees	5,000	5,000	-	5,000
Other charges	71,000	71,000	75,327	(4,327)
Total general government	<u>1,032,222</u>	<u>1,162,222</u>	<u>1,043,041</u>	<u>119,181</u>
Public Safety -				
Fire:				
Salaries	46,509	46,509	41,657	4,852
Payroll taxes	1,067	1,067	653	414
F/D retirement fund	11,259	11,259	11,965	(706)
Health insurance	6,524	6,524	6,019	505
Workers' compensation insurance	3,228	3,228	3,727	(499)
Telephone	6,000	6,000	5,354	646
Power	3,500	3,500	3,847	(347)
Equipment maintenance	35,000	35,000	24,102	10,898
Supplies	10,000	10,000	403	9,597
Other charges	10,500	10,500	3,129	7,371
Total fire	<u>133,587</u>	<u>133,587</u>	<u>100,856</u>	<u>32,731</u>

(continued)

TOWN OF BERWICK, LOUISIANA

Budgetary Comparison Schedule (continued)
 General Fund
 Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Police:				
Salaries	565,867	565,867	687,318	(121,451)
Payroll taxes	9,053	9,053	10,421	(1,368)
Police retirement fund	169,170	169,170	192,097	(22,927)
Health insurance	137,882	137,882	130,169	7,713
Workers' compensation insurance	22,171	22,171	37,243	(15,072)
Automobile expenses	38,500	38,500	52,081	(13,581)
Supplies	12,000	12,000	30,104	(18,104)
Uniforms	5,000	5,000	8,594	(3,594)
Radio maintenance	5,000	5,000	2,084	2,916
Telephone	15,000	15,000	12,835	2,165
Prisoner expenses	15,000	15,000	10,538	4,462
Other charges	8,000	8,000	8,804	(804)
Total police	<u>1,002,643</u>	<u>1,002,643</u>	<u>1,182,288</u>	<u>(179,645)</u>
Total public safety	<u>1,136,230</u>	<u>1,136,230</u>	<u>1,283,144</u>	<u>(146,914)</u>
Public works -				
Streets:				
Salaries	70,486	70,486	95,796	(25,310)
Payroll taxes	1,163	1,163	3,000	(1,837)
Retirement	17,842	17,842	20,012	(2,170)
Health insurance	19,376	19,376	19,050	326
Workers' compensation insurance	7,133	7,133	13,494	(6,361)
Equipment maintenance	25,000	25,000	37,578	(12,578)
Power	90,000	90,000	87,533	2,467
Materials and repairs	117,000	117,000	150,894	(33,894)
Other charges	6,500	6,500	6,408	92
Total streets	<u>354,500</u>	<u>354,500</u>	<u>433,765</u>	<u>(79,265)</u>
Drainage:				
Salaries	65,986	65,986	46,162	19,824
Payroll taxes	1,089	1,089	730	359
Retirement	17,331	17,331	11,644	5,687
Health insurance	6,632	6,632	6,018	614
Workers' compensation insurance	4,890	4,890	4,397	493
Maintenance and repairs	42,500	48,500	33,331	15,169
Power	7,500	7,500	6,070	1,430
Other charges	3,000	3,000	1,255	1,745
Total drainage	<u>148,928</u>	<u>154,928</u>	<u>109,607</u>	<u>45,321</u>
Cemetery:				
Maintenance	45,000	45,000	33,612	11,388
Total public works	<u>548,428</u>	<u>554,428</u>	<u>576,984</u>	<u>(22,556)</u>

(continued)

