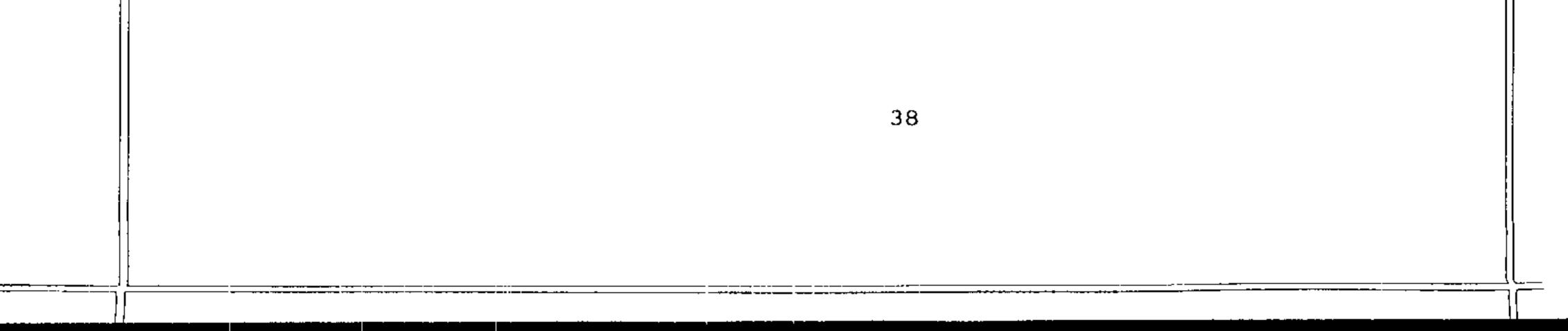
| TOWN OF H | BERNI | CE, L | JOUIS | IANA  |
|-----------|-------|-------|-------|-------|
| SAI       | ES T  | AX FU | IND   |       |
| COMPARA   | ATIVE | BALA  | NCE   | SHEET |
| DECEMBER  | 31,   | 1996  | AND   | 1995  |

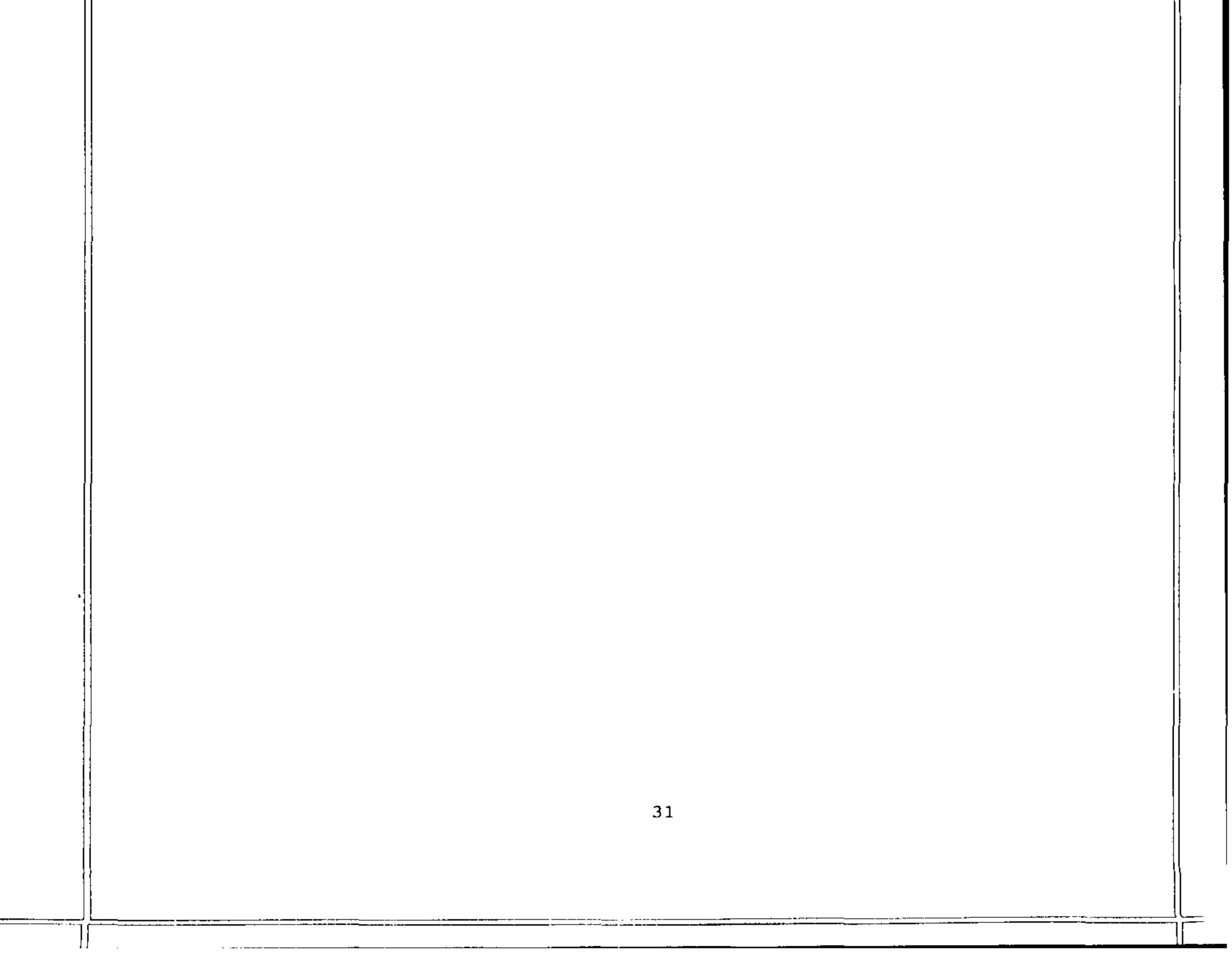
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|                     | 1996    | 1995               |
|---------------------|---------|--------------------|
| ASSETS              |         |                    |
| Cash                | 208,589 | 197,622            |
| Interest Receivable | 201     | 319                |
| TOTAL ASSETS        | 208,790 | 197,941            |
| FUND BALANCE        | 208,790 | <u>    197,941</u> |



### GOVERNMENTAL FUND TYPE - GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.



CERTIFIED PUBLIC ACCOUNTANTS P. O. BOX 2896 TELEPHONE 322-8106 MONROE, LOUISIANA 71207-2896

> MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

<u>INDEPENDENT AUDITOR'S REPORT</u> ON COMPLIANCE WITH LAWS AND REGULATIONS REQUIRED BY GAO STANDARDS

To The Honorable Clifton McIntosh Members of the Board of Aldermen Town of Bernice, Louisiana

We have audited the general-purpose financial statements of the Town of Bernice, Louisiana, as of and for the year ended December 31, 1996 and have issued our report thereon dated March 27, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the

Harvey Marcus, CPA John Robinson, CPA Doyle Hassell, CPA

United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Town of Bernice, is the responsibility of the Town of Bernice's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general-purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclose no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

This report is intended for the information of management, the Board of Aldermen, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Marcus Robinson Harsel

MARCUS, ROBINSON AND HASSELL March 27, 1997



CERTIFIED PUBLIC ACCOUNTANTS P. O. BOX 2896 TELEPHONE 322-8106 MONROE, LOUISIANA 71207-2896

Harvey Marcus, CPA John Robinson, CPA Doyle Hassell, CPA MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

#### INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

To the Honorable Clifton McIntosh Members of the Board of Alderman Bernice, Louisiana

We have audited the general-purpose financial statements of the Town of Bernice, Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated March 27, 1997. These general-purpose financial statements are the responsibility of the Town of Bernice's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, <u>Government Auditing Standards</u>, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements of the Town of Bernice, taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

Marcus Robinson Hassill

Marcus, Robinson and Hassell March 27, 1997

CERTIFIED PUBLIC ACCOUNTANTS P. O. BOX 2896 TELEPHONE 322-8106 MONROE, LOUISIANA 71207-2896

Harvey Marcus, CPA John Robinson, CPA Doyle Hassell, CPA MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

ON COMPLIANCE WITH GENERAL REQUIREMENTS

APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable Clifton McIntosh Members of the Board of Aldermen Town of Bernice, Louisiana

We have audited the general-purpose financial statements of the Town of Bernice, Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated March 27, 1997.

We have applied procedures to test the Town of Bernice's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended December 31, 1996.

General Requirements Political Activity Davis Bacon Act Civil Rights Cash Management Relocation Assistance and Real Property Acquisition Federal Financial Reports Allowable Cost and Cost Principles Drug Free Workplace Administrative Requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's <u>Compliance Supplement for Single Audits of State and Local Governments</u>. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town of Bernice's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Bernice, had not complied, in all material respects, with those requirements.

This report is intended for the information of management, the Board of Aldermen, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Marcus, Robinson Harol

### Marcus, Robinson, and Hassell March 27, 1997

CERTIFIED PUBLIC ACCOUNTANTS P. O. BOX 2896 **TELEPHONE 322-8106** MONROE, LOUISIANA 71207-2896

Harvey Marcus, CPA John Robinson, CPA Doyle Hassell, CPA

MEMBER AMERICAN INSTITUTE OF **CERTIFIED PUBLIC ACCOUNTANTS** SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Honorable Clifton McIntosh Members of the Board of Alderman Bernice, Louisiana

We have audited the general-purpose financial statements of the Town of Bernice, Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated March 27, 1997.

We have also audited the Town of Bernice's compliance with the requirements governing the types of services allowed or unallowed; eligibility matching, level of effort, or earmarking; reports; claims for advances and reimbursements; and amounts claimed to be used for matching that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended December 31, 1996. The management of Town of Bernice is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Town of Bernice's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Town of Bernice complied, in all material respects, with the requirements governing the types of services allowed or unallowed; eligibility matching, level of effort, or earmarking; reports; claims for advances and reimbursements; and amounts claimed to be used for matching that are applicable to each of its major federal financial assistance programs for the year ended December 31, 1996.

This report is intended for the information of the management, the Board of Alderman, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

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Marcus Kilomoon a Harsell

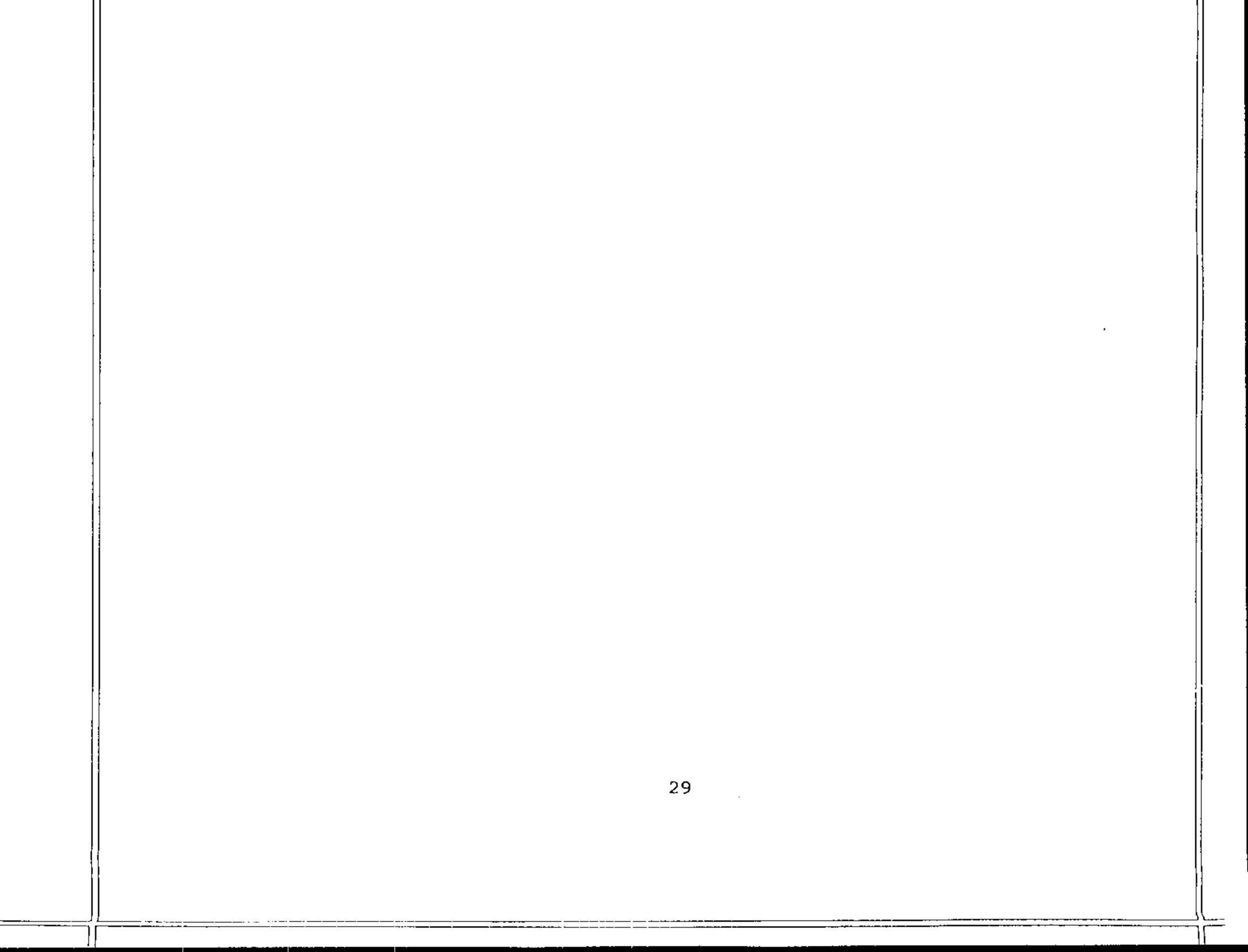
### Marcus, Robinson and Hassell March 27, 1997

TOWN OF BERNICE SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 1996

Programs

Findings

Of the items tested there were no questioned costs found.



