

TOWN OF BERWICK, LOUISIANA

Financial Report

Year Ended September 30, 2024

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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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the Town of Berwick, Louisiana (hereinafter "Town"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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 aggregate remaining fund information of the Town, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 15, the prior period financial statements have been restated to correct an error. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that certain information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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, schedule of employer's share of net pension liability, schedule of employer pension contributions, schedule of changes in total OPEB liability and related ratios, and notes to required supplementary information 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 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.

Supplementary 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 justice system funding schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the justice system funding schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the combining nonmajor funds and fund type financial statements as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2025, 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, 2025

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF BERWICK, LOUISIANA

Statement of Net Position
September 30, 2024

| | Primary Government | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Cash | \$ 3,676,964 | \$ 467,447 | \$ 4,144,411 |
| Restricted assets-customer deposits | - | 134,095 | 134,095 |
| Receivables, net | 951,023 | 168,694 | 1,119,717 |
| Due from other governments | 45,474 | - | 45,474 |
| Prepaid expense | 185,316 | 3,588 | 188,904 |
| Investment in Berwick-Bayou Vista Joint Waterworks Plant | - | 379,674 | 379,674 |
| Capital assets: | | | |
| Land and construction in progress | 4,130,720 | 15,000 | 4,145,720 |
| Other, net of accumulated depreciation | <u>10,191,893</u> | <u>996,862</u> | <u>11,188,755</u> |
| Total assets | <u>19,181,390</u> | <u>2,165,360</u> | <u>21,346,750</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to net pension liability | <u>398,377</u> | <u>46,205</u> | <u>444,582</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts and other payables | 311,423 | 112,923 | 424,346 |
| Due to other governments | 724 | 114 | 838 |
| Unearned revenues | 244,276 | - | 244,276 |
| Customer deposits payable-restricted assets | - | 134,095 | 134,095 |
| Noncurrent liabilities: | | | |
| Due in more than one year: | | | |
| Compensated absences | 57,870 | 18,821 | 76,691 |
| Net OPEB liability | 500,332 | - | 500,332 |
| Net pension liability | <u>3,175,291</u> | <u>440,215</u> | <u>3,615,506</u> |
| Total liabilities | <u>4,289,916</u> | <u>706,168</u> | <u>4,996,084</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to net pension liability | <u>219,944</u> | <u>38,600</u> | <u>258,544</u> |
| NET POSITION | | | |
| Net investment in capital assets | 14,322,613 | 1,391,536 | 15,714,149 |
| Restricted | 2,945,318 | - | 2,945,318 |
| Unrestricted (deficit) | <u>(2,198,024)</u> | <u>75,261</u> | <u>(2,122,763)</u> |
| Total net position | <u>\$ 15,069,907</u> | <u>\$ 1,466,797</u> | <u>\$ 16,536,704</u> |

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF BERWICK, LOUISIANA

Statement of Activities
Year Ended September 30, 2024

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---------------------------------------|---------------------|--|--|--|--|-----------------------------|----------------------|
| | | Fees, Commissions, Fines, and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental activities: | | | | | | | |
| General government | \$ 1,248,623 | \$ 393,689 | \$ 29,610 | \$ 380,000 | \$ (445,324) | \$ - | \$ (445,324) |
| Public safety: | | | | | | | |
| Fire | 270,875 | - | 70,242 | - | (200,633) | - | (200,633) |
| Police | 1,668,992 | 293,136 | 184,630 | - | (1,191,226) | - | (1,191,226) |
| Public works: | | | | | | | |
| Streets | 717,512 | - | 45,974 | 188,579 | (482,959) | - | (482,959) |
| Drainage | 135,722 | - | 31,441 | - | (104,281) | - | (104,281) |
| Cemetery | 30,056 | 22,650 | - | - | (7,406) | - | (7,406) |
| Culture and recreation | 633,484 | 15,940 | 6,851 | - | (610,693) | - | (610,693) |
| Sanitation | 1,490,800 | 1,180,413 | 7,805 | - | (302,582) | - | (302,582) |
| Supporting services | 4,588 | 49,039 | - | - | 44,451 | - | 44,451 |
| Total governmental activities | <u>6,200,652</u> | <u>1,954,867</u> | <u>376,553</u> | <u>568,579</u> | <u>(3,300,653)</u> | <u>-</u> | <u>(3,300,653)</u> |
| Business-type activities: | | | | | | | |
| Gas | 473,619 | 403,608 | - | - | - | (70,011) | (70,011) |
| Water | 969,804 | 942,828 | - | - | - | (26,976) | (26,976) |
| Total business-type activities | <u>1,443,423</u> | <u>1,346,436</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(96,987)</u> | <u>(96,987)</u> |
| Total government | <u>\$ 7,644,075</u> | <u>\$ 3,301,303</u> | <u>\$ 376,553</u> | <u>\$ 568,579</u> | <u>(3,300,653)</u> | <u>(96,987)</u> | <u>(3,397,640)</u> |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Ad valorem taxes | | | | | 693,863 | - | 693,863 |
| Drainage | | | | | 78,768 | - | 78,768 |
| Franchise | | | | | 206,191 | - | 206,191 |
| Sales | | | | | 2,483,855 | - | 2,483,855 |
| Other | | | | | 2,117 | - | 2,117 |
| Intergovernmental | | | | | 308,958 | - | 308,958 |
| Interest and investment earnings | | | | | 79,782 | - | 79,782 |
| Gain on disposition of capital assets | | | | | 31,230 | 3,570 | 34,800 |
| Miscellaneous | | | | | 179,191 | - | 179,191 |
| Transfers | | | | | (21,959) | 21,959 | - |
| Total general revenues | | | | | <u>4,041,996</u> | <u>25,529</u> | <u>4,067,525</u> |
| Change in net position | | | | | 741,343 | (71,458) | 669,885 |
| Net Position-- beginning, as restated | | | | | <u>14,328,564</u> | <u>1,538,255</u> | <u>15,866,819</u> |
| Net Position-- ending | | | | | <u>\$ 15,069,907</u> | <u>\$ 1,466,797</u> | <u>\$ 16,536,704</u> |

FUND FINANCIAL STATEMENTS

TOWN OF BERWICK, LOUISIANA

Balance Sheet
Governmental Funds
September 30, 2024

| | General | 1% Sales Tax | 3/4% Sales Tax Liquid and Solid Waste | Other Nonmajor Governmental | Total Governmental Funds |
|--------------------------------------|---------------------|---------------------|--|-----------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash | \$ 1,563,970 | \$ 781,731 | \$ 840,281 | \$ 490,982 | \$ 3,676,964 |
| Receivables: | | | | | |
| Taxes | 288,831 | 240,607 | 223,809 | 1,578 | 754,825 |
| Accounts | 7,372 | - | 188,826 | - | 196,198 |
| Due from other funds | - | - | - | 2,265 | 2,265 |
| Due from other governments | 45,474 | - | - | - | 45,474 |
| Prepaid expenditures | <u>179,688</u> | <u>-</u> | <u>5,628</u> | <u>-</u> | <u>185,316</u> |
| Total assets | <u>\$ 2,085,335</u> | <u>\$ 1,022,338</u> | <u>\$ 1,258,544</u> | <u>\$ 494,825</u> | <u>\$ 4,861,042</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 98,863 | \$ - | \$ 75,753 | \$ - | \$ 174,616 |
| Due to other funds | 2,265 | - | - | - | 2,265 |
| Due to other governments | 724 | - | - | - | 724 |
| Accrued liabilities | 120,850 | - | 15,957 | - | 136,807 |
| Unearned revenues | <u>244,276</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>244,276</u> |
| Total liabilities | <u>466,978</u> | <u>-</u> | <u>91,710</u> | <u>-</u> | <u>558,688</u> |
| Fund balances: | | | | | |
| Nonspendable | 179,688 | - | 5,628 | 52,152 | 237,468 |
| Restricted | 266,949 | 1,022,338 | 1,161,206 | 442,673 | 2,893,166 |
| Assigned | 467,457 | - | - | - | 467,457 |
| Unassigned | <u>704,263</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>704,263</u> |
| Total fund balances | <u>1,618,357</u> | <u>1,022,338</u> | <u>1,166,834</u> | <u>494,825</u> | <u>4,302,354</u> |
| Total liabilities and fund balances | <u>\$ 2,085,335</u> | <u>\$ 1,022,338</u> | <u>\$ 1,258,544</u> | <u>\$ 494,825</u> | <u>\$ 4,861,042</u> |

(continued)

TOWN OF BERWICK, LOUISIANA

Balance Sheet (continued)
 Governmental Funds
 September 30, 2024

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

| | | |
|--|-------------------|----------------------|
| Total fund balances for governmental funds at September 30, 2024 | | \$ 4,302,354 |
| Cost of capital assets: | | |
| Land | 1,695,103 | |
| Construction in progress | 2,435,617 | |
| Capital assets, net of accumulated depreciation | <u>10,191,893</u> | 14,322,613 |
| Deferred outflows of resources related to net pension liability | | 398,377 |
| Long-term liabilities: | | |
| Compensated absences | | (57,870) |
| Net OPEB liability | | (500,332) |
| Net pension liability | | (3,175,291) |
| Deferred inflows of resources related to net pension liability | | <u>(219,944)</u> |
| Net position at September 30, 2024 | | <u>\$ 15,069,907</u> |

The accompanying notes to financial statements 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, 2024

| | General | 1% Sales Tax | 3/4% Sales Tax Liquid and Solid Waste | Other Governmental | Total Governmental Funds |
|--|---------------------|---------------------|--|-----------------------|--------------------------------|
| Revenues: | | | | | |
| Taxes | \$ 1,413,594 | \$ 937,688 | \$ 892,380 | \$ 221,132 | \$ 3,464,794 |
| Licenses and permits | 300,792 | - | - | - | 300,792 |
| Intergovernmental | 784,390 | - | - | - | 784,390 |
| Fees, commissions, and charges for services | 209,211 | - | 1,180,413 | - | 1,389,624 |
| Fines and forfeits | 256,576 | - | - | - | 256,576 |
| Interest income | 30,514 | 18,058 | 18,311 | 12,899 | 79,782 |
| Miscellaneous | 213,773 | - | - | - | 213,773 |
| Total revenues | <u>3,208,850</u> | <u>955,746</u> | <u>2,091,104</u> | <u>234,031</u> | <u>6,489,731</u> |
| Expenditures: | | | | | |
| Current - | | | | | |
| General government: | | | | | |
| Administrative | 1,322,672 | - | - | - | 1,322,672 |
| Public safety: | | | | | |
| Fire | 217,117 | - | - | - | 217,117 |
| Police | 1,503,365 | - | - | - | 1,503,365 |
| Public works: | | | | | |
| Streets | 494,298 | - | - | - | 494,298 |
| Drainage | 138,770 | - | - | - | 138,770 |
| Cemetery | 30,056 | - | - | - | 30,056 |
| Culture and recreation | 454,083 | - | - | - | 454,083 |
| Sanitation | - | - | 1,387,891 | - | 1,387,891 |
| Supporting services | 4,588 | - | - | - | 4,588 |
| Capital outlay | 605,107 | - | 62,073 | - | 667,180 |
| Total expenditures | <u>4,770,056</u> | <u>-</u> | <u>1,449,964</u> | <u>-</u> | <u>6,220,020</u> |
| Excess (deficiency) of revenues over expenditures | <u>(1,561,206)</u> | <u>955,746</u> | <u>641,140</u> | <u>234,031</u> | <u>269,711</u> |
| Other financing sources (uses): | | | | | |
| Transfers in | 1,785,305 | - | - | 2,665 | 1,787,970 |
| Transfers out | (29,826) | (1,050,000) | (500,000) | (230,103) | (1,809,929) |
| Total other financing sources (uses) | <u>1,755,479</u> | <u>(1,050,000)</u> | <u>(500,000)</u> | <u>(227,438)</u> | <u>(21,959)</u> |
| Net change in fund balances | 194,273 | (94,254) | 141,140 | 6,593 | 247,752 |
| Fund balances, beginning, as restated | <u>1,424,084</u> | <u>1,116,592</u> | <u>1,025,694</u> | <u>488,232</u> | <u>4,054,602</u> |
| Fund balances, ending | <u>\$ 1,618,357</u> | <u>\$ 1,022,338</u> | <u>\$ 1,166,834</u> | <u>\$ 494,825</u> | <u>\$ 4,302,354</u> |