TOWN OF BERWICK, LOUISIANA

Budgetary Comparison Schedule (continued)
 General Fund
 Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Culture and Recreation -				
Salaries	94,194	94,194	111,190	(16,996)
Payroll taxes	2,089	2,089	2,116	(27)
Retirement	21,649	21,649	27,433	(5,784)
Health insurance	24,742	24,742	24,994	(252)
Workers' compensation insurance	3,843	3,843	5,824	(1,981)
Maintenance and repairs	98,500	98,500	101,165	(2,665)
Utilities	31,800	31,800	27,192	4,608
Miscellaneous	11,650	11,650	6,570	5,080
Total culture and recreation	<u>288,467</u>	<u>288,467</u>	<u>306,484</u>	<u>(18,017)</u>
Supporting Services -				
Mosquito abatement	15,000	15,000	871	14,129
Rabies control	4,000	4,000	2,110	1,890
Total supporting services	<u>19,000</u>	<u>19,000</u>	<u>2,981</u>	<u>16,019</u>
Capital Outlay -				
Administration	-	-	1,000	(1,000)
Police	52,229	87,229	34,804	52,425
Fire	15,000	125,000	10,450	114,550
Streets	-	950,000	710,727	239,273
Culture and recreation	-	-	5,700	(5,700)
Total capital outlay	<u>67,229</u>	<u>1,162,229</u>	<u>762,681</u>	<u>399,548</u>
Total expenditures	<u>3,091,576</u>	<u>4,322,576</u>	<u>3,975,315</u>	<u>347,261</u>
Deficiency of revenues over expenditures	(1,182,276)	(2,413,276)	(1,388,589)	1,024,687
Other financing sources (uses):				
Insurance Proceeds	-	-	80,995	80,995
Transfers in	1,175,000	1,925,000	1,927,187	2,187
Transfers out	-	-	(2,478)	(2,478)
Total other financing sources	<u>1,175,000</u>	<u>1,925,000</u>	<u>2,005,704</u>	<u>80,704</u>
Net change in fund balance	(7,276)	(488,276)	617,115	1,105,391
Fund balance, beginning	<u>1,444,726</u>	<u>1,444,726</u>	<u>1,444,726</u>	<u>-</u>
Fund balance, ending	<u>\$1,437,450</u>	<u>\$ 956,450</u>	<u>\$ 2,061,841</u>	<u>\$ 1,105,391</u>

See notes to required supplementary information.

TOWN OF BERWICK, LOUISIANA

Budgetary Comparison Schedule
 1% Sales Tax Fund
 Year Ended September 30, 2020

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes - sales taxes	\$ 625,000	\$ 625,000	\$ 666,838	\$ 41,838
Interest earned	<u>2,500</u>	<u>2,500</u>	<u>5,948</u>	<u>3,448</u>
Total revenues	<u>627,500</u>	<u>627,500</u>	<u>672,786</u>	<u>45,286</u>
Other financing uses:				
Operating transfer out	<u>(625,000)</u>	<u>(825,000)</u>	<u>(825,000)</u>	<u>-</u>
Net change in fund balance	2,500	(197,500)	(152,214)	45,286
Fund balance, beginning	<u>1,288,344</u>	<u>1,288,344</u>	<u>1,288,344</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,290,844</u>	<u>\$ 1,090,844</u>	<u>\$ 1,136,130</u>	<u>\$ 45,286</u>

See notes to required supplementary information.