### SUPPLEMENTAL INFORMATION

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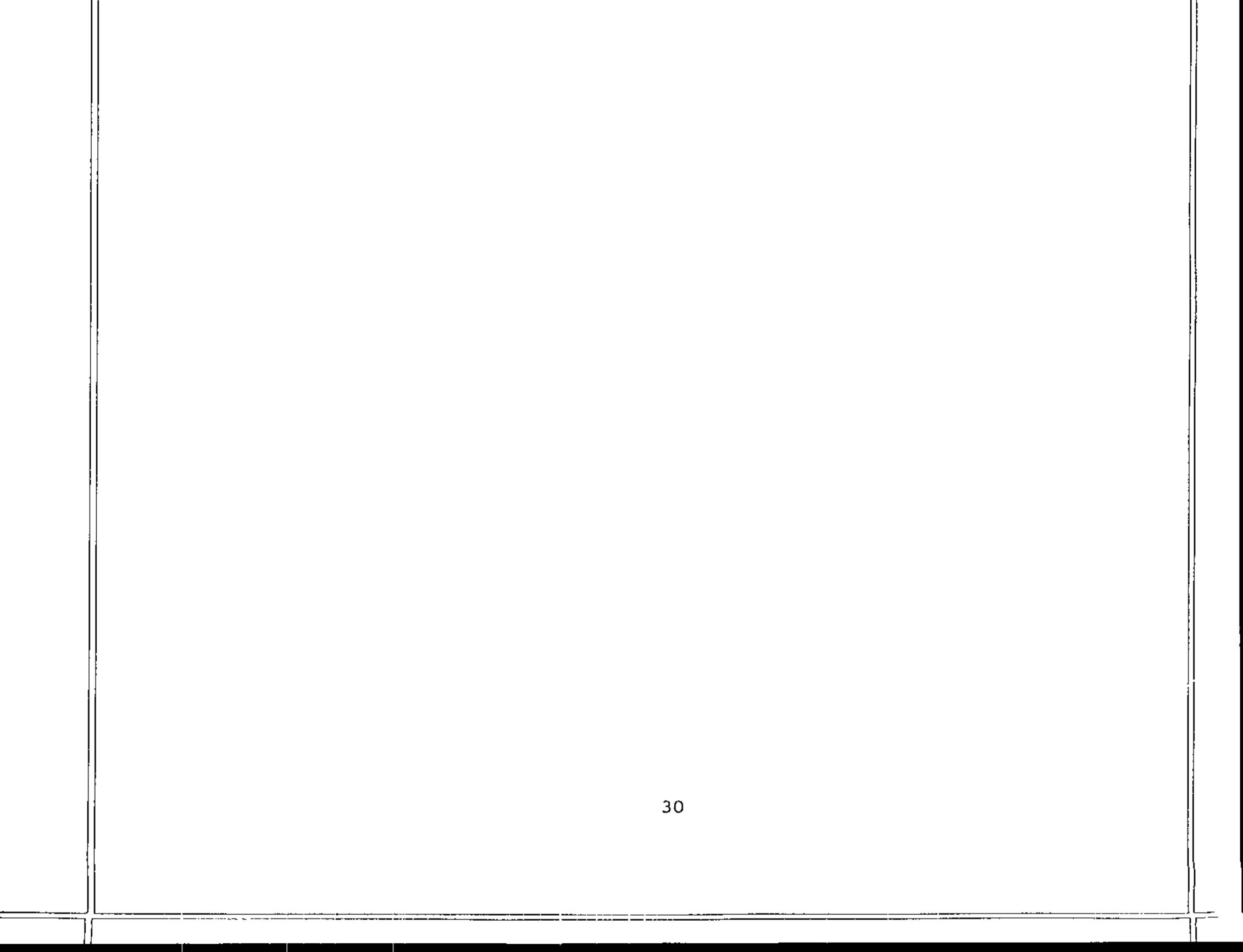
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### TOWN OF BERNICE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED DECEMBER 31, 1996

| Federal Grants/               | Outstanding    |        | Expenses/    |
|-------------------------------|----------------|--------|--------------|
| Pass Through Grantor/         | Notes Payable  | CFDA   | Expenditures |
| Program Title                 | Balances       | Number | 12-31-1996   |
| Major Program:                |                |        |              |
| USDA - Water and Waste        |                |        |              |
| Systems for Rural Communities | <u>702,129</u> | 10.418 | <u> </u>     |



Page 2

errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

| Accounting Controls    | Administrative Controls                                |
|------------------------|--|
| Cash Receipts          | Political Activity                                     |
| Purchasing             | Civil Rights   |
| Payroll                | Cash Management  |
| Property and Equipment | Relocation Assistance and<br>Real Property Acquisition |
|                        | Federal Financial Reports                              |
|                        | Allowable Costs and Cost Principles                    |

### Administrative Requirements

Drug Free Workplace

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended December 31, 1996, the Town of Bernice, Louisiana, expended 100 percent of its total federal financial assistance under the major federal financial assistance program.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the major federal financial assistance programs of the Town of Bernice, which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

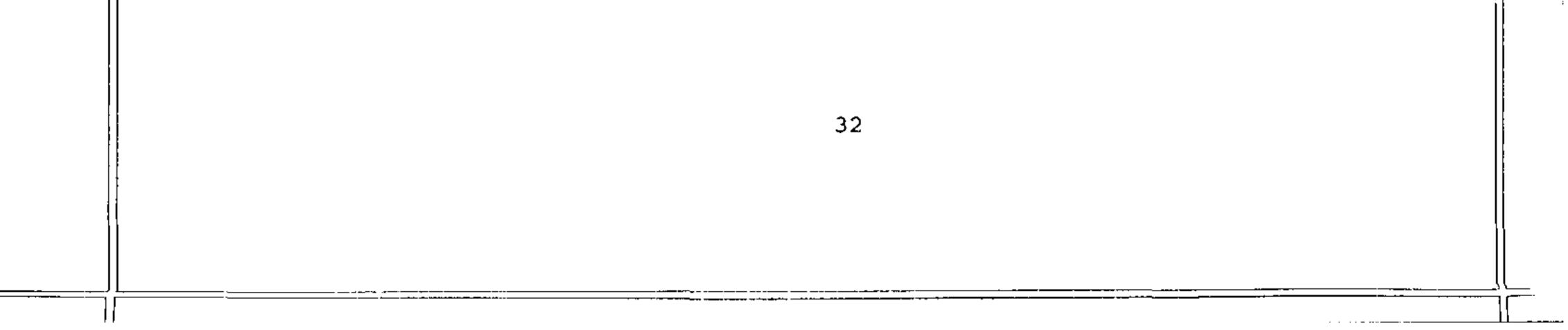
Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not

### reduce to a relatively low level the risk that noncompliance with laws and

### TOWN OF BERNICE, LOUISIANA GOVERNMENTAL FUND TYPE - GENERAL FUND COMPARATIVE BALANCE SHEET DECEMBER 31, 1996 AND 1995

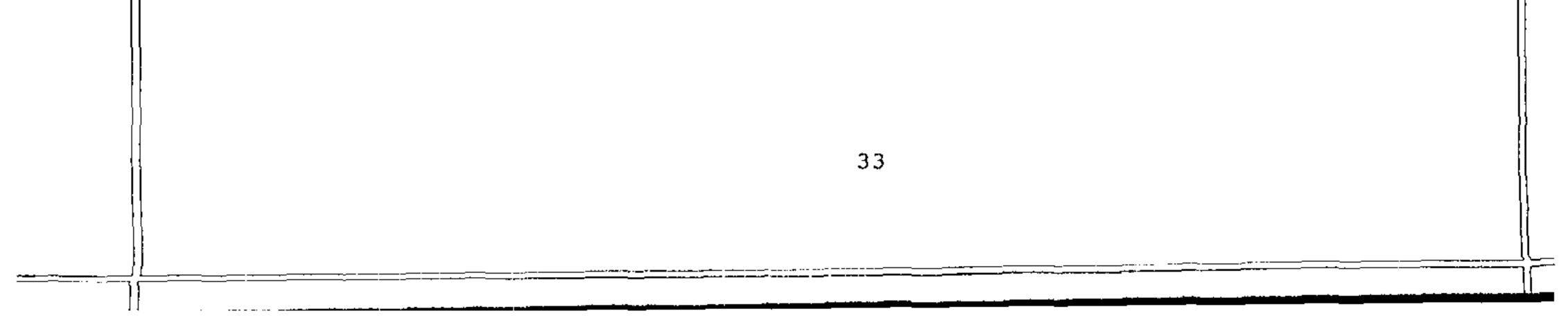
|                              | 1996   | 1995   |
|------------------------------|--------|--------|
| ASSETS                       |        |        |
| Cash                         | 10,788 | 5,119  |
| Accounts Receivable          | 1,640  | 875    |
| Property Taxes Receivable    | 5,644  | 5,674  |
| Due from Enterprise Fund     | 2,797  | 2,800  |
| Gasoline Inventory           | -0-    | 373    |
| Prepaid Insurance            | 5,685  | 3,491  |
| TOTAL ASSETS                 | 26,554 | 19,332 |
| LIABILITIES AND FUND BALANCE |        |        |
| Liabilities                  |        |        |
| Accounts Payable             | 8,661  | 8,341  |
| Payroll Taxes Payable        | 1,508  | 779    |
|                              |        |        |

| Workman's Comp. Payable            | 3,250  | 3,589  |
|------------------------------------|--------|--------|
| Total Liabilities                  | 13,419 | 12,709 |
| Fund Balance                       | 13,135 | 5,623  |
| TOTAL LIABILITIES AND FUND BALANCE | 26,554 | 18,332 |



### TOWN OF BERNICE, LOUISIANA GOVERNMENTAL FUND TYPE - GENERAL FUND COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

|   | 1996          | 1995      |
|---|---------------|-----------|
| REVENUES  |               |           |
| Ad Valorem Tax  | 26,991        | 17,097    |
| Fines   | 15,667        | 10,943    |
| License   | 40,353        | 39,422    |
| Tobacco & Beverage Tax  | 13,241        | 11,877    |
| Fees Louisiana Power & Light  | 21,695        | 20,736    |
| Fees - Arkla Gas  | 17,504        | 11,780    |
| State Revenue Sharing   | 1,407         | 1,797     |
| Cable TV Franchise Fee  | 4,670         | 4,242     |
| Miscellaneous   | 1,466         | 25,389    |
| Sanitation Fee Income   | 33,800        | 33,603    |
| Building Permits  | 575           | 570       |
| Lots Sold   | -0-           | 1,500     |
| Rent Income   | 3,000         |           |
| TOTAL REVENUES  | 180,369       | 178,956   |
| EXPENDITURES  |               |           |
| Administrative  | 29,934        | 28,232    |
| Public Safety   | 119,916       | 119,628   |
| Streets & Sanitation  | 59,170        | 69,818    |
| General   | 103,890       | 88,598    |
| Capital Outlay  | 154,820       | 10,839    |
| TOTAL EXPENDITURES  | 467,730       | 317,115   |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES                                     | (287,361)     | (138,159) |
| OTHER FINANCING SOURCES (USES):   |               |           |
| Transfer from Water & Sewer Fund  | 134,873       | -0-       |
| Transfer from Sales Tax Fund  | 160,000       | 129,850   |
| EXCESS (DEFICIENCY) OF REVENUES AND<br>OTHER SOURCES OVER EXPENDITURES AND OTHER USES | 7,512         | (8,309)   |
| FUND BALANCE AT BEGINNING OF YEAR   | <u> </u>      | 13,932    |
| FUND BALANCE AT END OF YEAR   | <u>13,135</u> | 5,623     |