(continued)

TOWN OF BERWICK, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
 Governmental Funds
 Year Ended September 30, 2024

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, 2024 per Statement of Revenues, Expenditures and Changes in Fund Balances | \$ 247,752 |
| Cost of capital assets | 667,180 |
| Depreciation expense | (606,235) |
| Contributions of capital assets are not reported in governmental funds, since such contributions do not result in transfers of financial resources | 380,000 |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) | (2,739) |
| Net change in OPEB liability | (48,697) |
| Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability: | |
| Change in pension expense | 7,120 |
| Nonemployer pension contribution revenue | <u>96,962</u> |
| Total change in net position for the year ended September 30, 2024 per Statement of Activities | <u>\$ 741,343</u> |

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF BERWICK, LOUISIANA

Statement of Net Position
Proprietary Funds
September 30, 2024

| | Gas | Water | Total Enterprise Funds |
|--|------------------|---------------------|------------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash | \$ 70,155 | \$ 397,292 | \$ 467,447 |
| Receivables, net | 42,878 | 125,816 | 168,694 |
| Prepaid expenses | 3,341 | 247 | 3,588 |
| Total current assets | <u>116,374</u> | <u>523,355</u> | <u>639,729</u> |
| Restricted assets: | | | |
| Cash - customer deposits | <u>23,620</u> | <u>110,475</u> | <u>134,095</u> |
| Investment in Berwick-Bayou Vista Joint Waterworks Commission | <u>-</u> | <u>379,674</u> | <u>379,674</u> |
| Capital assets: | | | |
| Land | - | 15,000 | 15,000 |
| Other, net of accumulated depreciation | <u>256,690</u> | <u>740,172</u> | <u>996,862</u> |
| Total capital assets | <u>256,690</u> | <u>755,172</u> | <u>1,011,862</u> |
| Total assets | <u>396,684</u> | <u>1,768,676</u> | <u>2,165,360</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows of resources related to net pension liability | <u>17,549</u> | <u>28,656</u> | <u>46,205</u> |
| LIABILITIES | | | |
| Liabilities: | | | |
| Current liabilities: | | | |
| Accounts payable | 44,096 | 49,445 | 93,541 |
| Accrued liabilities | 6,554 | 12,828 | 19,382 |
| Customer deposits payable-restricted assets | 23,620 | 110,475 | 134,095 |
| Due to other governments | <u>-</u> | <u>114</u> | <u>114</u> |
| Total current liabilities | <u>74,270</u> | <u>172,862</u> | <u>247,132</u> |
| Noncurrent liabilities: | | | |
| Compensated absences | 7,894 | 10,927 | 18,821 |
| Net pension liability | <u>217,476</u> | <u>222,739</u> | <u>440,215</u> |
| Total noncurrent liabilities | <u>225,370</u> | <u>233,666</u> | <u>459,036</u> |
| Total liabilities | <u>299,640</u> | <u>406,528</u> | <u>706,168</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows of resources related to net pension liability | <u>17,887</u> | <u>20,713</u> | <u>38,600</u> |
| NET POSITION | | | |
| Net investment in capital assets | 256,690 | 1,134,846 | 1,391,536 |
| Unrestricted (deficit) | <u>(159,984)</u> | <u>235,245</u> | <u>75,261</u> |
| Total net position | <u>\$ 96,706</u> | <u>\$ 1,370,091</u> | <u>\$ 1,466,797</u> |

The accompanying notes to financial statements 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, 2024

| | <u>Gas</u> | <u>Water</u> | <u>Total Enterprise Funds</u> |
|---|------------------|---------------------|---------------------------------------|
| Operating revenues: | | | |
| Charges for services | \$ 387,522 | \$ 920,090 | \$ 1,307,612 |
| Delinquent charges | 8,708 | 14,560 | 23,268 |
| Miscellaneous | <u>7,378</u> | <u>8,178</u> | <u>15,556</u> |
| Total operating revenues | <u>403,608</u> | <u>942,828</u> | <u>1,346,436</u> |
| Operating expenses: | | | |
| Gas and water purchases | 127,853 | 439,928 | 567,781 |
| Salaries | 133,689 | 167,106 | 300,795 |
| Retirement | 25,791 | 31,620 | 57,411 |
| Group insurance | 37,330 | 17,013 | 54,343 |
| Other insurance | 2,508 | 7,317 | 9,825 |
| Maintenance and operations | 109,569 | 143,032 | 252,601 |
| Depreciation | 23,648 | 79,285 | 102,933 |
| Administration expenses | 13,231 | 15,151 | 28,382 |
| Miscellaneous | <u>-</u> | <u>1,365</u> | <u>1,365</u> |
| Total operating expense | <u>473,619</u> | <u>901,817</u> | <u>1,375,436</u> |
| Operating income (loss) | <u>(70,011)</u> | <u>41,011</u> | <u>(29,000)</u> |
| Nonoperating expenses: | | | |
| Decrease in equity of Berwick-Bayou Vista | | | |
| Joint Waterworks Commission | - | (67,987) | (67,987) |
| Gain on disposition of asset | <u>1,821</u> | <u>1,749</u> | <u>3,570</u> |
| Total nonoperating expenses | <u>1,821</u> | <u>(66,238)</u> | <u>(64,417)</u> |
| Loss before transfers | (68,190) | (25,227) | (93,417) |
| Transfers in | 27,161 | - | 27,161 |
| Transfers out | <u>(1,821)</u> | <u>(3,381)</u> | <u>(5,202)</u> |
| Change in net position | (42,850) | (28,608) | (71,458) |
| Net position, beginning | <u>139,556</u> | <u>1,398,699</u> | <u>1,538,255</u> |
| Net position, ending | <u>\$ 96,706</u> | <u>\$ 1,370,091</u> | <u>\$ 1,466,797</u> |

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF BERWICK, LOUISIANA

Statement of Cash Flows
 Proprietary Funds
 Year Ended September 30, 2024

| | <u>Gas</u> | <u>Water</u> | <u>Total Enterprise Funds</u> |
|---|------------------|-------------------|---------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers and users | \$ 386,377 | \$ 940,651 | \$ 1,327,028 |
| Payments to suppliers for goods and services | (210,713) | (612,440) | (823,153) |
| Payments to employees | <u>(212,823)</u> | <u>(228,170)</u> | <u>(440,993)</u> |
| Net cash provided (used) by operating activities | <u>(37,159)</u> | <u>100,041</u> | <u>62,882</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Receipts from other funds | 27,161 | - | 27,161 |
| Payments to other funds | <u>(1,821)</u> | <u>(3,381)</u> | <u>(5,202)</u> |
| Net cash provided (used) by noncapital financing activities | <u>25,340</u> | <u>(3,381)</u> | <u>21,959</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Proceeds from sale of assets | 1,821 | 3,381 | 5,202 |
| Purchase of capital assets | <u>(27,161)</u> | <u>(27,740)</u> | <u>(54,901)</u> |
| Net cash used by capital and related financing activities | <u>(25,340)</u> | <u>(24,359)</u> | <u>(49,699)</u> |
| Net change in cash and cash equivalents | (37,159) | 72,301 | 35,142 |
| Cash and cash equivalents, beginning | <u>130,934</u> | <u>435,466</u> | <u>566,400</u> |
| Cash and cash equivalents, ending | <u>\$ 93,775</u> | <u>\$ 507,767</u> | <u>\$ 601,542</u> |

(continued)

TOWN OF BERWICK, LOUISIANA

Statement of Cash Flows (continued)
 Proprietary Funds
 Year Ended September 30, 2024

| | Gas | Water | Total Enterprise Funds |
|---|--------------------|--------------------|------------------------------|
| Reconciliation of operating loss to net cash provided (used) by operating activities: | | | |
| Operating income (loss) | \$ (70,011) | \$ 41,011 | \$ (29,000) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation | 23,648 | 79,285 | 102,933 |
| Pension expense, net of nonemployer contributions | (16,865) | (20,697) | (37,562) |
| Changes in assets and liabilities: | | | |
| Accounts receivable | (11,337) | 858 | (10,479) |
| Accounts payable | 39,940 | (5,647) | 34,293 |
| Accrued liabilities | (1,734) | 1,887 | 153 |
| Customer deposits payable | (800) | 3,230 | 2,430 |
| Due to other governments | - | 114 | 114 |
| Total adjustments | <u>32,852</u> | <u>59,030</u> | <u>91,882</u> |
| Net cash provided (used) by operating activities | <u>\$ (37,159)</u> | <u>\$ 100,041</u> | <u>\$ 62,882</u> |
| Non-cash investing activities | | | |
| Change in equity of Berwick-Bayou Vista Joint Waterworks Plant | <u>\$ -</u> | <u>\$ (67,967)</u> | <u>\$ (67,967)</u> |
| Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet: | | | |
| Cash and cash equivalents, beginning | | | |
| Interest-bearing deposits - unrestricted | \$ 106,514 | \$ 328,221 | \$ 434,735 |
| Interest bearing deposits - restricted | <u>24,420</u> | <u>107,245</u> | <u>131,665</u> |
| Total cash and cash equivalents | <u>130,934</u> | <u>435,466</u> | <u>566,400</u> |
| Cash and cash equivalents, ending | | | |
| Interest-bearing deposits - unrestricted | 70,155 | 397,292 | 467,447 |
| Interest-bearing deposits - restricted | <u>23,620</u> | <u>110,475</u> | <u>134,095</u> |
| Total cash and cash equivalents | <u>93,775</u> | <u>507,767</u> | <u>601,542</u> |
| Net change in cash and cash equivalents | <u>\$ (37,159)</u> | <u>\$ 72,301</u> | <u>\$ 35,142</u> |

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

(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 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.

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).

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

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 19 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.

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

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

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 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.

Proprietary Funds:

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

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

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

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related liability is incurred.

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" 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

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

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 measured at acquisition 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 |

J. Restricted Assets

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

K. Deferred Outflows of Resources and Inflows of Resources

Deferred outflows of resources represent a consumption of net assets 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 assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Town may report 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.

L. 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.

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

- c. Unrestricted – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Town considers restricted funds to have been spent first.

Fund Financial Statements –

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

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

M. 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,

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

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.