TOWN OF BERWICK, LOUISIANA

Budgetary Comparison Schedule
 3/4% Sales Tax Liquid and Solid Waste Fund
 Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - sales tax	\$ 585,000	\$ 585,000	\$ 628,258	\$ 43,258
Sewer service charges	502,586	502,586	496,030	(6,556)
Sanitation service charges	388,800	388,800	403,191	14,391
Interest earned	2,000	2,000	5,727	3,727
Total revenues	<u>1,478,386</u>	<u>1,478,386</u>	<u>1,533,206</u>	<u>54,820</u>
Expenditures:				
Sanitation -				
Salaries	190,011	240,011	224,284	15,727
Payroll taxes	3,701	3,701	3,756	(55)
Municipal retirement	46,501	71,501	57,201	14,300
Health insurance	31,548	56,548	37,039	19,509
Workers' compensation insurance	10,058	10,058	15,304	(5,246)
Waste disposal fees	419,405	419,405	403,477	15,928
Maintenance	65,500	85,500	56,690	28,810
Other charges	15,000	15,000	12,730	2,270
Sewer treatment fees	258,127	258,127	257,973	154
Power	25,000	25,000	22,663	2,337
Capital outlay	-	37,000	11,728	25,272
Total expenditures	<u>1,064,851</u>	<u>1,221,851</u>	<u>1,102,845</u>	<u>119,006</u>
Excess of revenues over expenditures	413,535	256,535	430,361	173,826
Other financing sources (uses):				
Operating transfers out	<u>(350,000)</u>	<u>(350,000)</u>	<u>(350,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(350,000)</u>	<u>(350,000)</u>	<u>(350,000)</u>	<u>-</u>
Net change in fund balance	63,535	(93,465)	80,361	173,826
Fund balance, beginning	<u>1,085,649</u>	<u>1,085,649</u>	<u>1,085,649</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,149,184</u>	<u>\$ 992,184</u>	<u>\$ 1,166,010</u>	<u>\$ 173,826</u>

See notes to required supplementary information.

TOWN OF BERWICK, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
Year Ended September 30, 2020

Plan Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered 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%
2016	0.645779%	2,646,861	1,153,584	229.4%	62.11%
2017	0.621710%	2,600,875	1,131,114	229.9%	62.49%
2018	0.554186%	2,294,706	1,011,787	226.8%	63.94%
2019	0.552172%	2,307,341	1,041,503	221.5%	64.68%
2020	0.567548%	2,453,742	1,084,769	226.2%	64.52%
Municipal Police Employees' Retirement System					
2015	0.136493%	1,069,280	353,157	302.8%	70.73%
2016	0.166519%	1,560,752	463,980	336.4%	66.04%
2017	0.169168%	1,476,908	505,017	292.4%	70.08%
2018	0.178817%	1,511,730	527,714	286.5%	71.89%
2019	0.164280%	1,491,938	513,030	290.8%	71.01%
2020	0.188368%	1,740,959	579,063	300.7%	70.94%
Firefighters' Retirement System					
2015	0.017434%	94,093	34,738	270.9%	72.45%
2016	0.017297%	113,138	39,000	290.1%	68.16%
2017	0.016382%	93,899	38,250	245.5%	73.55%
2018	0.016381%	94,225	39,000	241.6%	74.76%
2019	0.016447%	102,990	39,750	259.1%	73.96%
2020	0.016449%	114,017	40,950	278.4%	72.61%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
See notes to required supplementary information.*

TOWN OF BERWICK, LOUISIANA

Schedule of Employer Contributions
Year Ended September 30, 2020

<u>Fiscal Year ended September 30,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
Municipal Employees' Retirement System					
2015	\$ 232,692	\$ 232,692	-	\$ 1,178,189	19.75%
2016	\$ 239,634	\$ 239,634	-	\$ 1,166,611	20.54%
2017	\$ 256,863	\$ 256,863	-	\$ 1,131,114	22.71%
2018	\$ 254,740	\$ 254,740	-	\$ 1,015,989	25.07%
2019	\$ 274,610	\$ 274,610	-	\$ 1,037,212	26.48%
2020	\$ 305,479	\$ 305,479	-	\$ 1,083,144	28.20%
Municipal Police Employees' Retirement System					
2015	\$ 113,967	\$ 113,967	-	\$ 367,932	30.98%
2016	\$ 154,787	\$ 154,787	-	\$ 511,734	30.25%
2017	\$ 160,344	\$ 160,344	-	\$ 505,017	31.75%
2018	\$ 166,147	\$ 166,147	-	\$ 533,323	31.15%
2019	\$ 167,049	\$ 167,049	-	\$ 516,842	32.32%
2020	\$ 191,195	\$ 191,195	-	\$ 582,500	32.82%
Firefighters' Retirement System					
2015	\$ 10,920	\$ 10,920	-	\$ 38,018	28.72%
2016	\$ 10,826	\$ 10,826	-	\$ 40,500	26.73%
2017	\$ 9,662	\$ 9,662	-	\$ 38,250	25.26%
2018	\$ 10,335	\$ 10,335	-	\$ 39,000	26.50%
2019	\$ 10,762	\$ 10,762	-	\$ 40,100	26.84%
2020	\$ 11,965	\$ 11,965	-	\$ 41,300	28.97%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
See notes to required supplementary information.*