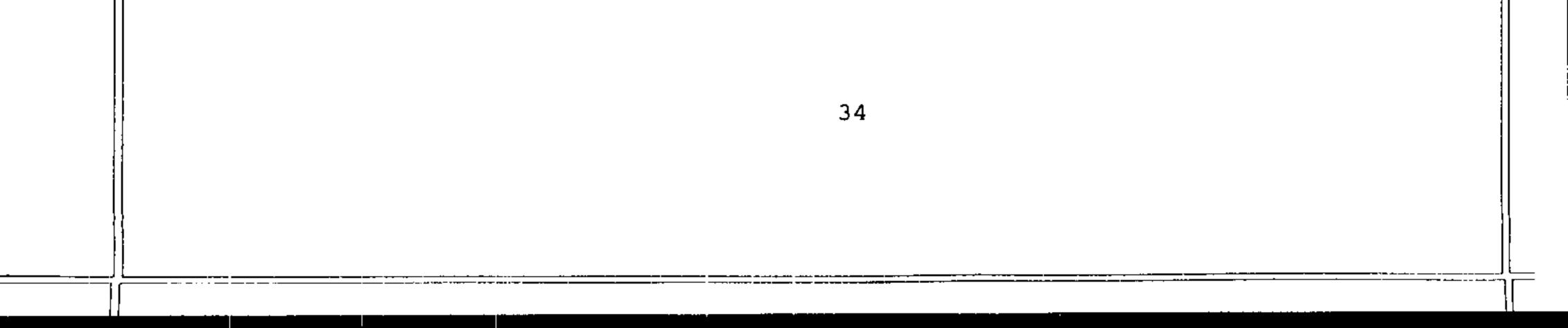
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|---------------------------------------|----------|---------|
| TOWN OF BERNICE, LOUISIANA            |          |         |
| GOVERNMENTAL FUND TYPE - GENERAL      | FUND     |         |
| COMPARATIVE STATEMENT OF EXPENDIT     | TURES    |         |
| FOR THE YEARS ENDED DECEMBER 31, 1996 | AND 1995 |         |
|                                       | 1006     | 1005    |
| -                                     | 1996     | 1995    |
| ADMINISTRATIVE                        | 29,934   | 28,232  |
| PUBLIC SAFETY                         |          |         |
| Police Department                     | 119,916  | 119,628 |
| STREET AND SANITATION                 |          |         |
| Sanitation Department Expense         | 36,023   | 34,397  |
| Street Expense                        | 23,147   | 35,421  |
| •                                     | 59,170   | 69,818  |
| GENERAL                               |          |         |
| General                               | 103,890  | 88,598  |
|                                       |          |         |

CAPITAL OUTLAY

154,820 10,839

| TOTAL | EXPENDITURES |
|-------|--------------|
|       |              |

467,730 317,115

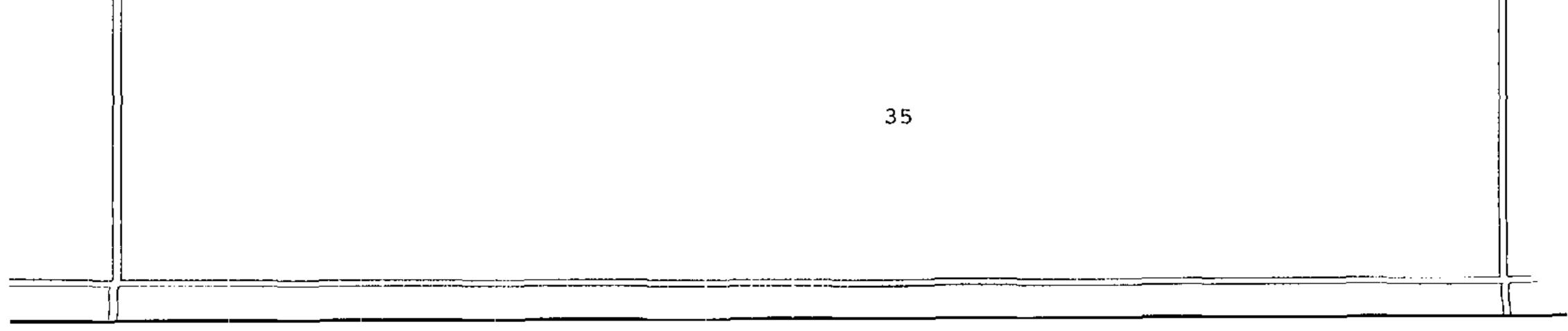


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#### GOVERNMENTAL FUND TYPE - SPECIAL REVENUE FUNDS

Sales Tax - To account for the receipt and use of proceeds of the Town's sales tax. These taxes are dedicated and are to be used for the purpose of establishing, acquiring, constructing, maintaining, building, and repairing streets, roads, and bridges; construction and maintaining drains and drainage ditches; establishing, acquiring, operating, and maintaining solid waste disposal facilities and equipment, therefore; including the acquisition, operation, and maintenance of equipment for the collection of same; constructing, operating, and maintaining sewage and water improvements; or for one or more of said purposes, said tax to be subject to funding into bonds by the Town for the purpose of making capital improvement to the extent and in the manner permitted by the laws of Louisiana.

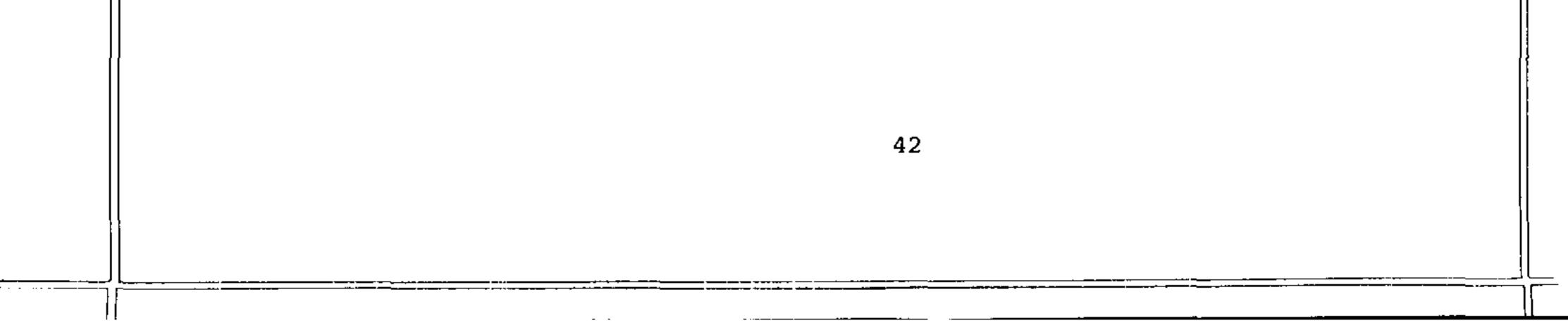
Fire Protection Grant - To account for community development block grant proceeds for the fire protection project.



### GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

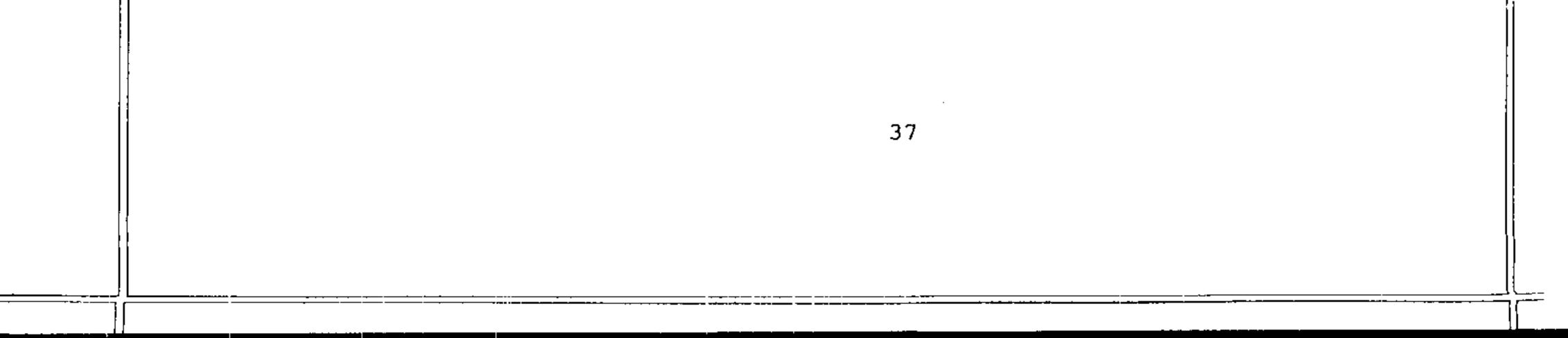




| TOWN OF BERNICE, LOUISIANA               |         |
|--|---------|
| GOVERNMENTAL FUND TYPE - SPECIAL REVENU  | JE FUND |
| COMBINED STATEMENT OF REVENUE, EXPENDIT  | URES,   |
| AND CHANGES IN FUND BALANCE              |         |
| FOR THE YEARS ENDED DECEMBER 31, 1996 AN | ID 1995 |

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|  | 1996           | 1995               |
|--|----------------|--------------------|
| REVENUE  |                |                    |
| Interest Income  | 6,989          | 7,979              |
| Sales Tax Collected                                    | 180,260        | 182,784            |
| Federal Grants   | -0-            | 357,105            |
| TOTAL REVENUE  | 187,249        | 547,868            |
| EXPENDITURES   |                |                    |
| Public Safety  | 11,400         | 18,000             |
| Capital Outlay   | -0             | 359,490            |
| General  | -0-            | 615                |
| TOTAL EXPENDITURES                                     | 11,400         | 378,105            |
| Excess Revenues over Expenditures                      | 175,849        | 169,763            |
| OTHER FINANCING SOURCES (USES)                         |                |                    |
| Transfer to General Fund                               | (160,000)      | (129,850)          |
| Transfer to Water & Sewer Fund                         | (5,000)        | -0-                |
| Transfer from Sales Tax Fund                           | -0-            | -0-                |
| TOTAL OTHER FINANCING USES                             | (165,000)      | (129,850)          |
| Excess (Deficiency) of Revenues And Other Sources Over |                |                    |
| Expenditures and Other Financing Uses                  | 10,849         | 39,913             |
| FUND BALANCE AT BEGINNING OF YEAR                      | 197,941        | 158,028            |
| FUND BALANCE AT END OF YEAR                            | <u>208,790</u> | <u>    197,941</u> |



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|                     | TOWN OF BERNICE, LOUISIANA                     |          |
|---------------------|--|----------|
|                     | SALES TAX FUND                                 |          |
|                     | COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES | <u>,</u> |
|                     | AND CHANGES IN FUND BALANCE                    |          |
|                     | FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995 |          |
|                     |  |          |
|                     | 1996   | 1995     |
| REVENUE             |  |          |
| Interest Incom      | e 6,989  | 7,979    |
| Sales Tax Coll      | ected 180,260                                  | 182,784  |
| TOTAL RE            | VENUE 187,249                                  | 190,763  |
| EXPENDITURES        |  |          |
| Public Safety       | 11,400   | 18,000   |
| Capital Outlay      |  | 3,000    |
|                     | PENDITURES 11,400                              | 21,000   |
| Excess Revenues ove | r Expenditures 175,849                         | 169,763  |
| OTHER FINANCING USE | <u>s</u>                                       |          |

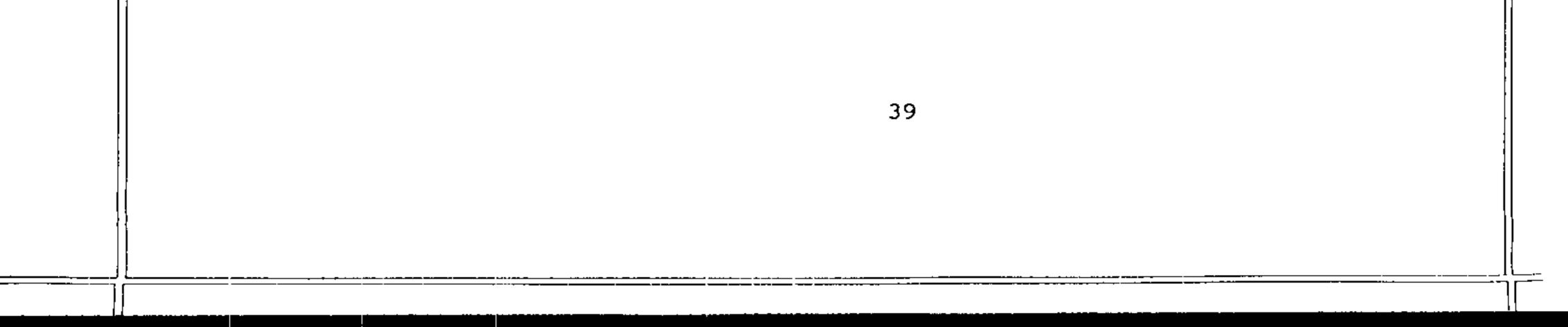
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| Transfer to General Fund                              | 160,000 | 129,850        |
|---|---------|----------------|
| Transfer to Water & Sewer Fund                        | 5,000   | -0-            |
| TOTAL OTHER FINANCING USES                            | 165,000 | 129,850        |
| Excess (Deficiency) of Revenues Over Expenditures and | 10 040  | 20 012         |
| Other Financing Uses                                  | 10,849  | 39,913         |
| FUND BALANCE AT BEGINNING OF YEAR                     | 197,941 | 158,028        |
| FUND BALANCE AT END OF YEAR                           | 208,790 | <u>197,941</u> |



| TOWN OF BERN | ICE, LOUISIANA |
|--------------|----------------|
| FIRE PROTECT | ION GRANT FUND |
| COMPARATIVE  | BALANCE SHEET  |
| DECEMBER 31, | 1996 AND 1995  |