N. 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.

O. 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.

P. 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.

Q. 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.

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

(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, 2024, the Town has cash and interest-bearing deposits (book balances) totaling \$4,278,506 as follows:

| | Governmental Activities | Business-type Activities | Total |
|-----------------|----------------------------|-----------------------------|---------------------|
| Demand deposits | \$ 3,676,814 | \$ 601,542 | \$ 4,278,356 |
| Petty cash | <u>150</u> | <u>-</u> | <u>150</u> |
| Total | <u>\$ 3,676,964</u> | <u>\$ 601,542</u> | <u>\$ 4,278,506</u> |

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances), must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at September 30, 2024 are as follows:

| | |
|---------------------------|---------------------|
| Bank balances | <u>\$ 4,387,951</u> |
| Federal deposit insurance | \$ 250,000 |
| Pledged securities | <u>4,137,951</u> |
| Total | <u>\$ 4,387,951</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. There are no policies formally adopted to monitor or attempt to reduce exposure to custodial credit risk. At September 30, 2024, deposits in the amount of \$4,137,951 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.

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

For the year ended September 30, 2024, taxes of 18.88 mills were levied on property with assessed valuations totaling \$37,018,357 and were dedicated as follows:

| | |
|-------------------------------|-------------|
| General governmental services | 12.88 mills |
| Maintenance | 6.00 mills |

For the year ended September 30, 2024, drainage taxes were also assessed and dedicated as follows:

| | |
|-------------------------------|---------------|
| General governmental services | \$25 per acre |
|-------------------------------|---------------|

Total taxes levied for the year ended September 30, 2024 were \$779,006.

(4) Receivables

Net receivables at September 30, 2024 of \$1,119,717 consist of the following:

| | Governmental Activities | Business-type Activities | Total |
|-----------------------------------|----------------------------|-----------------------------|---------------------|
| Accounts | \$ 210,094 | \$ 178,639 | \$ 388,733 |
| Taxes | 795,698 | - | 795,698 |
| | 1,005,792 | 178,639 | 1,184,431 |
| Less: allowance for uncollectible | (54,769) | (9,945) | (64,714) |
| Net receivables | <u>\$ 951,023</u> | <u>\$ 168,694</u> | <u>\$ 1,119,717</u> |

(5) Due from Other Governments

Amounts due from other governments at September 30, 2024 consisted of the following:

| | |
|---|------------------|
| Governmental activities: | |
| State of Louisiana - Video Poker | \$ 13,531 |
| St. Mary Parish Government - Prisoner Maintenance | 3,104 |
| St. Mary Parish Water and Sewer Commission No. 2 | 28,839 |
| Total governmental activities | <u>\$ 45,474</u> |

(6) Changes in Capital Assets

Capital asset activity for the year ended September 30, 2024, was as follows:

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

| | Balance 10/1/23 | Additions | Deletions | Balance 09/30/24 |
|--|----------------------|---------------------|---------------------|----------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,315,103 | \$ 380,000 | \$ - | \$ 1,695,103 |
| Construction in progress | <u>2,851,924</u> | <u>233,071</u> | <u>(649,378)</u> | <u>2,435,617</u> |
| Total capital assets not being depreciated | <u>4,167,027</u> | <u>613,071</u> | <u>(649,378)</u> | <u>4,130,720</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 3,856,270 | - | - | 3,856,270 |
| Improvements | 11,027,272 | 756,358 | - | 11,783,630 |
| Equipment | 2,617,937 | 84,227 | (135,751) | 2,566,413 |
| Infrastructure | 33,250 | - | - | 33,250 |
| Autos and trucks | <u>1,500,482</u> | <u>242,902</u> | <u>(63,233)</u> | <u>1,680,151</u> |
| Total capital assets being depreciated | <u>19,035,211</u> | <u>1,083,487</u> | <u>(198,984)</u> | <u>19,919,714</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (3,136,557) | (59,412) | - | (3,195,969) |
| Improvements | (3,000,748) | (351,609) | - | (3,352,357) |
| Equipment | (2,055,446) | (89,948) | 133,665 | (2,011,729) |
| Infrastructure | (8,976) | (748) | - | (9,724) |
| Autos and trucks | <u>(1,116,104)</u> | <u>(104,518)</u> | <u>62,580</u> | <u>(1,158,042)</u> |
| Total accumulated depreciation | <u>(9,317,831)</u> | <u>(606,235)</u> | <u>196,245</u> | <u>(9,727,821)</u> |
| Total capital assets being depreciated, net | <u>9,717,380</u> | <u>477,252</u> | <u>(2,739)</u> | <u>10,191,893</u> |
| Governmental activities capital assets, net | <u>\$ 13,884,407</u> | <u>\$ 1,090,323</u> | <u>\$ (652,117)</u> | <u>\$ 14,322,613</u> |
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 15,000 | \$ - | \$ - | \$ 15,000 |
| Capital assets being depreciated: | | | | |
| Gas utility system | 1,021,492 | 27,161 | (15,512) | 1,033,141 |
| Water utility system | <u>3,550,885</u> | <u>27,740</u> | <u>(38,527)</u> | <u>3,540,098</u> |
| Total capital assets being depreciated | <u>4,572,377</u> | <u>54,901</u> | <u>(54,039)</u> | <u>4,573,239</u> |
| Less accumulated depreciation for: | | | | |
| Gas utility system | (768,315) | (23,648) | 15,512 | (776,451) |
| Water utility system | <u>(2,757,536)</u> | <u>(79,285)</u> | <u>36,895</u> | <u>(2,799,926)</u> |
| Total accumulated depreciation | <u>(3,525,851)</u> | <u>(102,933)</u> | <u>52,407</u> | <u>(3,576,377)</u> |
| Total capital assets being depreciated, net | <u>1,046,526</u> | <u>(48,032)</u> | <u>(1,632)</u> | <u>996,862</u> |
| Business-type activities capital assets, net | <u>\$ 1,061,526</u> | <u>\$ (48,032)</u> | <u>\$ (1,632)</u> | <u>\$ 1,011,862</u> |

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

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

| | | |
|--|--|-------------------|
| Governmental activities: | | |
| General government and administration | | \$ 57,099 |
| Public safety: | | |
| Police | | 72,265 |
| Fire | | 43,719 |
| Public works: | | |
| Streets | | 228,352 |
| Drainage | | 381 |
| Culture and recreation | | 90,014 |
| Sanitation | | <u>114,405</u> |
| Total depreciation expense, governmental activities | | <u>\$ 606,235</u> |
| Business-type activities: | | |
| Gas | | \$ 23,648 |
| Water | | <u>79,285</u> |
| Total depreciation expense, business-type activities | | <u>\$ 102,933</u> |

On October 22, 2024, the Town entered a construction contract in the amount of \$1,999,639 for a drainage project.

(7) Long-Term Liabilities

During the year ended September 30, 2024, the following changes occurred:

| | Balance Beginning of Year | Additions | Deletions | Balance End of Year | Due Within One Year |
|---------------------------|---------------------------------|------------------|------------------|---------------------------|------------------------|
| Governmental activities: | | | | | |
| Compensated absences | <u>\$ 57,870</u> | <u>\$ 62,584</u> | <u>\$ 62,584</u> | <u>\$ 57,870</u> | <u>\$ -</u> |
| Business-type activities: | | | | | |
| Compensated absences | <u>\$ 19,856</u> | <u>\$ 11,382</u> | <u>\$ 12,417</u> | <u>\$ 18,821</u> | <u>\$ -</u> |

These balances are generally liquidated by the fund incurring the obligation.

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

(8) Restricted Net position

At September 30, 2024, the government-wide statement of net position reports the following restricted net position:

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Restricted by enabling legislation | \$ 2,855,553 |
| Net position otherwise restricted for: | |
| Perpetual care: | |
| Expendable | 37,597 |
| Nonexpendable | 52,152 |
| Street and road improvements | 1 |
| LCDBG | <u>15</u> |
| Total restricted net position | <u>\$ 2,945,318</u> |

(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, 2024.

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:

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

| | General | 1% Sales Tax | 3/4% Sales Tax Liquid and Solid Waste | Other Governmental Funds | Total Governmental Funds |
|------------------------------------|---------------------|---------------------|--|--------------------------------|--------------------------------|
| Fund balances: | | | | | |
| Nonspendable - | | | | | |
| Permanent fund principal | \$ - | \$ - | \$ - | \$ 52,152 | \$ 52,152 |
| Prepaid items | 179,688 | - | 5,628 | - | 185,316 |
| Total fund balances - nonspendable | <u>179,688</u> | <u>-</u> | <u>5,628</u> | <u>52,152</u> | <u>237,468</u> |
| Restricted for - | | | | | |
| Ad valorem tax restrictions | - | - | - | 405,060 | 405,060 |
| Capital improvements | - | - | - | 16 | 16 |
| Perpetual care | - | - | - | 37,597 | 37,597 |
| Sales and use tax restrictions | 266,949 | 1,022,338 | 1,161,206 | - | 2,450,493 |
| Total fund balances - restricted | <u>266,949</u> | <u>1,022,338</u> | <u>1,161,206</u> | <u>442,673</u> | <u>2,893,166</u> |
| Assigned to - | | | | | |
| Fire improvements | 51,906 | - | - | - | 51,906 |
| Law enforcement | 1,122 | - | - | - | 1,122 |
| General government | 414,429 | - | - | - | 414,429 |
| Total fund balances - assigned | <u>467,457</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>467,457</u> |
| Unassigned | <u>704,263</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>704,263</u> |
| Total fund balances | <u>\$ 1,618,357</u> | <u>\$ 1,022,338</u> | <u>\$ 1,166,834</u> | <u>\$ 494,825</u> | <u>\$ 4,302,354</u> |

(10) Contingencies

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, 2024. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

(11) Interfund Transfers

Interfund transfers at September 30, 2024 are as follows:

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

| Transferring Fund | Receiving Fund | | | Total |
|---------------------------------------|--------------------|-----------------------------------|-------------------|--------------------|
| | General | Nonmajor Other Governmental | Gas Enterprise | |
| General | \$ - | \$ 2,665 | \$ 27,161 | \$ 29,826 |
| 1% Sales Tax | 1,050,000 | - | - | 1,050,000 |
| 3/4% Sales Tax Liquid and Solid Waste | 500,000 | - | - | 500,000 |
| Nonmajor Governmental | 230,103 | - | - | 230,103 |
| Water Enterprise | 1,821 | - | - | 1,821 |
| Gas Enterprise | 3,381 | - | - | 3,381 |
| Total | <u>\$1,785,305</u> | <u>\$ 2,665</u> | <u>\$ 27,161</u> | <u>\$1,815,131</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 (2024 collections \$937,688). 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 (2024 collections \$892,380). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is allocated and distributed monthly as above. Proceeds are to be used for the construction, acquisition, extension, improvement, operation, and maintenance of solid waste collection and disposal facilities, sewers and sewerage disposal works, and other facilities for pollution control and abatement, fire and police protection; and to pay debt service requirements on bonds issued for any of the above-mentioned purposes. The tax was reapproved for levy in 1987. At the time of reauthorization, voters approved a provision authorizing that the proceeds could also be used for law enforcement and fire protection costs.

Proceeds of a 3/10 of 1% sales and use tax levied in 1982 (2024 collections \$358,140). 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,

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

construction, improvement, maintenance and repair of streets, roads, and bridges.

Proceeds of a ½ of 1% sales and use tax levied in 2001 (2024 collections \$295,647). 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.