TOWN OF BERWICK, LOUISIANA

Schedule of Changes in Total OPEB Liability and Related Ratios
Year Ended September 30, 2020

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB Liability			
Service cost	\$ 23,092	\$ 15,255	\$ 15,976
Interest	16,747	14,505	11,752
Effect of economic/demographic gains/loses	(112,082)	(23,508)	40,297
Changes in assumptions or other inputs	(13,389)	47,978	19,551
Benefits payments	<u>(5,400)</u>	<u>(7,200)</u>	<u>(5,400)</u>
Net change in total OPEB liability	(91,032)	47,030	82,176
Total OPEB liability, beginning	<u>458,068</u>	<u>367,036</u>	<u>414,066</u>
Total OPEB liability, ending	<u>\$ 367,036</u>	<u>\$ 414,066</u>	<u>\$ 496,242</u>
Covered employee payroll	<u>\$ 1,642,461</u>	<u>\$ 1,594,153</u>	<u>\$ 1,706,945</u>
Total OPEB liability as a percentage of covered employee payroll	<u>22.35%</u>	<u>25.97%</u>	<u>29.07%</u>

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

See notes to required supplementary information.

TOWN OF BERWICK, LOUISIANA

Notes to Required Supplementary Information Year Ended September 30, 2020

(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 Reporting

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.
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.

TOWN OF BERWICK, LOUISIANA

Notes to Required Supplementary Information (continued)
Year Ended September 30, 2020

(3) Retirement Systems

Municipal Employees' Retirement System

Changes of benefit terms – There were no changes of benefit terms.

Changes of assumptions –

Plan Year ended June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2015	7.500%	7.500%	2.875%	3	5.000%
2016	7.500%	7.500%	2.875%	3	5.000%
2017	7.400%	7.400%	2.775%	3	5.000%
2018	7.275%	7.275%	2.600%	3	5.000%
2019	7.000%	7.000%	2.500%	3	4.5% - 6.5%
2020	6.950%	6.950%	2.500%	3	4.5% - 6.5%

Municipal Police Employees' Retirement System

Changes of benefit terms – There were no changes of benefit terms.

Changes of assumptions –

Plan Year ended June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2015	7.500%	7.500%	2.875%	4	4.25% - 9.75%
2016	7.500%	7.500%	2.875%	4	4.25% - 9.75%
2017	7.325%	7.325%	2.700%	4	4.25% - 9.75%
2018	7.200%	7.200%	2.600%	4	4.25% - 9.75%
2019	7.125%	7.125%	2.500%	4	4.25% - 9.75%
2020	6.950%	6.950%	2.500%	4	4.70% - 12.30%

TOWN OF BERWICK, LOUISIANA

Notes to Required Supplementary Information (continued)
Year Ended September 30, 2020

Firefighters' Retirement System

Changes of benefit terms – There were no changes of benefit terms.