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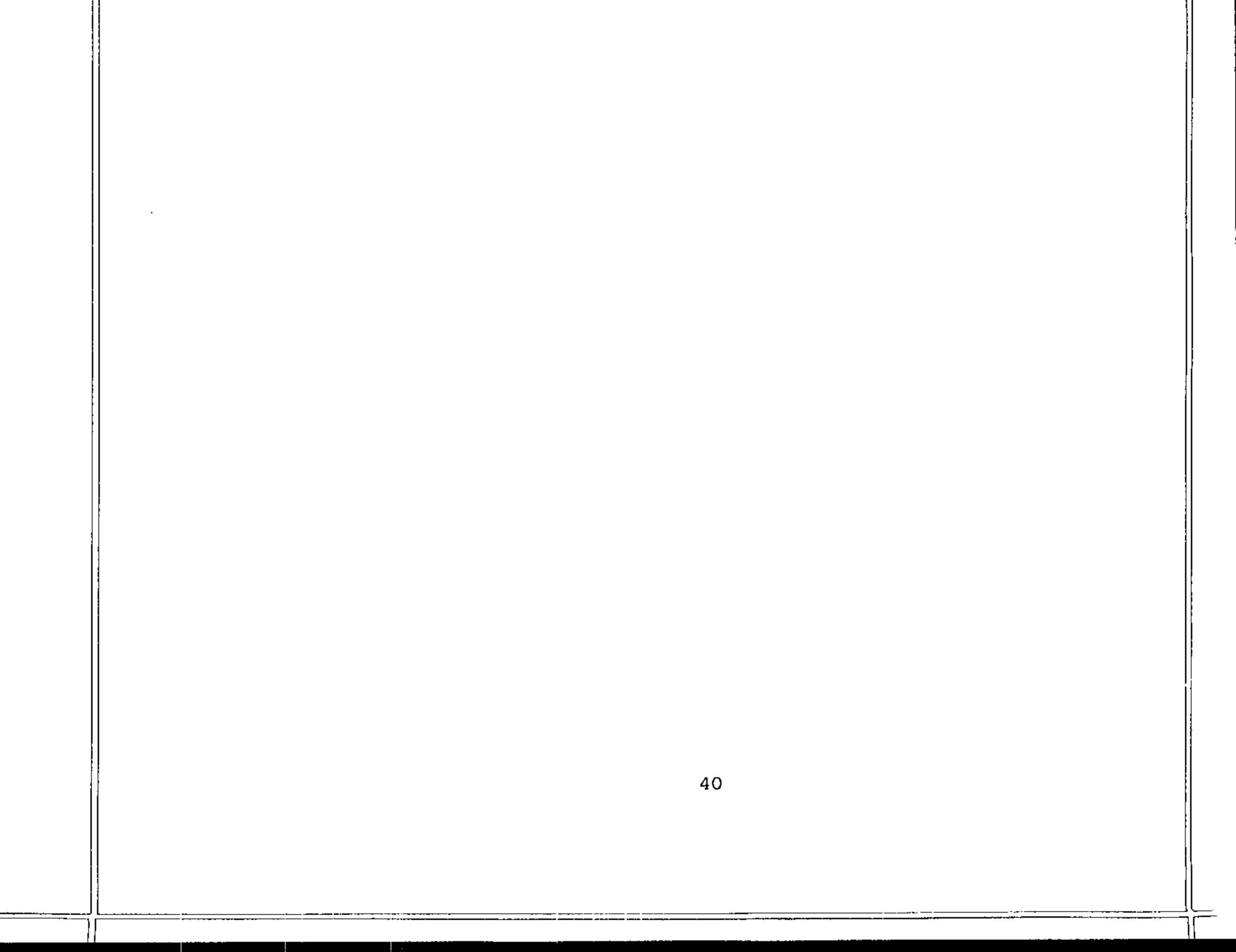
| ASSETS       | <u>1996</u> | <u>1995</u> |
|--------------|-------------|-------------|
| Cash         | -0-         | -0-         |
| TOTAL ASSETS | <u>-0-</u>  | <u>~0-</u>  |
| FUND BALANCE | <u>-0-</u>  | <u>-0-</u>  |

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| TOWN OF BERNICE, LOUISIANA                     |
|--|
| FIRE GRANT FUND                                |
| COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES |
| AND CHANGES IN FUND BALANCE                    |
| FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995 |

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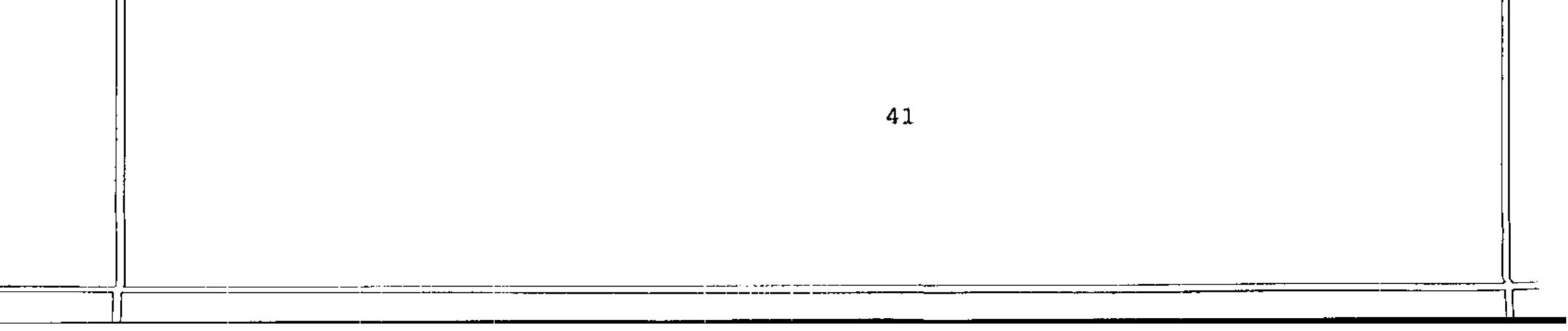
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|   | 1996 | 1995    |
|---|------|---------|
| REVENUE   |      |         |
| Federal Grants                                    | -0-  | 357,105 |
| TOTAL REVENUE                                     | -0-  | 357,105 |
| EXPENDITURES                                      |      |         |
| Capital Outlay                                    | -0   | 356,490 |
| General   | -0-  | 615     |
| TOTAL EXPENDITURES                                | 0    | 357,105 |
| Excess (Deficiency) of Revenues Over Expenditures | -0-  | -0-     |
| OTHER FINANCING SOURCES (USES)                    |      |         |
| Transfer from Sales Tax Fund                      | -0-  | -0-     |

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| Excess (Deficiency) of Revenues and Other Sources<br>Over Expenditures and Other Uses | -0- | -0-        |
|---|-----|------------|
| FUND BALANCE AT BEGINNING OF YEAR   | -0- |            |
| FUND BALANCE AT END OF YEAR   | -0- | <u>-0-</u> |



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### THE TOWN OF BERNICE, LOUISIANA STATEMENT OF CASH FLOWS ENT'ERPRISE FUND FOR THE YEAR ENDED DECEMBER 31, 1996

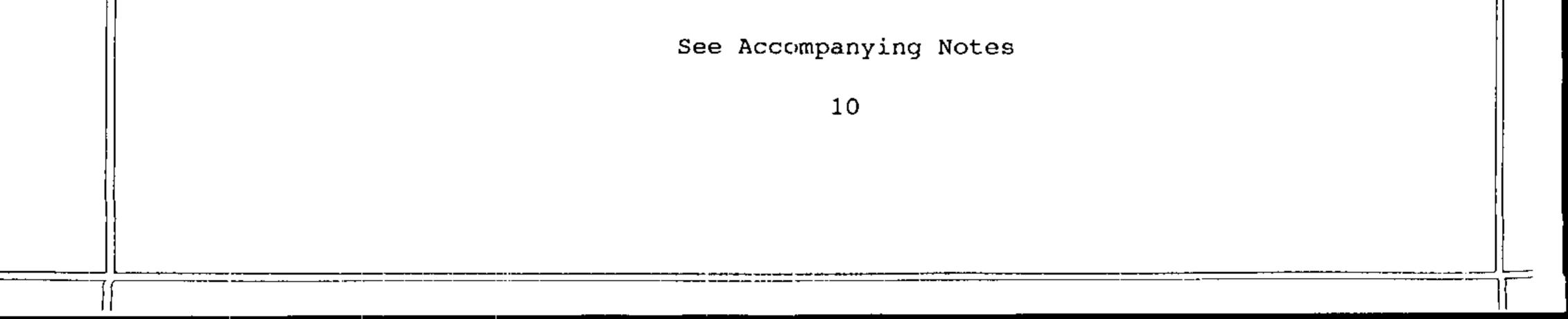
CASH FLOWS FROM OPERATING ACTIVITIES

| Cash Received from Customers                      | 202,795   |
|---|-----------|
| Cash Payments to Suppliers for Goods and Services | (103,784) |
| Cash Payments to Employees for Services           | (52,645)  |
| Cash Received for Other Operating Income          | 8,024     |
| NET CASH PROVIDED BY OPERATING ACTIVITIES         | 54,390    |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES   |           |
| Received From (Provided To) Other Funds           | (129,877) |

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### NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES (129,877)

| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES |           |
|--|-----------|
| Principal Paid on Revenue Bond Maturities                | (9,763)   |
| Acquisition and Construction of Capital Assets           | (3,615)   |
| Interest Paid on Revenue Bonds                           | (39,787)  |
| NET USED IN CAPITAL AND RELATED FINANCING ACTIVITIES     | (53,165)  |
| CASH FLOWS FROM INVESTING ACTIVITIES                     |           |
| Interest on Investments                                  | 9,453     |
| NET CASH PROVIDED BY INVESTING ACTIVITIES                | 9,453     |
| NET DECREASE IN CASH AND CASH EQUIVALENTS                | (119,199) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR           | 209,221   |
| CASH AND CASH EQUIVALENTS AT END OF YEAR                 | 90,022    |
| CASH SUMMARY   |           |
| Unrestricted Cash  | 19,594    |
| Restricted Cash  | 48,505    |
| Restricted Cash - Savings                                | 21,923    |
|  | 90,022    |

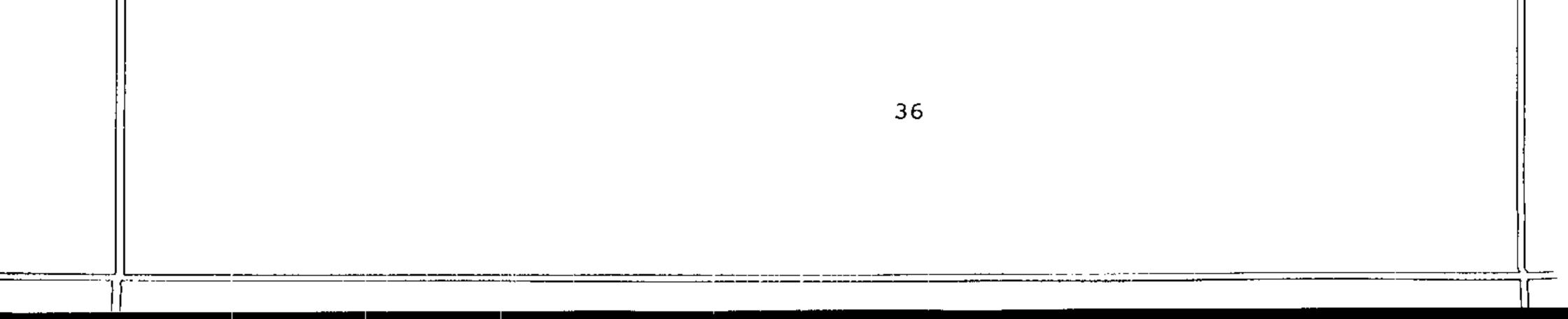


| $\underline{TC}$       | WN OF I | BERNI | CE, I | LOUIS | SIANA   |      |
|------------------------|---------|-------|-------|-------|---------|------|
| GOVERNMENTAL           | FUND TY | YPE - | SPEC  | CIAL  | REVENUE | FUND |
| COMBINED BALANCE SHEET |         |       |       |       |         |      |
| DI                     | CEMBER  | 31,   | 1996  | AND   | 1995    |      |