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

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

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 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 forty-five percent of his final compensation

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

or three percent of his final compensation multiplied by his years of credible service, whichever is greater, or an amount equal to three percent of the member's final compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

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 10.00% 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, 2024, the actual employer contribution rate was 29.50% 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, 2024, the Town reported liabilities in its government-wide financial statements of \$1,278,058 and \$440,215 in its governmental activities and its business-type activities, respectively, for its proportionate share of the net pension liabilities of MERS. The net pension liabilities were measured as of June 30, 2024 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, 2024, the Town's proportional share of MERS was 0.610616%, which was a decrease of 0.037741% from its proportion measured as of June 30, 2023.

For the year ended September 30, 2024, the Town recognized pension expense of \$194,888 and \$57,411 in its governmental activities and business-type activities, respectively, related to its participation in MERS.

At September 30, 2024, 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 Financial Statements (continued)

| | Governmental Activities | | Business-Type Activities | |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference between expected and actual experience | \$ - | \$ 39,817 | \$ - | \$ 17,064 |
| Changes in Assumption | - | 7,099 | - | 3,043 |
| Net difference between projected and actual earnings on pension plan investments | 16,197 | - | 6,941 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 31,222 | 65,379 | 13,393 | 18,493 |
| Employer contributions subsequent to the measurement date | 60,367 | - | 25,871 | - |
| | <u>\$ 107,786</u> | <u>\$ 112,295</u> | <u>\$ 46,205</u> | <u>\$ 38,600</u> |

Deferred outflows of resources of \$60,367 and \$25,871 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:

| Year | Governmental Activities | Business-type Activities | Total |
|------|-------------------------|--------------------------|--------------------|
| 2025 | \$ (42,115) | \$ (12,580) | \$ (54,695) |
| 2026 | 56,360 | 16,835 | 73,195 |
| 2027 | (45,417) | (13,566) | (58,983) |
| 2028 | (33,704) | (8,955) | (42,659) |
| | <u>\$ (64,876)</u> | <u>\$ (18,266)</u> | <u>\$ (83,142)</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.

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

The actuarial assumptions used in the June 30, 2024 valuation was based on the results of an experience study, for the period July 1, 2018 through June 30, 2023.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2024 are as follows:

| | Municipal Employees' Retirement System (MERS) Plan A |
|--|---|
| Valuation Date | June 30, 2024 |
| Actuarial cost method | Entry Age Normal |
| Expected remaining service lives | 3 years |
| Investment rate of return | 6.85%, net of pension plan investment expense, including inflation |
| Inflation rate | 2.5% |
| Projected salary increases, including inflation and merit increases: | |
| -1 to 2 years of service | 9.0% |
| -More than 2 years of service | 4.4% |
| Annuity and beneficiary mortality | PubG-2010(B) Healthy Retiree Table set equal to 115% for males and females, each adjusted using their respective male and female MP2021 scales. |
| Employee mortality | PubG-2010(B) Employee Table set equal to 115% for males and 120% for females, adjusted using their respective male and female MP2021 scales. |
| Disabled lives mortality | PubNS-2010(B) Disabled Retiree Table set equal to 115% for males and 120% for females with the full generational MP2021 scale. |

The investment rate of return was 6.85%, which was unchanged from the rate used as of June 30, 2023. 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.

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

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, 2024 are summarized in the following table:

| Asset Class | Target Asset Allocation | Long-Term Expected Portfolio Real Rate of Return |
|------------------------------------|-------------------------|--|
| Public equity | 56% | 2.44% |
| Public fixed income | 29% | 1.26% |
| Alternatives | <u>15%</u> | <u>0.65%</u> |
| Totals | <u>100%</u> | <u>4.35%</u> |
| Inflation | | <u>2.50%</u> |
| Expected Arithmetic Nominal Return | | <u>6.85%</u> |

The discount rate used to measure the total pension liability was 6.85%, which was unchanged from the rate used as of June 30, 2023. 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 6.85%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2024:

| | Changes in Discount Rate: | | |
|-----------------------|---------------------------|-----------------------------|----------------------|
| | MERS - Plan A | | |
| | 1% Decrease 5.85% | Current Discount Rate | 1% Increase 7.85% |
| Net Pension Liability | \$ 2,587,465 | \$ 1,718,273 | \$ 984,524 |

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, 2024, the Town recognized revenue as a result of support received from the non-employer contributing entities of \$49,974 for its participation in MERS.

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

Payables to the Pension Plan: The Town recorded accrued liabilities to MERS for the year ended September 30, 2024 primarily due to the accrual for payroll at the end of the fiscal year. The amounts due are included in the fund statement liabilities under the amounts reported as accrued liabilities. The balance due to MERS as of September 30, 2024 is \$27,950.

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, or on the Louisiana Legislative Auditor's website, www.la.gov.

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.

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

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

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.

Under Act 170 of the 2013 Regular Session of the Legislature, the Board of Trustees may not take action to authorize a COLA during any calendar year prior to the end of the legislative session for that year, during the first six months of any year, or in any calendar year in which the legislature has granted a COLA unless the legislation granting such COLA specifically allows the Board to also take COLA action.

Pursuant to R.S. 11:2225.5, the Board of Trustees may provide a nonrecurring lump sum payment (subject to frequency limitations) or permanent benefit increase only from funds set aside in the System's funding deposit account. The funding deposit account may be credited with up to 0.85% of plan payroll in any year in which the Board of Trustees elects to require that employers contribute an amount in excess of the rate determined under R.S. 11:103. In such years as the Board sets the employer contribution rate above the rate determined under R.S. 11:103 (the minimum net direct actuarially determined employer contribution rate) for the purpose of funding additional benefits for retirees, survivors, and beneficiaries, a contribution to the funding deposit account will be determined within the system's actuarial valuation. The funds in the account shall earn interest annually at the board approved valuation interest rate.

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 into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is 36 months or less. For those employees who enter DROP after June 30, 2024, participation in the DROP is 60 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

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

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 but before July 1, 2019, an irrevocable election is made to earn interest based on the system's investment portfolio return or a money market investment return. This could result in 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. If the members elects a money market investment account the funds are transferred to a government money market account. Pursuant to Act 78 of the 2019 Regular Session of the Louisiana Legislature, DROP members can self-direct their DROP funds. For those members who elected to self-direct their DROP funds the System transferred lump sum distributions to the stable value fund of Empower Retirement. Empower Retirement acts as an agent of the System to allow participants to self-direct the investment of their lump sum balances. Participants can irrevocably elect to participate in the self-directed portion of the program. If they do so, they can invest in Vanguard Lifestrategy Funds through Empower Retirement.

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, 2024, 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 33.925% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 33.925% 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 36.425% 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, 2024, and excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At September 30, 2024, the Town reported liabilities in its government-wide financial statements of \$1,752,685 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, 2024, 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, 2024, the Town's proportional share of MPERS was 0.193454%, which was a decrease of 0.007524% from

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

its proportion measured as of June 30, 2023.

For the year ended September 30, 2024, the Town recognized a pension expense of \$307,553 in its governmental activities related to its participation in MPERS.

At September 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Governmental Activities</u> | |
|---|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Difference between expected and actual experience | \$ 94,895 | \$ 53,019 |
| Changes in Assumption | - | - |
| Net difference between projected and actual earnings on pension plan investments | 48,723 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 24,508 | 48,704 |
| Employer contributions subsequent to the measurement date | <u>54,973</u> | <u>-</u> |
| | <u>\$ 223,099</u> | <u>\$101,723</u> |

Deferred outflows of resources of \$54,973 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> | |
|-------------|------------------|
| 2025 | \$ 7,199 |
| 2026 | 165,374 |
| 2027 | (75,454) |
| 2028 | <u>(30,716)</u> |
| | <u>\$ 66,403</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.

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

The actuarial assumptions used in the June 30, 2024 valuation were based on the assumptions used in the June 30, 2024 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.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2024 are as follows:

| | Municipal Police Employees' Retirement System (MPERS) | |
|--|---|---------------|
| Valuation Date | June 30, 2024 | |
| Actuarial cost method | Entry Age Normal Cost | |
| Actuarial cost assumptions: | | |
| Expected Remaining service lives | 4 years | |
| Investment rate of return | 6.75%, 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 Below-Median 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 Financial Statements (continued)

The investment rate of return was 6.75%, which was unchanged from the rate used as of June 30, 2023.

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. 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, 2024 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Asset Allocation</u> | <u>Long-Term Expected Portfolio Real Rate of Return</u> |
|-------------------------|--------------------------------|---|
| Equity | 52% | 3.14% |
| Fixed Income | 34% | 1.07% |
| Alternative | <u>14%</u> | <u>1.03%</u> |
| Totals | <u>100%</u> | 5.24% |
| Inflation | | <u>2.62%</u> |
| Expected Nominal Return | | <u>7.86%</u> |

The discount rate used to measure the total pension liability was 6.75%, which was unchanged from the rate used as of June 30, 2023. 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 6.75%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.75% or one percentage point higher 7.75% than the current rate:

| | Changes in Discount Rate: | | |
|-----------------------|---------------------------|-----------------------------|----------------------|
| | MPERS | | |
| | 1% Decrease 5.75% | Current Discount Rate | 1% Increase 7.75% |
| Net Pension Liability | <u>\$2,603,571</u> | <u>\$1,752,685</u> | <u>\$1,042,361</u> |

TOWN OF BERWICK, LOUISIANA

Notes to 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, 2024, the Town recognized revenue as a result of support received from the non-employer contributing entities of \$50,320 for its participation in MPERS.

Payables to the Pension Plan: The Town recorded accrued liabilities to MPERS for the year ended September 30, 2024 primarily due to the accrual for payroll at the end of the fiscal year. The amounts due are included in the general fund statement liabilities under the amounts reported as accrued liabilities. The balance due to MPERS as of September 30, 2024 is \$17,018.

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.

Benefits are payable over the retirees' lives in the form of a monthly annuity. A member may elect an the maximum benefit (unreduced benefit which ceases upon the member's death) or any of six other options at retirement.

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

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 the member's 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 Financial Statements (continued)

Employer Contributions: According to state statute, employer contributions are actuarially-determined each year. For the year ended June 30, 2024, employer and employee contribution rates for members above the poverty line were 33.25% and 10.00%, respectively. The employer and employee contribution rates for those members below the poverty line were 35.25% 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, 2024 and were excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At September 30, 2024, The Town reported liabilities in its government-wide financial statements of \$144,548 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, 2024 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, 2024, the Town's proportional share of FFRS was 0.025672%, which was an increase of 0.009334% from its proportion measured as of June 30, 2023.

For the year ended September 30, 2024, the Town recognized a pension expense of \$31,923 in its governmental activities related to its participation in FFRS.

At September 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Governmental Activities | |
|---|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference between expected and actual experience | \$ 10,852 | \$ 3,438 |
| Changes in Assumption | 6,184 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,462 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 43,258 | 2,488 |
| Employer contributions subsequent to the measurement date | 5,736 | - |
| | \$ 67,492 | \$ 5,926 |

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

Deferred outflows of resources of \$5,736 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> | |
|-------------|------------------|
| 2025 | \$ 7,487 |
| 2026 | 24,937 |
| 2027 | 3,209 |
| 2028 | 3,795 |
| 2029 | 8,370 |
| 2030 | <u>8,032</u> |
| | <u>\$ 55,830</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 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 several investment consulting firms in addition to the System’s investment 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, 2024, the reasonable range was set at 6.73% through 7.91% and the Board of Trustees elected to set the System’s assumed rate of return at 6.90% for fiscal 2024.