Changes of assumptions –

<u>Plan</u> <u>Year ended</u> <u>June 30,</u>	<u>Discount</u> <u>Rate</u>	<u>Investment</u> <u>Rate</u> <u>of Return</u>	<u>Inflation</u> <u>Rate</u>	<u>Expected</u> <u>Remaining</u> <u>Service Lives</u>	<u>Projected</u> <u>Salary</u> <u>Increase</u>
2015	7.500%	7.500%	2.875%	7	4.75% - 15.00%
2016	7.500%	7.500%	2.875%	7	4.75% - 15.00%
2017	7.400%	7.400%	2.775%	7	4.75% - 15.00%
2018	7.300%	7.300%	2.700%	7	4.75% - 15.00%
2019	7.150%	7.150%	2.500%	7	4.50% - 14.75%
2020	7.000%	7.000%	2.500%	7	5.20% - 14.10%

(4) Other Postemployment Benefits

Changes in Benefit Terms- None

Changes in Assumptions- Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

<u>Period</u>	<u>Discount Rate</u>
2018	3.83%
2019	2.75%
2020	2.41%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF BERWICK, LOUISIANA

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2020

	Special Revenue	Permanent Fund	
	Public Improvement Maintenance Fund	Berwick Memorial Perpetual Care Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash	\$ 362,056	\$ 93,833	\$ 455,889
Receivables:			
Taxes	<u>1,196</u>	<u>-</u>	<u>1,196</u>
Total assets	<u>\$ 363,252</u>	<u>\$ 93,833</u>	<u>\$ 457,085</u>
FUND BALANCES			
Nonspendable	\$ -	\$ 52,235	\$ 52,235
Restricted	<u>363,252</u>	<u>41,598</u>	<u>404,850</u>
Total fund balances	<u>\$ 363,252</u>	<u>\$ 93,833</u>	<u>\$ 457,085</u>

TOWN OF BERWICK, LOUISIANA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended September 30, 2020

	<u>Special Revenue</u>	<u>Permanent Fund</u>	
	<u>Public Improvement Maintenance Fund</u>	<u>Berwick Memorial Perpetual Care Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Taxes	\$ 224,346	\$ -	\$ 224,346
Interest Income	3,237	517	3,754
Total revenues	<u>227,583</u>	<u>517</u>	<u>228,100</u>
Other financing sources (uses):			
Operating transfers in	-	2,478	2,478
Operating transfers out	<u>(300,000)</u>	<u>-</u>	<u>(300,000)</u>
Total other financing sources (uses)	<u>(300,000)</u>	<u>2,478</u>	<u>(297,522)</u>
Net change in fund balances	(72,417)	2,995	(69,422)
Fund balances, beginning	<u>435,669</u>	<u>90,838</u>	<u>526,507</u>
Fund balances, ending	<u>\$ 363,252</u>	<u>\$ 93,833</u>	<u>\$ 457,085</u>

TOWN OF BERWICK, LOUISIANA

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through/ Entity Identifying Number	Provided to Subrecipients	Expenditures
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through Louisiana Division of Administration Community Development Block Grant Program	14.228	B-18-DC-22-0001	\$ -	\$ 588,668
UNITED STATES DEPARTMENT OF THE INTERIOR				
Passed through St. Mary Parish Council Gulf of Mexico Energy Security Act of 2006 (GoMESA)	15.435	N/A	-	25,479
UNITED STATES DEPARTMENT OF THE TREASURY				
Passed through Louisiana Division of Administration COVID-19 - Coronavirus Relief Fund	21.019	N/A	-	571,463
UNITED STATES DEPARTMENT OF HOMELAND SECURITY				
Passed through Louisiana Office of Public Assistance Disaster Grants-Public Assistance-Presidentially Declared Disasters:	97.036			
Hurricane Barry		PA-4458	-	46,270
Louisiana Flooding		PA-4462	-	3,263
Total Disaster Grants-Public Assistance-Presidentially Declared Disasters			-	49,533
 Total expenditures of federal awards			<u>\$ -</u>	<u>\$ 1,235,143</u>

See notes to schedule of expenditures of federal awards.

TOWN OF BERWICK, LOUISIANA

Note to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal financial assistance programs of the Town of Berwick (the Town). The Town reporting entity is defined in Note 1 to the financial statements for the year ended September 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town.

(2) Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through identifying numbers are presented where available. The Town has not elected to use the 10 percent de minimis indirect cost.