\_\_\_\_<u>\_\_</u>

|                     | 1996    | 1995               |
|---------------------|---------|--------------------|
| ASSETS              |         |                    |
| Cash                | 208,589 | 197,622            |
| Interest Receivable | 201     | 319                |
| TOTAL ASSETS        | 208,790 | <u>    197,941</u> |
| FUND BALANCE        | 208,790 | <u>    197,941</u> |





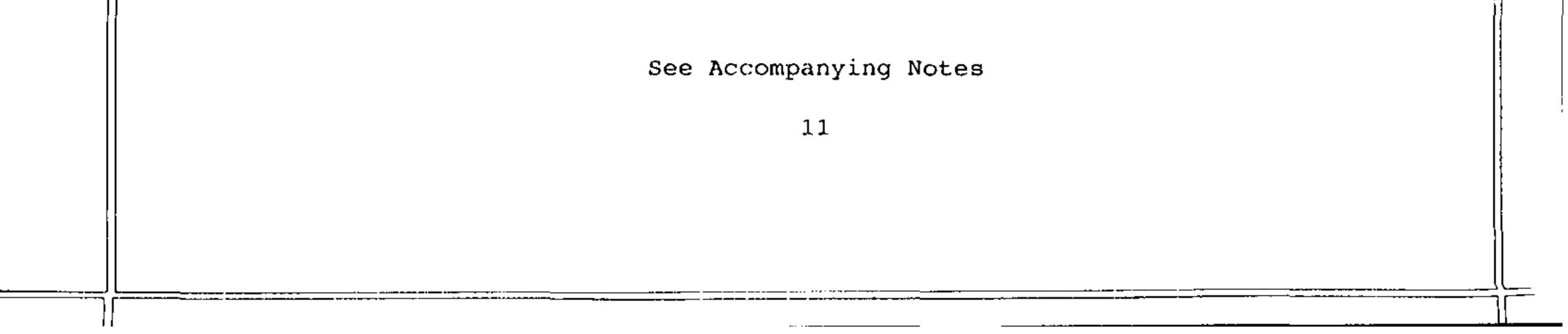
|                 | TOWN OF  | BERNICE | 2           |  |
|-----------------|----------|---------|-------------|--|
| STATEMENT       | OF CASH  | FLOWS   | CONTINUED)  |  |
| ENTERPRISE FUND |          |         |             |  |
| FOR THE YEA     | AR ENDED | DECEMBE | ER 31, 1996 |  |

| RECONCILIATION OF OPERATING INCOME TO NET CASH        |          |
|---|----------|
| PROVIDED BY OPERATING ACTIVITIES                      |          |
| Operating Income (Loss)                               | (30,960) |
| Adjustments to Reconcile Operating Income to Net Cash |          |
| Provided by Operating Activities                      |          |
| Depreciation  | 80,228   |
| Change in Assets and Liabilities:                     |          |
| Decrease in Accounts Receivable                       | 3,187    |
| Decrease in Inventory                                 | 546      |
| Increase in Accounts Payable                          | 1,137    |
| Increase in Payroll Taxes Payable                     | 21       |
| Decrease in Sales Tax Payable                         | (59)     |
| Increase in Meter Deposits                            | 290      |

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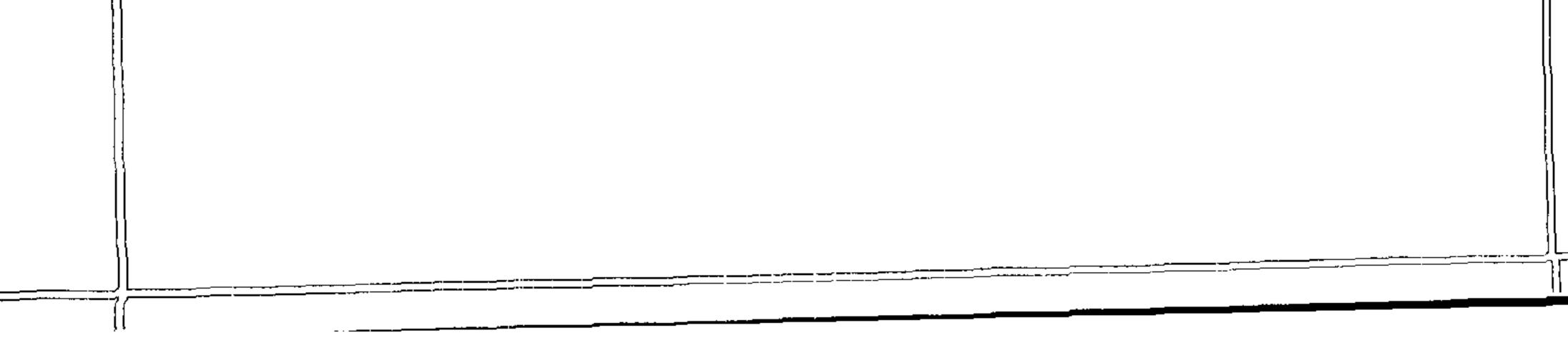
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THE TOWN OF BERNICE, LOUISIANA

FINANCIAL STATEMENTS AND ACCOUNTANT'S REPORT

DECEMBER 31, 1996

under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court Release Date April 1 6 1997



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CERTIFIED PUBLIC ACCOUNTANTS P. O. BOX 2896 TELEPHONE 322-8106 MONROE, LOUISIANA 71207-2896

Harvey Marcus, CPA John Robinson, CPA Doyle Hassell, CPA MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

#### Independent Auditor's Report

The Honorable Clifton McIntosh, Mayor Members of the Board of Aldermen Town of Bernice, Louisiana

We have audited the accompanying general-purpose financial statements of the Town of Bernice, Louisiana, as of and for the year ended December 31, 1996. These general-purpose financial statements are the responsibility of the Town of Bernice, Louisiana, management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Bernice, Louisiana, as of December 31, 1996, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the Town of Bernice, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

Marcus Robinson Hassell

#### MARCUS, ROBINSON & HASSELL

Monroe, Louisiana March 27, 1997

### TOWN OF BERNICE, LOUISIANA

## COMBINED BALANCE SHEETS - ALL FUND TYPES AND ACCOUNT GROUPS

### DECEMBER 31, 1996

#### PROPRIETARY

| GOVERN  | MENTAL  | FUND       |
|---------|---------|------------|
| FUND    | TYPES   | TYPE       |
|         | SPECIAL |            |
| GENERAL | REVENUE | ENTERPRISE |

#### ASSETS

Current

| Cash                        | 10,788 | 208,589 | 19,594 |
|-----------------------------|--------|---------|--------|
| Accounts Receivable         | 1,640  | -0-     | 24,428 |
| Accrued Interest Receivable | -0     | 201     | -0-    |
| Property Taxes Receivable   | 5,644  | 0       | -0-    |
| Due from Other Funds        | 2,797  | -0-     | -0-    |
| Inventory Supplies          | -0     | -0-     | 4,546  |
| Prepaid Insurance           | 5,685  | _0_     | -0-    |
| TOTAL CURRENT ASSETS        | 26,554 | 208,790 | 48,568 |

| Restricted Assets   |            |                |           |
|---|------------|----------------|-----------|
| Cash in Bank  | -0         | -0-            | 48,505    |
| Cash - Savings Accounts -   |            |                |           |
| Replacement & Extension   | -0         | -0-            | 21,923    |
| Accrued Interest Receivable   | -0         | _0_            | 2,094     |
| TOTAL RESTRICTED ASSETS   | -0         | -0-            | 72,522    |
| Property, Plant, and Equipment -<br>Net of Allowance for Depreciation | -0         | -0-            | 1,893,215 |
| General Fixed Assets  | <b>⊷</b> 0 | -0-            | -0-       |
| TOTAL ASSETS  | 26,554     | <u>208,790</u> | 2.014.305 |

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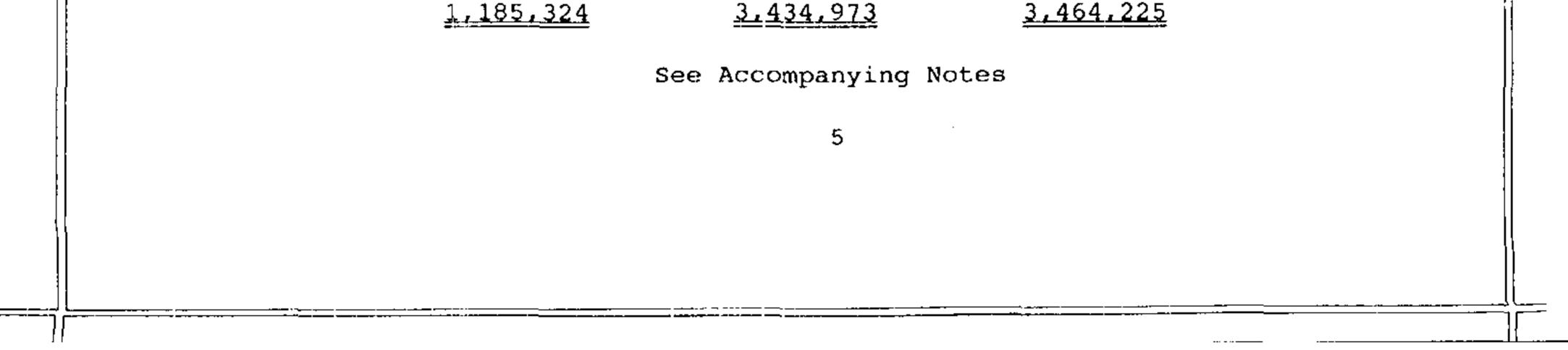
| $T \cap W$                         | N OF BERNICE, L     | OUTSTANA       |                  |
|------------------------------------|---------------------|----------------|------------------|
| COMBINED BALANCE SHE               |                     |                | NT GROUPS        |
|                                    | DECEMBER 31,        | - <u> </u>     |                  |
|                                    |                     |                |                  |
|                                    |                     |                | PROPRIETARY      |
|                                    | GOVERNM             | IENTAL         | FUND             |
|                                    | FUND T              | YPES           | TYPE             |
|                                    |                     | SPECIAL        |                  |
| -                                  | GENERAL             | REVENUE        | ENTERPRISE       |
| LIABILITIES AND FUND EQUITY        |                     |                |                  |
| RETAINED EARNINGS                  |                     |                |                  |
| Liabilities                        |                     |                |                  |
| Current (Payable from              |                     |                |                  |
| Current Assets)                    |                     |                |                  |
| Accounts Payable                   | 8,661               | -0-            | 7,196            |
| Payroll Taxes Payable              | 1,508               | -0-            | 157              |
| Workman's Comp Payable             | 3,250               | -0-            | -0               |
| Sales Tax Payable                  | -0-                 | -0-            | 423              |
| Meter Deposits                     | -0-                 | -0-            | 17,630           |
| Due to Other Funds                 |                     | <u>-0-</u>     | 2,797            |
| TOTAL CURRENT (PAYABLE             |                     |                |                  |
| FROM CURRENT ASSETS)               | 13,419              | -0-            | 28,203           |
| Current (Payable from              |                     |                |                  |
| Restricted Assets)                 |                     |                |                  |
| Water Revenue Bonds - Current      | -0-                 | -0-            | 7,401            |
| Accrued Interest                   | -0-                 | -0-            | 10,388           |
| Water Revenue Bonds Long-term      | <b>—</b> — —— —— —— | <u>-0-</u>     | 694,728          |
| TOTAL LIABILITIES                  | 13,419              | -0-            | 740,720          |
| FUND EQUITY                        |                     |                |                  |
| Contributed Capital                |                     |                |                  |
| Contributions from Grants          | -0-                 | -0-            | 1,370,159        |
| Contributions from Munici-         |                     |                |                  |
| palities                           | -0-                 | -0-            | 352,982          |
| Investment in General Fixed Assets | -0-                 | -0-            | -0-              |
| Retained Earnings                  |                     | ~              |                  |
| Reserve for Replacement and        |                     |                |                  |
| Extension                          | -0-                 | -0-            | 18,748           |
| Reserve for FHA Water              | -                   | _              |                  |
| Improvement                        | -0                  | -0-            | 25,060           |
| Unreserved                         | -0-                 | -0-            | (493,364)        |
| Fund Balance                       | 13,135              | 208,790        | -0-              |
| TOTAL FUND EQUITY                  | <u>13,135</u>       | 208,790        | <u>1,273,585</u> |
| TOTAL LIABILITIES &                |                     |                |                  |
| FUND EQUITY                        | <u>26,554</u>       | <u>208,790</u> | <u>2,014,305</u> |