The remaining actuarial assumptions utilized for this report for fiscal year 2024 are based on the results of an actuarial experience study completed September 24, 2020, for the period July 1, 2014 – June 30, 2019, unless otherwise specified in this report. Additional details are given in the actuary’s complete 2020 Experience Report for the period July 1, 2014 – June 30, 2019 which can be obtained from the Firefighters’ Retirement System website at www.ffret.com under the Finance tab, Actuarial Valuations section.

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2024 are as follows:

| | <u>Firefighters' Retirement System</u> |
|------------------------------------|--|
| Valuation Date | June 30, 2024 |
| Actuarial cost method | Entry Age Normal |
| Actuarial cost assumptions: | |
| Expected remaining service lives | 7 years, closed period |
| Investment rate of return | 6.90% per annum (net of investment expenses, including inflation) |
| Inflation rate | 2.50% 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 |
| Mortality | <p>For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.</p> <p>For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.</p> <p>For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.</p> <p>In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP-2019 scale.</p> |
| 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 6.9%, which was unchanged from the rate used as of June 30, 2023.

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. The actuary's method incorporates information from multiple consultants and investments firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The process integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

The June 30, 2024, 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 as of January 2024 and the Curran Actuarial Consulting Average study for 2024. The consultant's average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

classes collected from several 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 target asset allocation changed slightly from June 30, 2023 to June 30, 2024. These changes include a decrease to target weight in U.S. public equity, a decrease to emerging market equity, a decrease to U.S. Core fixed income, and an increase to fixed income. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2024.

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, 2024, are summarized in the following tables:

| Asset Class | Target Asset Allocation | Long-Term Expected Real Rates of Return |
|--------------------------|-------------------------|---|
| Equity: | | |
| U.S. Equity | 28.5% | 6.24% |
| Non-U.S. Equity | 11.0% | 6.36% |
| Global Equity | 10.0% | 6.42% |
| Emerging Market Equity | 4.5% | 8.26% |
| Fixed Income: | | |
| U.S. Core Fixed Income | 22.0% | 2.09% |
| U.S. TIPS | 2.0% | 2.00% |
| Emerging Market Debt | 2.0% | 4.05% |
| Multisector Fixed Income | 4.0% | 2.34% |
| Alternatives: | | |
| Private Equity | 9.0% | 9.77% |
| Real Estate | 4.0% | 4.85% |
| Real Assets | <u>3.0%</u> | 5.93% |
| | <u>100.0%</u> | |

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

The discount rate used to measure the total pension liability was 6.9%, which was unchanged from the rate used as of June 30, 2023. 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 6.9%, 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, 2024.

| Changes in Discount Rate: | | | |
|---------------------------------|-------------------|-------------------|------------------|
| Firefighters' Retirement System | | | |
| | 1% Decrease | Current | 1% Increase |
| | 5.9% | Rate | 7.9% |
| Net Pension Liability | <u>\$ 239,979</u> | <u>\$ 144,548</u> | <u>\$ 64,948</u> |

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Town recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended September 30, 2024, the Town recognized revenue as a result of support received from the non-employer contributing entities of \$8,005 for its participation in FFRS.

Payables to the Pension Plan: The Town recorded accrued liabilities to FFRS for the year ended September 30, 2024 primarily due to the accrual for payroll at the end of the fiscal year. The amounts due are included in the general fund statement liabilities under the amounts reported as accrued liabilities. The balance due to FFRS as of September 30, 2024 is \$1,912.

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.lafirs.org or on the Louisiana Legislative Auditor's official website at www.lla.la.gov.

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 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 | \$ 1,278,058 | \$ 1,752,685 | \$ 144,548 | \$ 3,175,291 |
| Business-type Activities | 440,215 | - | - | 440,215 |
| Total | <u>\$ 1,718,273</u> | <u>\$ 1,752,685</u> | <u>\$ 144,548</u> | <u>\$ 3,615,506</u> |

Deferred Outflows of Resources:

| | <u>MERS</u> | <u>MPERS</u> | <u>FFRS</u> | <u>Aggregate</u> |
|--------------------------|-------------------|-------------------|------------------|-------------------|
| Governmental Activities | \$ 107,786 | \$ 223,099 | \$ 67,492 | \$ 398,377 |
| Business-type Activities | 46,205 | - | - | 46,205 |
| Total | <u>\$ 153,991</u> | <u>\$ 223,099</u> | <u>\$ 67,492</u> | <u>\$ 444,582</u> |

Deferred Inflows of Resources:

| | <u>MERS</u> | <u>MPERS</u> | <u>FFRS</u> | <u>Aggregate</u> |
|--------------------------|-------------------|-------------------|-----------------|-------------------|
| Governmental Activities | \$ 112,295 | \$ 101,723 | \$ 5,926 | \$ 219,944 |
| Business-type Activities | 38,600 | - | - | 38,600 |
| Total | <u>\$ 150,895</u> | <u>\$ 101,723</u> | <u>\$ 5,926</u> | <u>\$ 258,544</u> |

Pension Expense:

| | <u>MERS</u> | <u>MPERS</u> | <u>FFRS</u> | <u>Aggregate</u> |
|--------------------------|-------------------|-------------------|------------------|-------------------|
| Governmental Activities | \$ 194,888 | \$ 307,553 | \$ 31,923 | \$ 534,364 |
| Business-type Activities | 57,411 | - | - | 57,411 |
| Total | <u>\$ 252,299</u> | <u>\$ 307,553</u> | <u>\$ 31,923</u> | <u>\$ 591,775</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.

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

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 policy up to a maximum of \$250 per month. Any Medicare supplement premium costs above \$250 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, 2024, there were a total of 43 employees covered by the benefit terms. Of these 43 employees, 36 were active employees, 7 were inactive (retired) employees currently receiving benefits payments and 3 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 \$500,332 was measured as of September 30, 2024 and was determined by the alternative measurement method in place of actuarial valuation. 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, 2024 was determined 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: | 3.90% |
| Health Care Cost Trend Rates: | |
| Medicare Supplement: | Initially 5.8%, decreasing 0.1% in years 2-3, decreasing 0.2% in years 4-9, then decreasing 0.3% in year 10. |

The discount rate was based on the 20-year tax exempt municipal bond 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 Financial Statements (continued)

Changes in Total OPEB Liability:

| | Total OPEB Liability |
|--|-------------------------|
| Balance at 9/30/2023 | <u>\$ 451,635</u> |
| Charges for the year: | |
| Service cost | 11,954 |
| Interest | 21,271 |
| Effect of economic/demographic gains or losses | (9,787) |
| Effect of changes in assumptions/inputs | 33,683 |
| Benefit payments | <u>(8,424)</u> |
| Net changes | <u>48,697</u> |
| Balance at 9/30/2024 | <u>\$ 500,332</u> |

During the year ended September 30, 2024, the Town incurred costs totaling \$8,424 related to providing OPEB benefits, which is expensed as incurred. OPEB expense recognized by the Town for the fiscal year ended September 30, 2024 is \$57,121.

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 or 1-percentage-point higher than the current discount rate:

| | 1% Decrease (2.90%) | Discount Rate (3.90%) | 1% Increase (4.90%) |
|----------------------|------------------------|--------------------------|------------------------|
| Total OPEB Liability | <u>\$ 552,902</u> | <u>\$ 500,332</u> | <u>\$ 455,075</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>\$ 493,646</u> | <u>\$ 500,332</u> | <u>\$ 507,045</u> |

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

(15) Prior Period Adjustment

During the year ended September 30, 2024, the Town made a prior period adjustment to correct an error.

In the prior year, the Town incurred liabilities related to an ongoing construction project which were not accrued. The expenditure met a matching requirement, and therefore, the capital contributions were also unrecorded. The related capital outlay of \$32,794 was excluded from the general fund's fund financial statements in the previously issued report. Likewise, construction in progress was understated by \$32,794 and the related capital contributions of \$131,181 were excluded from the drainage function of the governmental activities of the government-wide financial statements. The effects of this error have been corrected as of September 30, 2024.

| | As Previously Reported | Adjustments | As Restated |
|--------------------------------------|------------------------------|-------------|----------------|
| Government-wide financial statements | | | |
| Governmental Activities | 14,230,177 | 98,387 | 14,328,564 |
| Fund financial statements: | | | |
| Governmental Funds: | | | |
| Major Funds: | | | |
| General | 1,456,878 | (32,794) | 1,424,084 |

(16) On-Behalf Payments of Salaries

During the year ended September 30, 2024, the State of Louisiana paid the Town's policemen and firemen \$88,920 and \$7,200, respectively, of supplemental pay, which is included in the accompanying financial statements as intergovernmental revenues and public safety expenses/expenditures.

(17) 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.

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

(18) Compensation of Town Officials

A detail of compensation paid to the Mayor and Town Council for the year ended September 30, 2024 follows:

| | |
|-------------------|------------------|
| Mayor: | |
| Duval Arthur, Jr. | 36,000 |
| Council: | |
| Colleen Askew | 6,500 |
| Kevin Hebert | 6,500 |
| Lud Henry | 6,500 |
| Raymond Price | 6,500 |
| James Richard | 6,500 |
| | <u>\$ 68,500</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, 2024, payments made to Mayor Duval Arthur, Jr. requiring disclosure are as follows:

| | |
|---------------------------------|------------------|
| Salary | \$ 36,000 |
| Car allowance | 1,800 |
| Benefits-retirement | 10,080 |
| Travel and other reimbursements | <u>3,185</u> |
| | <u>\$ 51,065</u> |

(19) 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.

The Town's water purchases from the joint venture approximated \$362,414 during the year ended September 30, 2024. In addition, a total of \$51,285 was paid to the joint venture to be accumulated in the repairs and replacement fund in accordance with the intergovernmental agreement. At September 30, 2024, \$35,741 is payable to the joint venture.

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

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, 2023 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 | \$ 1,857,066 |
| Total liabilities and deferred inflows of resources | <u>(72,100)</u> |
| Total net assets | <u>\$ 1,784,966</u> |

The statement of revenues and expenses for the fiscal year ended September 30, 2023 reflected the following:

| | |
|------------------------|-------------------|
| Operating revenues | \$ 1,270,420 |
| Non-operating revenues | 13,971 |
| Operating expenses | (995,503) |
| Non-operating expenses | <u>(4,743)</u> |
| Change in net position | <u>\$ 284,145</u> |

During the year ended September 30, 2024, sewer treatment fees assessed by the joint venture approximated \$419,309. At September 30, 2024, \$39,069 is payable to the joint venture.

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 has made publicly available on the Louisiana Legislative Auditor’s website.

TOWN OF BERWICK, LOUISIANA

Notes to Financial Statements (continued)

(20) New Accounting Pronouncements Scheduled to be Implemented

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

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This standard is effective for annual reporting periods beginning after December 15, 2023. The effect of implementation on the Town's financial statements has not yet been determined.

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This standard is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The effect of implementation on the Town's financial statements has not yet been determined.