(3) Subrecipients

The Town provided no federal awards to subrecipients.

(4) Donated PPE Purchased with Federal Assistance Funds for the COVID-19 Response

The Town did not receive donated PPE purchased with federal assistance funds for the COVID-19 response.

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

Victor R. Slaven, CPA* - retired 2020

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INDEPENDENT AUDITOR'S 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 Duval Arthur, Jr., 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, Louisiana (hereinafter "Town"), as of and for the year ended September 30, 2020, 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, 2021.

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) as a basis for designing 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 have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of audit results and findings as item 2020-001, that we consider to be a material weakness.

Compliance and Other Matters

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

Town's Response to Findings

The Town's response to the finding identified in our audit is described in the accompanying corrective action plan for current audit findings. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 31, 2021

KOLDER, SLAVEN & COMPANY, LLC

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Victor R. Slaven, CPA* - retired 2020

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Honorable Duval Arthur, Jr., Mayor
and Members of the Town Council
Town of Berwick, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the compliance of Town of Berwick, Louisiana (hereinafter "Town") with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the Town's major federal program for the year ended September 30, 2020. The Town's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on the Town's Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-002. Our opinion on the major program is not modified with respect to this matter.

The Town's response to the noncompliance finding identified in our audit is described in the accompanying corrective action plan for current audit findings. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report 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, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 31, 2021

TOWN OF BERWICK, LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended September 30, 2020

Part I. Summary of Audit Results

Financial Statements

1. Type of auditor's report issued on financial statements:

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental activities	Unmodified
Business-type activities	Unmodified
Major funds:	
General	Unmodified
1% Sales Tax	Unmodified
3/4 % Sales Tax	Unmodified
Street & Road Improvement	Unmodified
LCDBG	Unmodified
Gas Enterprise	Unmodified
Water Enterprise	Unmodified
Aggregate remaining fund information	Unmodified

2. Internal control over financial reporting:

Material weakness(es) identified?	<u> ✓ </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> ✓ </u> none reported

3. Noncompliance material to the financial statements?

<u> </u> yes	<u> ✓ </u> no
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Federal Awards

4. Internal control over major federal programs:

Material weakness(es) identified?	<u> </u> yes	<u> ✓ </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> ✓ </u> none reported

5. Major programs and type of auditor's report issued:

<u>CFDA Number</u>	<u>Federal Agency and Name of Major Program</u>	<u>Type of Opinion</u>
21.019	<u>United States Department of the Treasury</u> COVID-19 - Coronavirus Relief Fund	Unmodified

6. Audit findings required to be reported in accordance with 2 CFR §200.516(a)?

<u> ✓ </u> yes	<u> </u> no
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7. Threshold for distinguishing type A and B programs?

\$ 750,000

8. Qualified as a low-risk auditee?

<u> </u> yes	<u> ✓ </u> no
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Other

9. Management letter issued?

<u> </u> yes	<u> ✓ </u> no
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TOWN OF BERWICK, LOUISIANA

Schedule of Findings and Questioned Costs (continued)
Year Ended September 30, 2020

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

A. Internal Control Finding-

2020-001 – Segregation of Duties

Year Initially Occurring: Unknown

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.

B. Compliance Finding-

No findings are reported under this section.

TOWN OF BERWICK, LOUISIANA

Schedule of Findings and Questioned Costs (continued)
Year Ended September 30, 2020

Part III. Findings and questioned costs reported in accordance with the Uniform Guidance:

2020-002 – Expenditures Incurred Prior to March 1, 2020

Year Initially Occurring: 2020

COMPLIANCE REQUIREMENTS: Allowable Activities/Period of Performance

FEDERAL AGENCY: United States Department of Treasury

CFDA 21.019 - COVID-19 - Coronavirus Relief Fund

PASSTHROUGH AGENCY: Louisiana Division of Administration

QUESTIONED COSTS: \$6,320

CONDITION: The Town requested and received reimbursement of \$37,177 for the first payroll period paid in March 2020, which was for the pay period of February 27, 2020 through March 11, 2020. Of the \$37,177 requested and received, \$6,320 was attributable to the period prior to March 1, 2020.