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| ACCOUNT      |             |             |
|--------------|-------------|-------------|
| GROUP        | 1.996       | 1995        |
| GENERAL      | TOTALS      | TOTALS      |
| FIXED ASSETS | (MEMO ONLY) | (MEMO ONLY) |

| ~0- | 15,857 | 14,400 |
|-----|--------|--------|
| -0- | 1,665  | 915    |
| -0- | 3,250  | 3,589  |
| -0- | 423    | 482    |
| -0- | 17,630 | 17,340 |
| 0-  | 2,797  | 2,800  |

|               |     | 2,131     | 2,000     |
|---------------|-----|-----------|-----------|
| -             | -0- | 41,622    | 39,526    |
|               |     |           |           |
| -             | ~0- | 7,401     | 6,831     |
|               | -0- | 10,388    | 7,606     |
|               | -0- | 694,728   | 705,061   |
|               | -0- | 754,139   | 759,024   |
|               |     |           |           |
|               | -0- | 1,370,159 | 1,370,159 |
|               | -0- | 352,982   | 352,982   |
| 1,185,        | 324 | 1,185,324 | 1,030,504 |
|               |     | -         |           |
|               | -0- | 18,748    | 16,132    |
|               | -0- | 25,060    | 43,867    |
|               | -0- | (493,364) | (312,007) |
|               | -0- | 221,925   | 203,564   |
| <u>1,185,</u> | 324 | 2,680,834 | 2,705,201 |
| 1,185,        | 324 | 3.434.973 | 3,464,225 |



### TOWN OF BERNICE, LOUISIANA

# COMBINED STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 1996

#### GOVERNMENTAL

|   | GOVERN        | MENIAL             |                    |               |
|---|---------------|--------------------|--------------------|---------------|
|   | FUND          | TYPES              | 1996               | 1995          |
|   |               | SPECIAL            | (MEMO-             | (MEMO-        |
|   | GENERAL       | REVENUE            | ONLY)              | ONLY)         |
| EVENUE  |               |                    |                    |               |
| Fines   | 15,667        | -0-                | 15,667             | 10,943        |
| Licenses  | 40,353        | -0-                | 40,353             | 39,422        |
| Tobacco & Beverage Tax                                    | 13,241        | -0-                | 13,241             | 11,877        |
| Fees - Louisiana Power & Light                            | 21,695        | -0-                | 21,695             | 20,736        |
| Fees - Arkla Gas  | 17,504        | -0-                | 17,504             | 11,780        |
| Ad Valorum Taxes  | 26,991        | ~0-                | 26,991             | 17,097        |
| State Revenue Sharing                                     | 1,407         | -0-                | 1,407              | 1,797         |
| Cable TV Franchise Fee                                    | 4,670         | -0-                | 4,670              | 4,242         |
| Miscellaneous   | 1,466         | -0-                | 1,466              | 25,389        |
| Sanitation Fee Income                                     | 33,800        | -0-                | 33,800             | 33,603        |
| Building Permits  | 575           | -0-                | 575                | 570           |
| Rent Income   | 3,000         | -0-                | 3,000              | -0-           |
| Lots Sold   | -0            | -0-                | -0-                | 1,500         |
| Sales Tax   | -0            | 180,260            | 180,260            | 182,784       |
| Interest Income   | -0            | 6,989              | 6,989              | 7,979         |
| Federal Grants  | -0            | -0-                | -0                 | 357,105       |
| TOTAL REVENUE   | 180,369       | 187,249            | 367,618            | 726,824       |
| XPENDITURES   |               |                    |                    |               |
| Administrative  | 29,934        | -0-                | 29,934             | 28,232        |
| Public Safety   | 119,916       | 11,400             | 131,316            | 137,628       |
| Streets & Sanitation                                      | 59,170        | -0-                | 59,170             | 69,810        |
| General   | 103,890       | -0-                | 103,890            | 89,21         |
| Capital Outlay  | 154,820       | -0-                | 154,820            | 370,32        |
| TOTAL EXPENDITURES  | 467,730       | 11,400             | 479,130            | 695,22        |
| EXCESS (DEFICIENCY) OF                                    |               |                    |                    |               |
| REVENUE OVER EXPENDITURES                                 | (287,361)     | 175,849            | (111,512)          | 31,60         |
| THER FINANCING SOURCES (USES):                            | 004 073       | 0                  | 294,873            | 129,85        |
| Operating Transfers In                                    | 294,873       |                    | -                  | (129,85       |
| Operating Transfers Out                                   |               | ( <u>165,000</u> ) | ( <u>165,000</u> ) | (125,05)      |
| TOTAL OTHER FINANCING<br>SOURCES (USES)                   | 294,873       | (165,000)          | 129,873            | - 0           |
| EXCESS (DEFICIENCY) OF REVEN                              | UE            |                    |                    |               |
| & OTHER SOURCES OVER (UNDER)<br>EXPENDITURES & OTHER USES | 7,512         | 10,849             | 18,361             | 31,60         |
| TUND BALANCE AT BEGINNING OF YEAR                         | 5,623         | 197,941            | 203,564            | 171,96        |
| FUND BALANCE AT END OF YEAR                               | <u>13,135</u> | <u>208,790</u>     | <u>221,925</u>     | <u>203,56</u> |

| See Accompanying Notes | 2       |
|------------------------|---------|
| 6                      |         |
|                        |         |
|                        |         |
|                        |         |
|                        | ala ana |

#### TOWN OF BERNICE, LOUISIANA

### STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

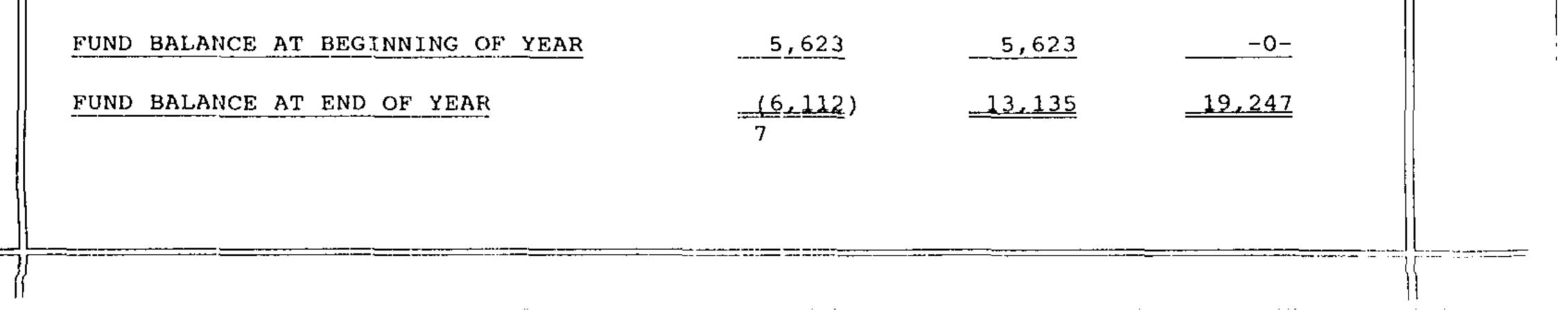
BUDGET (GAAP BASIS) AND ACTUAL -

#### GENERAL AND SPECIAL REVENUE TYPES

FOR THE YEAR ENDED DECEMBER 31, 1996

|  | GENERAL | FUND |
|--|---------|------|
|--|---------|------|

|  |           | Opuprum Loup |                       |
|--|-----------|--------------|-----------------------|
|  |           |              | VARIABLE<br>FAVORABLE |
|  | BUDGET    | ACTUAL       | (UNFAVORABLE)         |
| REVENUE  |           |              |                       |
| Fines  | 14,000    | 15,667       | 1,667                 |
| Licenses   | 38,000    | 40,353       | 2,353                 |
| Tobacco & Beverage Tax   | 11,892    | 13,241       | 1,349                 |
| Fees - Louisiana Power & Light                                   | 18,616    | 21,695       | 3,079                 |
| Fees - Arkla Gas   | 8,000     | 17,504       | 9,504                 |
| Ad Valorem Taxes   | 17,568    | 26,991       | 9,423                 |
| State Revenue Sharing  | 1,797     | 1,407        | (390)                 |
| Cable TV Franchise Fee   | 2,000     | 4,670        | 2,670                 |
| Miscellaneous  | 2,000     | 1,466        | (534)                 |
| Sanitation Fee Income  | 33,292    | 33,800       | 508                   |
| Building Permits   | -0-       | 575          | 575                   |
| Rent Income  | -0        | 3,000        | 3,000                 |
| Lots Sold  | -0-       | -0-          | -0-                   |
| Sales Tax  | -0-       | -0-          | -0-                   |
| Interest Income  | 0         | -0-          | -0-                   |
| Federal Grants   | -0-       | -0-          | -0-                   |
| TOTAL REVENUE  | 147,165   | 180,369      | 33,204                |
| EXPENDITURES   |           |              |                       |
| Administrative   | 25,200    | 29,934       | (4,734)               |
| Public Safety  | 135,000   | 119,916      | 15,084                |
| Streets and Sanitation   | 71,800    | 59,170       | 12,630                |
| General  | 86,900    | 103,890      | (16,990)              |
| Capital Outlay   | 0         | 154,820      | (154,820)             |
| TOTAL EXPENDITURES   | 318,900   | 467,730      | (148,830)             |
| EXCESS (DEFICIENCY) OF REVENUE                                   |           |              |                       |
| OVER EXPENDITURES  | (171,735) | (287,361)    | (115,626)             |
| OTHER FINANCING SOURCES (USES):                                  |           |              |                       |
| Operating Transfers In:  | 160,000   | 294,873      | 134,873               |
| Operating Transfers Out:   | -0-       | -0-          | _0_                   |
| TOTAL OTHER FINANCING SOURCES                                    |           |              |                       |
| (USES)   | 160,000   | 294,873      | 134,873               |
| EXCESS (DEFICIENCY) OF REVENUE<br>AND OTHER SOURCES OVER (UNDER) |           |              |                       |
| EXPENDITURES AND OTHER USES                                      | (11,735)  | 7,512        | 19,247                |



#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Town of Bernice was incorporated under the provisions of the Lawrason Act. The City operates under a Mayor - Board of Aldermen form of government.

The accounting and reporting policies of the Town of Bernice conform to generally accepted accounting principles as applicable to governments.

The following is a summary of certain significant accounting policies.