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This standard is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The effect of implementation on the Town's financial statements has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This standard is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The effect of implementation 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, 2024

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|-------------------|---|
| | Original | Final | | |
| Taxes: | | | | |
| Ad valorem | \$ 501,000 | \$ 501,000 | \$ 472,731 | \$ (28,269) |
| Drainage | 79,000 | 79,000 | 78,768 | (232) |
| Sales | 555,000 | 555,000 | 653,787 | 98,787 |
| TV cable franchise fees | 25,000 | 25,000 | 15,451 | (9,549) |
| Utility franchise fees | 230,000 | 230,000 | 190,740 | (39,260) |
| Tobacco and beer | 2,000 | 2,000 | 2,117 | 117 |
| | <u>1,392,000</u> | <u>1,392,000</u> | <u>1,413,594</u> | <u>21,594</u> |
| Licenses and permits: | | | | |
| Occupational licenses | 265,000 | 265,000 | 278,110 | 13,110 |
| Permits | 10,000 | 10,000 | 22,682 | 12,682 |
| | <u>275,000</u> | <u>275,000</u> | <u>300,792</u> | <u>25,792</u> |
| Intergovernmental: | | | | |
| Federal Government | - | - | 433,687 | 433,687 |
| State of Louisiana | 256,300 | 256,300 | 323,063 | 66,763 |
| St. Mary Parish Council | - | - | 27,640 | 27,640 |
| | <u>256,300</u> | <u>256,300</u> | <u>784,390</u> | <u>528,090</u> |
| Fees, Commissions, and Charges for Services: | | | | |
| Wharf leases | 45,000 | 45,000 | 45,951 | 951 |
| Payments in lieu of taxes | - | - | 39,071 | 39,071 |
| Cemetery plot and mausoleum sales | 15,000 | 15,000 | 22,650 | 7,650 |
| Mosquito abatement | 50,000 | 50,000 | 49,039 | (961) |
| Witness fees | 1,000 | 1,000 | - | (1,000) |
| Prison meals | 30,000 | 30,000 | 36,560 | 6,560 |
| Property rentals | 20,000 | 20,000 | 15,940 | (4,060) |
| | <u>161,000</u> | <u>161,000</u> | <u>209,211</u> | <u>48,211</u> |
| Fines and forfeits | <u>163,500</u> | <u>128,500</u> | <u>256,576</u> | <u>128,076</u> |
| Interest | <u>25,000</u> | <u>25,000</u> | <u>30,514</u> | <u>5,514</u> |
| Miscellaneous | <u>85,000</u> | <u>85,000</u> | <u>213,773</u> | <u>128,773</u> |
| Total revenues | <u>2,357,800</u> | <u>2,322,800</u> | <u>3,208,850</u> | <u>886,050</u> |

(continued)

TOWN OF BERWICK, LOUISIANA

Budgetary Comparison Schedule (continued)
 General Fund
 Year Ended September 30, 2024

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|------------------------------------|------------------|------------------|-------------------|---|
| | Original | Final | | |
| Expenditures: | | | | |
| General Government - | | | | |
| Administrative salaries | \$ 417,222 | \$ 417,222 | \$ 427,197 | \$ (9,975) |
| Payroll taxes | 10,331 | 10,331 | 9,932 | 399 |
| Retirement | 108,921 | 108,921 | 129,884 | (20,963) |
| Health insurance | 89,310 | 89,310 | 76,355 | 12,955 |
| Workers' compensation insurance | 2,719 | 2,719 | 2,398 | 321 |
| Office maintenance and operations | 87,500 | 87,500 | 99,666 | (12,166) |
| Dues and subscriptions | 4,000 | 4,000 | 7,182 | (3,182) |
| Publications and notices | 10,000 | 10,000 | 8,173 | 1,827 |
| Legal and accounting | 100,500 | 150,500 | 149,499 | 1,001 |
| Town hall maintenance and supplies | 60,000 | 60,000 | 37,642 | 22,358 |
| Cost of preparing tax rolls | 4,500 | 4,500 | 4,749 | (249) |
| Magistrate fees | 6,000 | 6,000 | 3,500 | 2,500 |
| Liability and property insurance | 135,000 | 205,000 | 212,729 | (7,729) |
| Autopsy fees | 5,000 | 5,000 | 3,750 | 1,250 |
| Other charges | 127,500 | 127,500 | 150,016 | (22,516) |
| Total general government | <u>1,168,503</u> | <u>1,288,503</u> | <u>1,322,672</u> | <u>(34,169)</u> |
| Public Safety - | | | | |
| Fire: | | | | |
| Salaries | 71,950 | 71,950 | 92,695 | (20,745) |
| Payroll taxes | 1,497 | 1,497 | 4,026 | (2,529) |
| F/D retirement fund | 21,817 | 21,817 | 24,132 | (2,315) |
| Health insurance | 25,839 | 25,839 | 21,095 | 4,744 |
| Workers' compensation insurance | 3,558 | 3,558 | 5,379 | (1,821) |
| Telephone | 10,000 | 10,000 | 9,191 | 809 |
| Power | 7,000 | 7,000 | 6,705 | 295 |
| Equipment maintenance | 65,000 | 65,000 | 39,227 | 25,773 |
| Supplies | 35,000 | 35,000 | 15,246 | 19,754 |
| Other charges | 31,000 | 31,000 | (579) | 31,579 |
| Total fire | <u>272,661</u> | <u>272,661</u> | <u>217,117</u> | <u>55,544</u> |

(continued)

TOWN OF BERWICK, LOUISIANA

Budgetary Comparison Schedule (continued)
 General Fund
 Year Ended September 30, 2024

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---------------------------------|------------------|------------------|-------------------|---|
| | Original | Final | | |
| Police: | | | | |
| Salaries | 704,406 | 754,406 | 886,685 | (132,279) |
| Payroll taxes | 13,484 | 13,484 | 14,095 | (611) |
| Police retirement fund | 238,840 | 238,840 | 232,312 | 6,528 |
| Health insurance | 213,583 | 213,583 | 178,124 | 35,459 |
| Workers' compensation insurance | 34,323 | 34,323 | 34,011 | 312 |
| Automobile expenses | 90,000 | 90,000 | 55,660 | 34,340 |
| Supplies | 26,000 | 26,000 | 51,734 | (25,734) |
| Uniforms | 6,000 | 6,000 | 4,104 | 1,896 |
| Radio maintenance | 5,000 | 5,000 | 2,505 | 2,495 |
| Telephone | 16,000 | 16,000 | 10,294 | 5,706 |
| Prisoner expenses | 10,000 | 10,000 | 10,545 | (545) |
| Other charges | 10,000 | 10,000 | 23,296 | (13,296) |
| Total police | <u>1,367,636</u> | <u>1,417,636</u> | <u>1,503,365</u> | <u>(85,729)</u> |
| Total public safety | <u>1,640,297</u> | <u>1,690,297</u> | <u>1,720,482</u> | <u>(30,185)</u> |
| Public works - | | | | |
| Streets: | | | | |
| Salaries | 174,365 | 174,365 | 119,474 | 54,891 |
| Payroll taxes | 2,877 | 2,877 | 1,725 | 1,152 |
| Retirement | 48,488 | 48,488 | 33,229 | 15,259 |
| Health insurance | 71,534 | 71,534 | 49,529 | 22,005 |
| Workers' compensation insurance | 11,090 | 11,090 | 6,341 | 4,749 |
| Equipment maintenance | 42,500 | 42,500 | 36,780 | 5,720 |
| Power | 100,000 | 100,000 | 112,472 | (12,472) |
| Materials and repairs | 156,500 | 156,500 | 132,970 | 23,530 |
| Other charges | 2,500 | 2,500 | 1,778 | 722 |
| Total streets | <u>609,854</u> | <u>609,854</u> | <u>494,298</u> | <u>115,556</u> |
| Drainage: | | | | |
| Salaries | 50,490 | 50,490 | 51,892 | (1,402) |
| Payroll taxes | 833 | 833 | 796 | 37 |
| Retirement | 14,157 | 14,157 | 13,763 | 394 |
| Health insurance | 9,254 | 9,254 | 8,299 | 955 |
| Workers' compensation insurance | 3,257 | 3,257 | 2,651 | 606 |
| Maintenance and repairs | 25,000 | 25,000 | 51,316 | (26,316) |
| Power | 7,000 | 7,000 | 10,053 | (3,053) |
| Other charges | 1,250 | 1,250 | - | 1,250 |
| Total drainage | <u>111,241</u> | <u>111,241</u> | <u>138,770</u> | <u>(27,529)</u> |
| Cemetery: | | | | |
| Maintenance | <u>35,000</u> | <u>35,000</u> | <u>30,056</u> | <u>4,944</u> |
| Total public works | <u>756,095</u> | <u>756,095</u> | <u>663,124</u> | <u>92,971</u> |

(continued)

TOWN OF BERWICK, LOUISIANA

Budgetary Comparison Schedule (continued)
 General Fund
 Year Ended September 30, 2024

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------------|-------------------|---------------------|---|
| | Original | Final | | |
| Culture and Recreation - | | | | |
| Salaries | 183,585 | 183,585 | 200,324 | (16,739) |
| Payroll taxes | 3,959 | 3,959 | 3,594 | 365 |
| Retirement | 49,733 | 49,733 | 50,527 | (794) |
| Health insurance | 70,312 | 70,312 | 62,382 | 7,930 |
| Workers' compensation insurance | 7,454 | 7,454 | 6,398 | 1,056 |
| Maintenance and repairs | 118,500 | 118,500 | 85,789 | 32,711 |
| Utilities | 36,500 | 36,500 | 36,234 | 266 |
| Miscellaneous | 19,000 | 19,000 | 8,835 | 10,165 |
| Total culture and recreation | <u>489,043</u> | <u>489,043</u> | <u>454,083</u> | <u>34,960</u> |
| Supporting Services - | | | | |
| Mosquito abatement | 5,000 | 5,000 | 2,288 | 2,712 |
| Rabies control | 1,500 | 1,500 | 2,300 | (800) |
| Total supporting services | <u>6,500</u> | <u>6,500</u> | <u>4,588</u> | <u>1,912</u> |
| Capital Outlay - | | | | |
| Administration | - | 150,000 | 35,453 | 114,547 |
| Police | 12,295 | 12,295 | 2,695 | 9,600 |
| Fire | 102,736 | 177,736 | 146,001 | 31,735 |
| Streets | 1,000 | 301,000 | 322,381 | (21,381) |
| Culture and recreation | - | - | 98,577 | (98,577) |
| Total capital outlay | <u>116,031</u> | <u>641,031</u> | <u>605,107</u> | <u>35,924</u> |
| Total expenditures | <u>4,176,469</u> | <u>4,871,469</u> | <u>4,770,056</u> | <u>101,413</u> |
| Deficiency of revenues over expenditures | (1,818,669) | (2,548,669) | (1,561,206) | 987,463 |
| Other financing sources (uses): | | | | |
| Transfers in | 1,570,000 | 1,870,000 | 1,785,305 | (84,695) |
| Transfers out | - | - | (29,826) | (29,826) |
| Total other financing sources | <u>1,570,000</u> | <u>1,870,000</u> | <u>1,755,479</u> | <u>(114,521)</u> |
| Net change in fund balance | (248,669) | (678,669) | 194,273 | 872,942 |
| Fund balance, beginning, as restated | <u>1,424,084</u> | <u>1,424,084</u> | <u>1,424,084</u> | <u>-</u> |
| Fund balance, ending | <u>\$ 1,175,415</u> | <u>\$ 745,415</u> | <u>\$ 1,618,357</u> | <u>\$ 872,942</u> |

See independent auditor's report and notes to required supplementary information.