CRITERIA: The CARES Act provides that payments from the Fund may only be used to cover costs that were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020 (the “covered period”).

CAUSE: The cause of the condition is the result of a failure to exclude payroll expenditures incurred prior to March 1, 2020 from the reimbursement request for the first payroll period paid by the Town in March 2020.

EFFECT: The Town requested and received reimbursement for costs incurred prior to March 1, 2020, which is not in accordance with the CARES Act.

CONTEXT: Sixty (60) transactions totaling \$111,608 were selected from a population of 214 transactions totaling \$571,463. The first payroll period paid in March 2020, consisting of fourteen (14) transactions, which was the first payroll period requested for reimbursement by the Town, was included in the transactions selected for testing. The March 2020 payroll period consisted of expenditures requested and reimbursed totaling \$37,177, of which \$6,320 was determined to be attributable to the period of February 27, 2020 through February 29, 2020 and incurred prior to the period of performance which began on March 1, 2020.

RECOMMENDATION: Procedures should be established to ensure that future reimbursement requests only include expenditures incurred during the period allowed by each grant/federal funding assistance.

VIEWS OF RESPONSIBLE OFFICIALS: See corrective action plan for current audit findings.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

APPENDIX A



TOWN OF BERWICK

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Summary Schedule of Prior Audit Findings Year Ended September 30, 2020

Mayor:
Duval Arthur

Mayor Protem:
Lud Henry

Councilmen:
James Richard

Kevin Hebert

Colleen Askew

Raymond Price

CAO:
Newell Slaughter

Town Clerk:
Jamie Keith

Findings reported in accordance with *Government Auditing Standards*

Internal Control –

2019-001 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CURRENT STATUS: This finding has not been corrected. Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Compliance –

2019-002 – Public Bid Law

CONDITION: The Town awarded various street repair contracts during the fiscal year ended September 30, 2019. Due to the significance of amounts paid and the similarity and continuous nature of the expenditures, the street repair projects may have been subject to the Public Bid Law.

CURRENT STATUS: This issue did not reoccur.

Findings for federal awards defined in the Uniform Guidance

Not applicable in the prior period.

Management Letter Findings

A management letter was not issued in the prior period.

CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS

APPENDIX B



TOWN OF BERWICK

Phone: (985) 384-8858 • P. O. Box 486 • Fax: (985) 384-8873
Berwick, LA 70342
www.townofberwick.org

March 31, 2021

Kolder, Slaven & Company, LLC
1201 David Drive
Morgan City, LA 70380

The following is in response to the finding resulting from the Town's audit for the fiscal year ended September 30, 2020:

2020-01- Segregation of Duties

Accounting and financial functions are not adequately segregated.

Management's Response

Corrective Action Plan: Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties. However, the Town has begun to evaluate policies and procedures and implement additional controls to address inadequate segregation of duties to when feasible.

Name of contact person responsible for corrective action: Newell Slaughter

Anticipated completion date for the corrective action: N/A

Findings and questioned costs for federal awards reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200:

2020-002- Expenditures Incurred Prior to March 1, 2020

The Town requested and received reimbursement of \$37,177 for the first payroll period paid in March 2020, which was for the pay period of February 27, 2020 through March 11, 2020. Of the \$37,177 requested and received, \$6,320 was attributable to the period prior to March 1, 2020.

Management's Response

Corrective Action Plan: The Town concurs with the finding and will establish procedures to ensure that future reimbursements include only those expenditures allowed by the funding source. The Town has contacted a representative of the Louisiana Division of Administration to resolve the questioned costs.

Name of contact person responsible for corrective action: Newell Slaughter

Anticipated completion date for the corrective action: 3/31/21

Sincerely,


Newell W. Slaughter
CAO