#### FINANCIAL REPORTING ENTITY

This report includes all funds and account groups which are controlled by or dependent on the Town executive and legislative branches (The Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

#### FUND ACCOUNTING

The accounts of the Town of Bernice are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three generic fund types and two broad fund categories as follows:

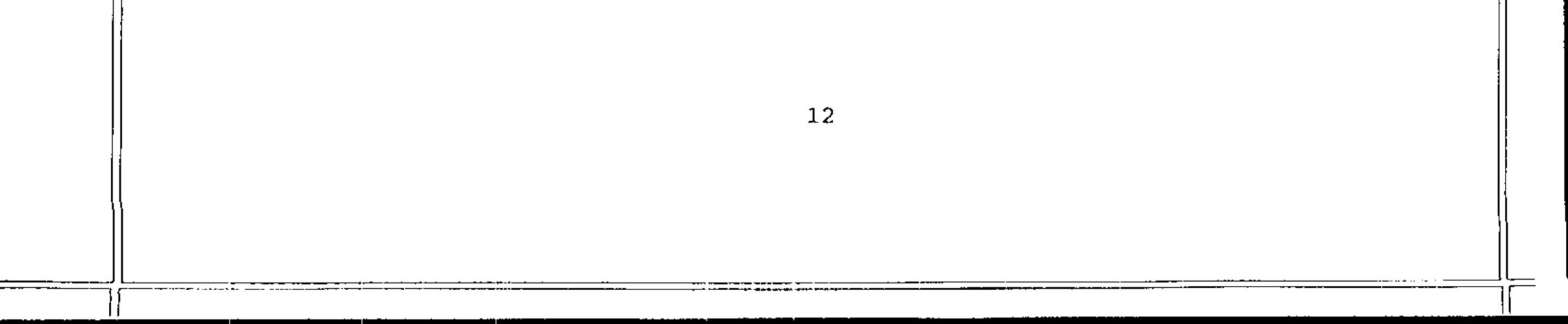
Governmental Funds -

#### General Fund

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

#### Special Revenue Funds

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



Page 3

regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the management, the Board of Aldermen and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Marcus Robinson + Harsol

Marcus, Robinson, and Hassell March 27, 1997

Page 2

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the management, the Board of Aldermen, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

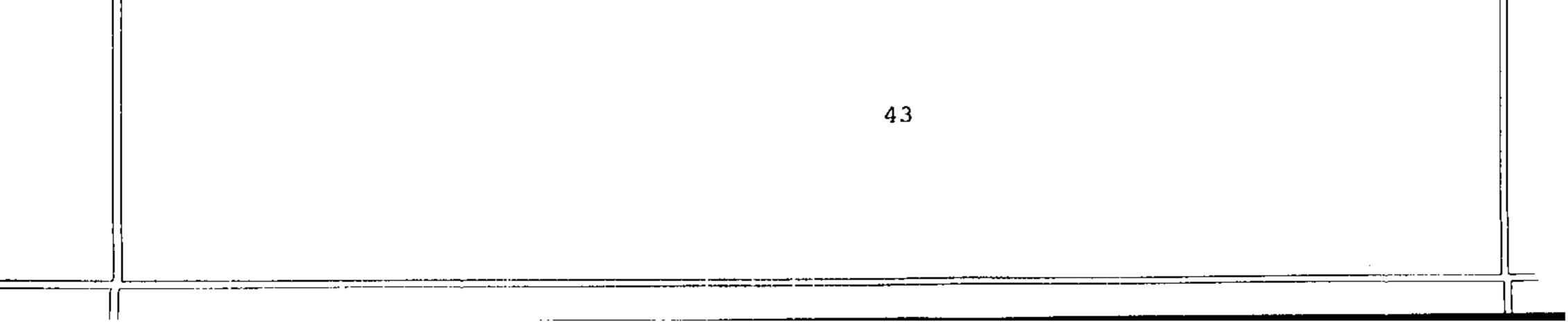
Marcus Robinson Marsel

MARCUS, ROBINSON AND HASSELL March 27, 1997

### TOWN OF BERNICE, LOUISIANA COMPARATIVE STATEMENT OF GENERAL FIXED ASSET ACCOUNT GROUP DECEMBER 31, 1996 AND 1995

|  | 1996             | 1995             |
|--|------------------|------------------|
| GENERAL FIXED ASSETS AT COST *             |                  |                  |
| Land - Inside City Limits                  | 103,235          | 103,235          |
| Land - Outside City Limits                 | 1,150            | 1,150            |
| Building - Town Hall                       | 75,000           | 75,000           |
| Building - Old Town Hall                   | 5,000            | 5,000            |
| Building - Old Depot                       | 17,497           | 17,497           |
| Furniture & Office Equipment               | 11,444           | 11,444           |
| Police Equipment                           | 57,900           | 57,900           |
| Vehicles                                   | 177,518          | 177,518          |
| Gasoline Tank and Trailers                 | 7,546            | 7,546            |
| Streets                                    | 93,075           | 93,075           |
| Street Department Tractor                  | 5,000            | 5,000            |
| Fire Truck                                 | 210,182          | 210,182          |
| Capitalization of Fire Protection Grant    | 260,117          | 260,117          |
| Fire Protection Equipment                  | 5,840            | 5,840            |
| Medical Clinic                             | 154,820          | -0-              |
|  | 1,185,324        | 1,030,504        |
| PROPERTY ACQUIRED PRIOR TO JANUARY 1, 1978 | 276,074          | 276,074          |
| PROPERTY ACQUIRED AFTER JANUARY 1, 1978    |                  |                  |
| From:                                      |                  |                  |
| Federal Revenue Sharing                    | 2,434            | 2,434            |
| General Fund Reserve                       | 446,089          | 291,269          |
| Federal Block Grants                       | 374,734          | 374,734          |
| Sales Tax Fund Reserve                     | 85,993           | 85,993           |
| TOTAL INVESTMENT IN GENERAL FIXED ASSETS   | <u>1,185,324</u> | <u>1,030,504</u> |

\* Records were not maintained prior to January 1, 1978. Assets on hand at January 1, 1978 were placed on books at estimated costs.



| TOWN  | OF  | BERNIC | CE,  | LOUISIANA  |
|-------|-----|--------|------|------------|
| NOTES | TO  | FINANC | CIAL | STATEMENTS |
|       | DEC | EMBER  | 31,  | 1996       |

Proprietary Fund -

Enterprise Fund

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

Fixed assets and long-term liabilities The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

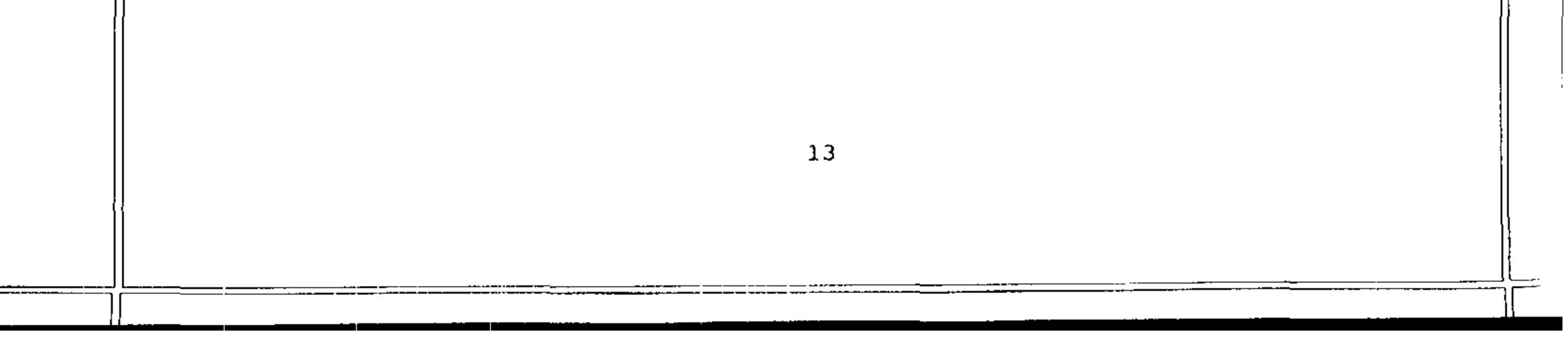
All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. The Town has elected to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements. No depreciation has been provided on general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-term Debt Account Group, of which the Town does not now have.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method.



The estimated useful lives are as follows:

Water Utility -Wells 40 years Storage Tanks 40 years Purification Plant 40 years Lines & Meters 40 years

Sewerage Utility -Pump Stations 40 years Lines 40 years Autos and Trucks 3-5 years Other Equipment 3-10 years

All fixed assets are stated at historical cost or estimated cost if actual historical cost is not available. Prior to 1978, records were not maintained of historical cost. The water system was placed on the books at January 1, 1978 at an estimated value of 413,766.

#### Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Budgets and budgetary accounting

# The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.

2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At 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 the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

5. Budgetary amendments involving the transfer of funds from one depart-

ment, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.

6. All budgetary appropriations lapse at the end of each fiscal year.

7. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

<u>Inventories</u> Inventory of supplies in both the governmental funds and proprietary fund is valued at cost (first-in, first-out).

Bad Debts Uncollectible accounts receivable are charged directly against earnings when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles.

Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefits The Town has a policy of accumulating unpaid vacation and sick pay. The costs associated with this accumulation is immaterial. Thus, no accrual has been recorded.

<u>Comparative Data</u> Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and

| operations. |   |
|-------------|---|
| 15          |   |
|             |   |
|             |   |
|             | Ĭ |

Total Columns on Combined Statements - Overview Total columns on the combined statements - overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of the data.

#### 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 October or November and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The Town bills and collects its own property taxes using the assessed

values determined by the tax assessor of Union Parish.

For the year ended December 31, 1996, taxes of 5.28 mills were levied on property with assessed valuations totaling 3,881,430 and were dedicated as follows:

General corporate purpose

5.28 mills

Total taxes levied were 20,494. Taxes receivable at December 31, 1996, consisted of the following:

Taxes Receivable current roll 4,379

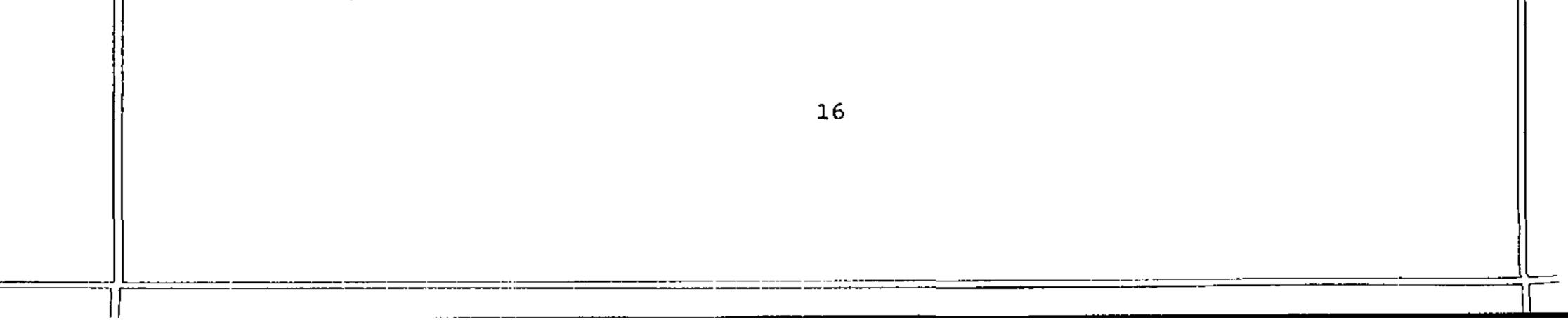
#### INTERFUND RECEIVABLES, PAYABLES -

|                          | INTERFUND   | INTERFUND |
|--------------------------|-------------|-----------|
|                          | RECEIVABLES | PAYABLES  |
| General fund             | 2,797       | -0-       |
| Special Revenues Funds - |             |           |
| Sales Tax Fund           | -0-         | -0-       |
| Enterprise Fund          | -0          | 2,797     |

LONG-TERM DEBT

Water Revenue Bond:

Water System Construction. Interest rate is 6%. Payment of interest only was due on October 23, 1990 and 1991. Principal and interest is due October 23, 1992 to 2029. The original bond issuance is for 735,600.



|                                | NCIAL STATEMENTS |                   |          |
|--------------------------------|------------------|-------------------|----------|
|                                | R 31, 1996       |                   |          |
|                                |                  | ENTERPRIS         | E        |
|                                |                  | FUND              |          |
|                                |                  | WATER REVE        | NUE      |
|                                |                  | BONDS             |          |
| Debt Payable January 1, 1996   |                  | 711,89            | 2        |
| Debt Issued                    |                  | -0                | i ——     |
| Debt Retired                   |                  | 9,76              | 3        |
| Debt Payable December 31, 1996 |                  | 702,12            | 9        |
| Less: Current Maturities       |                  | 7,40              | 1        |
| Long-term Debt                 |                  | <u>    694.72</u> | <u>8</u> |
| YEAR ENDING                    |                  |                   |          |
| DECEMBER 31,                   | PRINCIPAL        | INTEREST          | TOTAL    |

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| DODDDDU DI NUO NUO DOUTDUDNO |         |         |           |
|------------------------------|---------|---------|-----------|
|                              | 694,728 | 890,898 | 1,585,626 |
| 2002-2029                    | 653,516 | 684,355 | 1,337,871 |
| 2001                         | 9,170   | 40,381  | 49,551    |
| 2000                         | 8,651   | 40,900  | 49,551    |
| 1999                         | 8,228   | 41,323  | 49,551    |

PROPERTY, PLANT AND EQUIPMENT

The following is a summary of proprietary fund type property, plant, and equipment at December 31, 1996:

|                                 | ENTERPRISE |
|---------------------------------|------------|
|                                 | FUND       |
| Water & Sewer System            | 2,091,132  |
| Equipment                       | 115,340    |
| Water System Improvements       | 988,117    |
| Land                            | 7,162      |
|                                 | 3,201,751  |
| Less: Accumulated Depreciation  | 1,308,536  |
| NET PROPERTY, PLANT & EQUIPMENT | 1,893,215  |

Depreciation expense for the year ended was \$80,228.