TOWN OF BERWICK, LOUISIANA

Budgetary Comparison Schedule
 1% Sales Tax Fund
 Year Ended September 30, 2024

| | <u>Original</u> | <u>Final</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|----------------------------|---------------------|--------------------|---------------------------|---|
| Revenues: | | | | |
| Taxes - sales taxes | \$ 825,000 | \$ 825,000 | \$ 937,688 | \$ 112,688 |
| Interest earned | <u>10,000</u> | <u>10,000</u> | <u>18,058</u> | <u>8,058</u> |
| Total revenues | <u>835,000</u> | <u>835,000</u> | <u>955,746</u> | <u>120,746</u> |
| Other financing uses: | | | | |
| Operating transfer out | <u>(750,000)</u> | <u>(1,050,000)</u> | <u>(1,050,000)</u> | <u>-</u> |
| Net change in fund balance | 85,000 | (215,000) | (94,254) | 120,746 |
| Fund balance, beginning | <u>1,116,592</u> | <u>1,116,592</u> | <u>1,116,592</u> | <u>-</u> |
| Fund balance, ending | <u>\$ 1,201,592</u> | <u>\$ 901,592</u> | <u>\$ 1,022,338</u> | <u>\$ 120,746</u> |

See independent auditor's report and 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, 2024

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------------|-------------------|---------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes - sales tax | \$ 775,000 | \$ 775,000 | \$ 892,380 | \$ 117,380 |
| Sewer service charges | 653,068 | 653,068 | 658,886 | 5,818 |
| Sanitation service charges | 475,200 | 475,200 | 521,527 | 46,327 |
| Interest earned | 15,000 | 15,000 | 18,311 | 3,311 |
| Total revenues | <u>1,918,268</u> | <u>1,918,268</u> | <u>2,091,104</u> | <u>172,836</u> |
| Expenditures: | | | | |
| Sanitation - | | | | |
| Salaries | 134,808 | 209,808 | 217,284 | (7,476) |
| Payroll taxes | 3,100 | 3,100 | 3,230 | (130) |
| Municipal retirement | 35,603 | 60,603 | 57,562 | 3,041 |
| Health insurance | 35,222 | 60,222 | 61,427 | (1,205) |
| Workers' compensation insurance | 7,176 | 7,176 | 8,988 | (1,812) |
| Waste disposal fees | 494,516 | 494,516 | 489,511 | 5,005 |
| Maintenance | 65,000 | 65,000 | 93,456 | (28,456) |
| Other charges | 9,000 | 9,000 | 4,490 | 4,510 |
| Sewer treatment fees | 296,905 | 446,905 | 419,309 | 27,596 |
| Power | 35,000 | 35,000 | 32,634 | 2,366 |
| Capital outlay | - | 100,000 | 62,073 | 37,927 |
| Total expenditures | <u>1,116,330</u> | <u>1,491,330</u> | <u>1,449,964</u> | <u>41,366</u> |
| Excess of revenues over expenditures | 801,938 | 426,938 | 641,140 | 214,202 |
| Other financing sources (uses): | | | | |
| Operating transfers out | <u>(600,000)</u> | <u>(600,000)</u> | <u>(500,000)</u> | <u>100,000</u> |
| Net change in fund balance | 201,938 | (173,062) | 141,140 | 314,202 |
| Fund balance, beginning | <u>1,025,694</u> | <u>1,025,694</u> | <u>1,025,694</u> | <u>-</u> |
| Fund balance, ending | <u>\$ 1,227,632</u> | <u>\$ 852,632</u> | <u>\$ 1,166,834</u> | <u>\$ 314,202</u> |

See independent auditor's report and notes to required supplementary information.

TOWN OF BERWICK, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
Year Ended September 30, 2024

| Plan Year ended <u>June 30,</u> | Employer Proportion of the Net Pension Liability (Asset) | Employer Proportionate Share of the Net Pension Liability (Asset) | 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% |
| 2021 | 0.555455% | 1,545,000 | 1,099,890 | 140.5% | 77.82% |
| 2022 | 0.609368% | 2,530,848 | 1,167,881 | 216.7% | 67.87% |
| 2023 | 0.648357% | 2,369,656 | 1,303,117 | 181.8% | 72.46% |
| 2024 | 0.610616% | 1,718,273 | 1,243,899 | 138.1% | 79.05% |
| 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% |
| 2021 | 0.193635% | 1,032,180 | 590,745 | 174.7% | 84.09% |
| 2022 | 0.196112% | 2,004,615 | 603,405 | 332.2% | 70.80% |
| 2023 | 0.200978% | 2,123,326 | 680,841 | 311.9% | 71.30% |
| 2024 | 0.193454% | 1,752,685 | 381,959 | 458.9% | 75.84% |
| 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% |
| 2021 | 0.016815% | 59,590 | 42,176 | 141.3% | 86.78% |
| 2022 | 0.016860% | 118,885 | 43,436 | 273.7% | 74.68% |
| 2023 | 0.016338% | 106,635 | 43,860 | 243.1% | 77.69% |
| 2024 | 0.025672% | 144,548 | 72,125 | 200.4% | 81.68% |

See independent auditor's report and notes to required supplementary information.

TOWN OF BERWICK, LOUISIANA

Schedule of Employer Pension Contributions
Year Ended September 30, 2024

| Fiscal Year ended September 30, | Contractually Required Contribution | Contributions in Relation to Contractual Required Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a % of Covered Payroll |
|--|---|--|--|--------------------|--|
| 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% |
| 2021 | \$ 331,427 | \$ 331,427 | - | \$ 1,123,480 | 29.50% |
| 2022 | \$ 350,211 | \$ 350,211 | - | \$ 1,187,157 | 29.50% |
| 2023 | \$ 374,450 | \$ 374,450 | - | \$ 1,269,322 | 29.50% |
| 2024 | \$ 367,804 | \$ 367,804 | - | \$ 1,262,454 | 29.13% |
| 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% |
| 2021 | \$ 196,824 | \$ 196,824 | - | \$ 602,405 | 32.67% |
| 2022 | \$ 181,271 | \$ 181,271 | - | \$ 601,245 | 30.15% |
| 2023 | \$ 215,915 | \$ 215,915 | - | \$ 677,512 | 31.87% |
| 2024 | \$ 233,163 | \$ 233,163 | - | \$ 679,665 | 34.31% |
| 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% |
| 2021 | \$ 13,883 | \$ 13,883 | - | \$ 42,512 | 32.66% |
| 2022 | \$ 14,716 | \$ 14,716 | - | \$ 43,779 | 33.61% |
| 2023 | \$ 16,220 | \$ 16,220 | - | \$ 48,781 | 33.25% |
| 2024 | \$ 24,131 | \$ 24,131 | - | \$ 72,575 | 33.25% |

See independent auditor's report and notes to required supplementary information.

TOWN OF BERWICK, LOUISIANA

Schedule of Changes in Total OPEB Liability and Related Ratios
Year Ended September 30, 2024

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability | | | | | | | |
| Service cost | 11,954 | 12,151 | \$ 18,313 | \$ 15,976 | \$ 15,976 | \$ 15,255 | \$ 23,092 |
| Interest | 21,271 | 19,643 | 12,154 | 12,280 | 11,752 | 14,505 | 16,747 |
| Effect of economic/demographic gains/loses | (9,787) | 1,800 | (1,875) | 7,805 | 40,297 | (23,508) | (112,082) |
| Changes in assumptions or other inputs | 33,683 | (10,733) | (121,481) | 13,810 | 19,551 | 47,978 | (13,389) |
| Benefits payments | <u>(8,424)</u> | <u>(10,918)</u> | <u>(8,132)</u> | <u>(5,400)</u> | <u>(5,400)</u> | <u>(7,200)</u> | <u>(5,400)</u> |
| Net change in total OPEB liability | 48,697 | 11,943 | (101,021) | 44,471 | 82,176 | 47,030 | (91,032) |
| Total OPEB liability, beginning | <u>451,635</u> | <u>439,692</u> | <u>540,713</u> | <u>496,242</u> | <u>414,066</u> | <u>367,036</u> | <u>458,068</u> |
| Total OPEB liability, ending | <u>\$ 500,332</u> | <u>\$ 451,635</u> | <u>\$ 439,692</u> | <u>\$ 540,713</u> | <u>\$ 496,242</u> | <u>\$ 414,066</u> | <u>\$ 367,036</u> |
| Covered-employee payroll | <u>\$ 2,014,694</u> | <u>\$ 1,995,615</u> | <u>\$ 1,832,181</u> | <u>\$ 1,768,397</u> | <u>\$ 1,706,945</u> | <u>\$ 1,594,153</u> | <u>\$ 1,642,461</u> |
| Total OPEB liability as a percentage of covered-employee payroll | <u>24.83%</u> | <u>22.63%</u> | <u>24.00%</u> | <u>30.58%</u> | <u>29.07%</u> | <u>25.97%</u> | <u>22.35%</u> |

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

TOWN OF BERWICK, LOUISIANA

Notes to Required Supplementary Information Year Ended September 30, 2024

(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.
7. Level of budgetary control is exercised at the fund level.

(3) Retirement Systems

Municipal Employees' Retirement System

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

TOWN OF BERWICK, LOUISIANA

Notes to Required Supplementary Information (continued)
Year Ended September 30, 2024

Changes of assumptions –

| Municipal Employees' Retirement System | | | | | |
|--|----------|------------|-----------|---------------|-------------|
| Plan | | Investment | | Expected | Projected |
| Year ended | Discount | Rate | Inflation | Remaining | Salary |
| June 30, | Rate | of Return | Rate | Service Lives | Increase |
| 2015 | 7.500% | 7.500% | 2.875% | 3 | 5% |
| 2016 | 7.500% | 7.500% | 2.875% | 3 | 5% |
| 2017 | 7.400% | 7.400% | 2.775% | 3 | 5% |
| 2018 | 7.275% | 7.275% | 2.600% | 3 | 5% |
| 2019 | 7.000% | 7.000% | 2.500% | 3 | 4.5% - 6.5% |
| 2020 | 6.950% | 6.950% | 2.500% | 3 | 4.5% - 6.5% |
| 2021 | 6.850% | 6.850% | 2.500% | 3 | 4.5% - 6.4% |
| 2022 | 6.850% | 6.850% | 2.500% | 3 | 4.5% - 6.4% |
| 2023 | 6.850% | 6.850% | 2.500% | 3 | 4.5% - 6.4% |
| 2024 | 6.850% | 6.850% | 2.500% | 3 | 4.4% - 9.0% |

Municipal Police Employees' Retirement System

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

Changes of assumptions –

| Municipal Police Employees' Retirement System | | | | | |
|---|----------|------------|-----------|---------------|----------------|
| Plan | | Investment | | Expected | Projected |
| Year ended | Discount | Rate | Inflation | Remaining | Salary |
| June 30, | Rate | of Return | Rate | Service Lives | 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% |
| 2021 | 6.750% | 6.750% | 2.500% | 4 | 4.70% - 12.30% |
| 2022 | 6.750% | 6.750% | 2.500% | 4 | 4.70% - 12.30% |
| 2023 | 6.750% | 6.750% | 2.500% | 4 | 4.70% - 12.30% |
| 2024 | 6.750% | 6.750% | 2.500% | 4 | 4.70% - 12.30% |

TOWN OF BERWICK, LOUISIANA

Notes to Required Supplementary Information (continued)
Year Ended September 30, 2024

Firefighters' Retirement System

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

Changes of assumptions –

Firefighters' Retirement System

| 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% | 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% |
| 2021 | 6.900% | 6.900% | 2.500% | 7 | 5.20% - 14.10% |
| 2022 | 6.900% | 6.900% | 2.500% | 7 | 5.20% - 14.10% |
| 2023 | 6.900% | 6.900% | 2.500% | 7 | 5.20% - 14.10% |
| 2024 | 6.900% | 6.900% | 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:

| Period | Discount Rate |
|--------|---------------|
| 2018 | 3.83% |
| 2019 | 2.75% |
| 2020 | 2.41% |
| 2021 | 2.19% |
| 2022 | 4.40% |
| 2023 | 4.63% |
| 2024 | 3.90% |

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

SUPPLEMENTARY INFORMATION

TOWN OF BERWICK, LOUISIANA

Justice System Funding Schedule- Collecting and Disbursing
Year Ended September 30, 2024

| | First Six Month Period Ended 3/31/2024 | Second Six Month Period Ended 09/30/2024 |
|--|---|---|
| Beginning Balance of Amounts Collected | \$ 4,802 | \$ 10,707 |
| Add: Collections | | |
| Bond Fees | 9,847 | 5,465 |
| Criminal Fines - Other | 163,479 | 143,940 |
| Service/Collection Fees | 1,345 | 880 |
| Subtotal Collections | <u>174,671</u> | <u>150,285</u> |
| Less: Disbursements To Governments and Nonprofits: | | |
| Louisiana Commission on Law Enforcement - Criminal Fines- Other | 1,496 | 1,458 |
| LA Dept. of Health & Hospitals THI-SCI- Criminal Fines- Other | 2,225 | 2,350 |
| Louisiana State Treasurer CMIS - Criminal Fines- Other | 2,244 | 2,187 |
| Acadiana Criminalistics Laboratory Commission - Criminal Fines- Other | 21,970 | 21,210 |
| Louisiana Supreme Court, Judicial Administrator- Criminal Fines - Other | 374 | 363 |
| St. Mary Parish Sheriff's Office - Criminal Fines - Other | 1,400 | 950 |
| St. Mary Parish Sheriff's Office - Bonds fees | 5,638 | 7,324 |
| Less: Amounts Retained by Collecting Agency | | |
| Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection | 1,450 | 992 |
| Amounts "Self-Disbursed" to Collecting Agency- Criminal Fines - Other | 131,969 | 113,968 |
| Subtotal Disbursements/Retainage | <u>168,766</u> | <u>150,802</u> |
| Total: Ending Balance of Amounts Collected but not Disbursed/Retained | <u>\$ 10,707</u> | <u>\$ 10,190</u> |
| Other Information: | | |
| Total Waivers During the Fiscal Period | <u>\$ -</u> | <u>\$ -</u> |

See independent auditor's report.

OTHER INFORMATION

TOWN OF BERWICK, LOUISIANA

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2024

| | Special Revenue | Capital Projects | | Permanent | |
|----------------------|--|------------------------|--|---|--|
| | Public Improvement Maintenance Fund | LCDBG Grant Fund | Street & Road Improvement Construction Fund | Berwick Memorial Perpetual Care Fund | Total Nonmajor Governmental Funds |
| ASSETS | | | | | |
| Cash | \$ 403,482 | \$ 15 | \$ 1 | \$ 87,484 | \$ 490,982 |
| Receivables: | | | | | |
| Taxes | 1,578 | - | - | - | 1,578 |
| Due from other funds | - | - | - | 2,265 | 2,265 |
| Total assets | <u>\$ 405,060</u> | <u>\$ 15</u> | <u>\$ 1</u> | <u>\$ 89,749</u> | <u>\$ 494,825</u> |
| FUND BALANCES | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | 52,152 | \$ 52,152 |
| Restricted | 405,060 | 15 | 1 | 37,597 | 442,673 |
| Total fund balances | <u>\$ 405,060</u> | <u>\$ 15</u> | <u>\$ 1</u> | <u>\$ 89,749</u> | <u>\$ 494,825</u> |

See independent auditor's report.

TOWN OF BERWICK, LOUISIANA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended September 30, 2024

| | Special Revenue | Capital Projects | | Permanent | |
|--------------------------------------|--|------------------------|--|---|--|
| | Public Improvement Maintenance Fund | LCDBG Grant Fund | Street & Road Improvement Construction Fund | Berwick Memorial Perpetual Care Fund | Total Nonmajor Governmental Funds |
| Revenues: | | | | | |
| Taxes | \$ 221,132 | \$ - | \$ - | \$ - | \$ 221,132 |
| Interest Income | <u>10,886</u> | <u>-</u> | <u>194</u> | <u>1,819</u> | <u>12,899</u> |
| Total revenues | <u>232,018</u> | <u>-</u> | <u>194</u> | <u>1,819</u> | <u>234,031</u> |
| Other financing uses: | | | | | |
| Operating transfers in | - | - | - | 2,665 | 2,665 |
| Operating transfers out | <u>(220,000)</u> | <u>-</u> | <u>(10,103)</u> | <u>-</u> | <u>(230,103)</u> |
| Total other financing sources (uses) | <u>(220,000)</u> | <u>-</u> | <u>(10,103)</u> | <u>2,665</u> | <u>(227,438)</u> |
| Net change in fund balances | 12,018 | - | (9,909) | 4,484 | 6,593 |
| Fund balances, beginning | <u>393,042</u> | <u>15</u> | <u>9,910</u> | <u>85,265</u> | <u>488,232</u> |
| Fund balances, ending | <u>\$ 405,060</u> | <u>\$ 15</u> | <u>\$ 1</u> | <u>\$ 89,749</u> | <u>\$ 494,825</u> |

See independent auditor's report.

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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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 aggregate remaining fund information of the Town of Berwick, Louisiana (hereinafter "Town"), as of and for the year ended September 30, 2024, 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, 2025.

Report on 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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of audit results and findings as item 2024-001, that we consider to be a material weakness.

Report on 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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 31, 2025

TOWN OF BERWICK, LOUISIANA

Schedule of Audit Results and Findings
Year Ended September 30, 2024

Part I. Summary of Auditor's 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 |
| 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 |
|-------------------|-----------------|

Other

4. Management letter issued?

| | |
|-------------------|-----------------|
| <u> </u> yes | <u> ✓ </u> no |
|-------------------|-----------------|

TOWN OF BERWICK, LOUISIANA

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2024

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

A. Internal Control Finding-

2024-001 – 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.

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

The requirements of the Uniform Guidance are not applicable.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

APPENDIX A



TOWN OF BERWICK

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Berwick, LA 70342
www.townofberwick.org

Summary Schedule of Prior Audit Findings For the Year Ended September 30, 2024

Findings reported in accordance with *Government Auditing Standards*:

A. Internal Control

2023-001 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CURRENT STATUS: See schedule of audit results and findings, item 2024-001.

B. Compliance

No findings reported

C. Findings and questioned costs reported in accordance with the Uniform Guidance

No findings reported

D. Management Letter

2023-ML-1 – Loss of Natural Gas Purchased

CONDITION: During the fiscal year ended September 30, 2023, the Town recognized a significant gas loss of approximately 10-13%.

CURRENT STATUS: This condition did not reoccur.

2023-ML-2 – Written Policies and Procedures Related to Federal Awards

CONDITION: The Town's written policies and procedures do not include all written policies and procedures required by the Uniform Guidance.

CURRENT STATUS: This condition did not reoccur.

CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS

APPENDIX B



TOWN OF BERWICK

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www.townofberwick.org

March 31, 2025

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

The following is in response to the findings resulting from the Town's audit for the fiscal year ended September 30, 2024:

2024-001 – Segregation of Duties

Accounting and financial functions are not adequately segregated.

Management's Response

Corrective Action Plan: 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. However, the Town has begun to evaluate policies and procedures and has implemented additional controls to address inadequate segregation of duties when feasible.

Name of contact person responsible for corrective action: Newell Slaughter, CAO

Anticipated completion date for the corrective action: N/A

Sincerely,


Newell W. Slaughter
CAO

TOWN OF BERWICK

Statewide Agreed-Upon Procedures

Fiscal period October 1, 2023 through September 30, 2024

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES TO CONTROL AND COMPLIANCE AREAS IDENTIFIED BY THE LOUISIANA LEGISLATIVE AUDITOR

The Honorable Duval Arthur, Mayor,
Members of the Town Council and
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2023 through September 30, 2024. The management of the Town of Berwick (hereinafter "Town") is responsible for those control and compliance areas identified in the SAUPs.

An agreed-upon procedures engagement involves the performing of specific procedures that the Town has agreed to and acknowledged to be appropriate on those control and compliance areas identified in the LLA's SAUPs for the fiscal period October 1, 2023 through September 30, 2024 and report on exceptions based upon the procedures performed. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. However, this report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated exceptions, if any, are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. ***Disbursements***, including processing, reviewing, and approving.

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

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- i. Observe that receipts are sequentially pre-numbered.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
 - i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8) Contracts

Obtained management's representation that there were no agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Therefore, the procedures below are not applicable.

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

9) Payroll and Personnel

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

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

10) Ethics

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

11) Debt Service

Obtained management's representation that there were no bonds/notes or other debt instruments issued during the year. Further, there are no bonds/notes outstanding at the end of the fiscal period. Therefore, the procedures below are not applicable.

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

12) Fraud Notice

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

13) Information Technology Disaster Recovery/Business Continuity

We performed the procedures below and discussed the results with management.

- A. Perform the following procedures:
- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are a) hired before June 9, 2020 – completed training; and b) hired on or after June 9, 2020 – completed training within 30 days of initial service or employment.

14) Prevention of Sexual Harassment

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

Exceptions

Exceptions found as a result of applying the procedures listed above are as follows:

Written Policies and Procedures

1. Except for budgeting, the Town does not have formal written policies and procedures for any of the categories and subcategories identified in the SAUP engagement. No other exceptions were found as a result of performing this procedure.

Bank Reconciliations

2. The five (5) bank reconciliations selected did not include written evidence or documentation of review.
3. The one (1) bank reconciliation that included items outstanding for more than 12 months did not include evidence or documentation of researching such items.

Collections

4. Employees responsible for collecting cash are also responsible for preparing/making bank deposits with no other employee responsible for reconciling collection documentation to the deposit.
5. Employees responsible for collecting cash are also responsible for posting collection entries to the general ledger or subsidiary ledgers with no other employee responsible for reconciling ledger postings to each other and to the deposit.
6. The employees collecting cash share a register/drawer.

Non-Payroll Disbursements

7. The employee responsible for processing payments is not prohibited from adding/modifying vendor files and no other employee periodically reviews changes to vendor files.
8. The employee responsible for processing payments also mails the payments.

Credit Cards

9. As applicable, four (4) of the five (5) credit/debit/fuel cards selected did not have evidence that the monthly statements were approved in writing by someone other than the authorized cardholder.

Travel and Travel-Related Expense Reimbursements

10. Four (4) of the five (5) travel reimbursements did not include documentation of review and approval, in writing, by someone other than the person receiving reimbursement.

Payroll and Personnel

11. As applicable, one (1) of the five (5) employees/officials selected did not document their daily attendance and leave.
12. As applicable, supervisors do not approve daily attendance and leave for one (1) of the five (5) selected employees.

Prevention of Sexual Harassment

13. The Town did not compile the sexual harassment report for current fiscal period required by R.S. 42:344.

Management's Response

The Town concurs with the exceptions and is working to address the deficiencies identified.

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

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

This report is intended solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information of and use by the Town's management and the LLA and is not intended to be and should not be used by anyone other than these specified parties. Accordingly, this report is not suitable for any other purpose. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 31, 2025