CHANGES IN GENERAL FIXED ASSETS

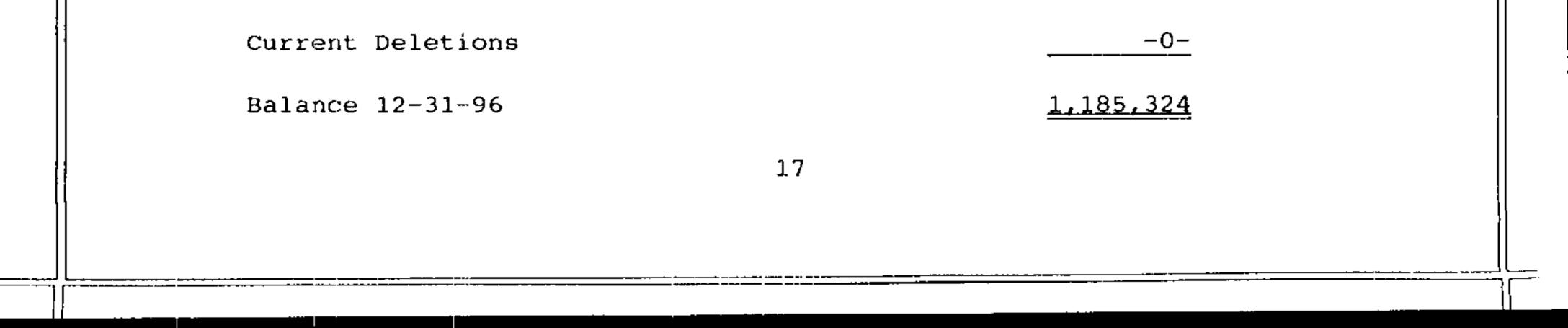
A summary of changes in general fixed assets:

Balance 1-1-96

1,030,504

Current Additions

154,820



DEDICATION OF PROCEEDS AND FLOW OF FUNDS - 1% Sales and Use Tax -

The 1% sales tax was increased to 2% effective October 1, 1988.

The proceeds of this tax to be dedicated and used for the purpose of acquiring, constructing, improving, maintaining, and operating fire protection facilities, purchasing fire trucks, ambulances, rescue vehicles, or other fire fighting, ambulance and/or rescue equipment: or for one or more of said purposes including the supplementing of the general revenues, said tax to be subject to funding into funds by the Town for the purpose of making capital improvement to the extent and in the manner permitted by the laws of Louisiana should such become necessary.

#### PENDING LITIGATION AND CONTINGENT LIABILITIES

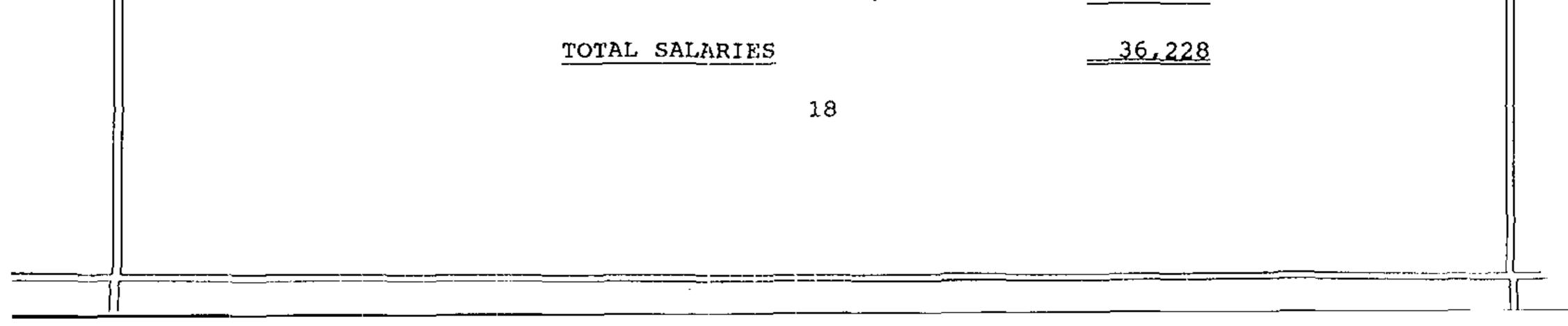
The Town attorney has advised that there is no pending litigation against the Town.

RETIREMENT CONDITIONS

All employees of the Town of Bernice are members of the Social Security System. The Town contributed \$14,148 as the employer's portion.

#### TOWN OF BERNICE ELECTED OFFICIALS

TERM SALARY NAME POSITION ADDRESS EXPIRES Clifton McIntosh P. O. Box 63 9,600 12/31/98 Mayor Bernice, LA 71222 12/31/98 20,628 Minor S. Patton Chief-of P. O. Box 86 Bernice, LA 71222 Police 1,200 12/31/98 Oliver Gene Terrall Alderman 197 Holley District 1 Bernice, LA 71222 P. O. Box 273 1,200 12/31/98 Rhodell Montgomery Alderman District 2 Bernice, LA 71222 1,200 12/31/96 John C. Bell Alderman P. O. Box 234 District 3 Bernice, LA 71222 1,200 12/31/98 Alvin Green Alderman P. O. Box 377 Bernice, LA 71222 District 4 12/31/98 1,200 Joseph C. Butler Alderman P. O. Box 464 District 5 Bernice, LA 71222



|      | TOWN OF BERNICE, LOUISIANA  |             |
|------|---|-------------|
|      | NOTES TO FINANCIAL STATEMENTS   |             |
|      | DECEMBER 31, 1996   |             |
| CASH |   |             |
|      | Cash Flow Information - Supplemental disclosures of cash information: | flow        |
|      | 1996  | 1995        |
|      | Cash paid during the year for:  |             |
|      | Interest 39,787   | 44,212      |
|      | Income Taxes -0-  |             |
|      | Supplemental schedule of non-cash investing and financing             | activities: |

There were no non-cash investing and financing activities for the year.

Disclosure of accounting policy:

For the purposes of the statement of cash flows, the Town considers cash in checking accounts, savings accounts, and certificates of deposit to be cash and cash equivalents.

Cash is classified into three categories to give an indication of the level of risk assumed at year-end. Category 1 includes investments insured or registered or securities which are held by the Town or its agent in the Town's name. Category 2 includes uninsured or unregistered investments for which the securities are held by the bank or agent in the Town's name. Category 3 includes uninsured or unregistered investments with the securities held by the bank or agent but not in the Town's name.

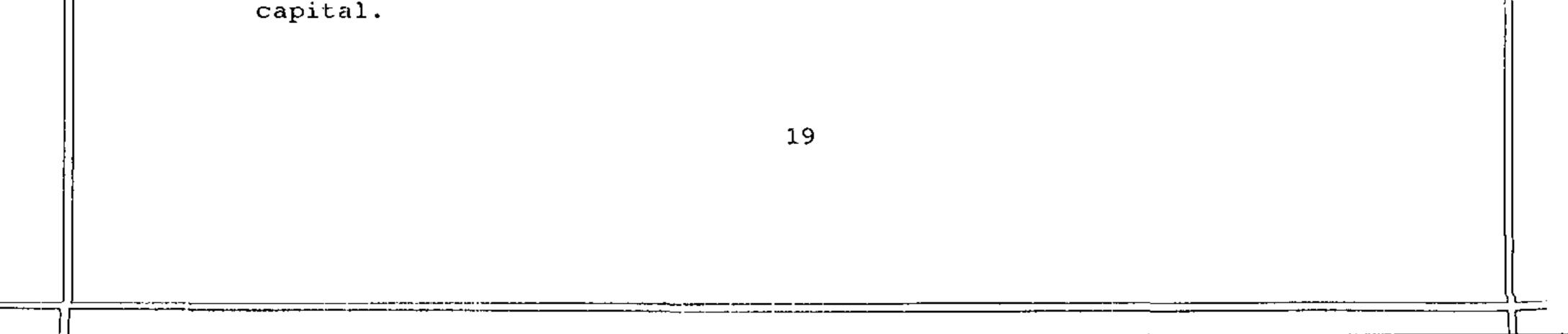
The carrying amount of the Town's deposits with the financial institutions was 311,117 and the book balance was 309,399. The bank balance is categorized as follows:

|         | Category | _       |
|---------|----------|---------|
| 1       | 2        | 3       |
| 191,093 | -0-      | 120,024 |

Cash

#### RETAINED EARNINGS - ENTERPRISE FUND

The deficit in retained earnings is created by accumulated depreciation on property, plant and equipment. Of the 3,201,751 of property, plant and equipment, 1,723,140 is from contributed capital. Thus, 706,609 or 54% of accumulated depreciation that has flowed through retained earnings is attributable to the assets purchased through contributed



CERTIFIED PUBLIC ACCOUNTANTS P. O. BOX 2896 TELEPHONE 322-8106 MONROE, LOUISIANA 71207-2896

Harvey Marcus, CPA John Robinson, CPA Doyle Hassell, CPA MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE REQUIRED BY GAO AUDIT STANDARDS

To The Honorable Clifton McIntosh, Mayor Members of the Board of Alderman Town of Bernice, Louisiana

Gentlemen:

We have audited the general-purpose financial statements of the Town of Bernice, Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated March 27, 1997.

We conducted our audit in accordance with generally accepted auditing standards, and <u>Government Auditing Standards</u>, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the generalpurpose financial statements are free of material misstatement.

The management of the Town of Bernice is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general-purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general-purpose financial statements of Town of Bernice, for the year ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

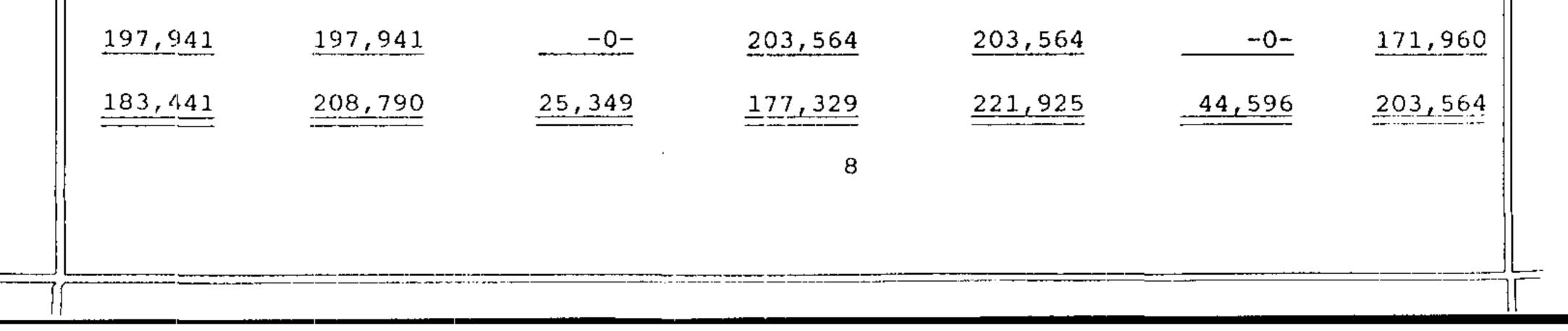
|                  |             |               | Т                  | OTALS (MEMO        | ONLY)              |         |
|------------------|-------------|---------------|--------------------|--------------------|--------------------|---------|
| SPEC             | IAL REVENUE | FUNDS         | 1996               |                    |                    | 1995    |
| VARIANCE         |             | VARIANCE -    |                    |                    |                    |         |
|                  |             | FAVORABLE     |                    |                    | FAVORABLE          |         |
| BUDGET           | ACTUAL      | (UNFAVORABLE) | BUDGET             | ACTUAL             | (UNFAVORABLE)      | ACTUA   |
| -0-              | 0-          | -0-           | 14,000             | 15,667             | 1,667              | 10,94   |
| -0-              | 0           | -0            | 38,000             | 40,353             | 2,353              | 39,42   |
| -0-              | -0          | -0-           | 11,892             | 13,241             | 1,349              | 11,87   |
| -0-              | 0           | -0-           | 18,616             | 21,695             | 3,079              | 20,73   |
| -0-              | -0-         | -0-           | 8,000              | 17,504             | 9,504              | 11,78   |
| -0-              | -0-         | -0-           | 17,568             | 26,991             | 9,423              | 17,09   |
| -0-              | -0-         | -0-           | 1,797              | 1,407              | ,<br>(390)         | 1,79    |
| -0-              | -0          | -0-           | 2,000              | 4,670              | 2,670              | 4,24    |
| -0-              | 0           | -0-           | 2,000              | 1,466              | (534)              | 25,38   |
| -0-              | -0-         | -0-           | 33,292             | 33,800             | 508                | 33,60   |
| -0-              | -0-         | -0-           | -0-                | 575                | 575                | 51      |
| -0-              | -0-         | -0-           | -0-                | 3,000              | 3,000              | (       |
| -0-              | -0-         | -0-           | -0-                | -0-                | -0                 | 1,50    |
| 160,000          | 180,260     | 20,260        | 160,000            | 180,260            | 20,260             | 182,78  |
| 3,500            | 6,989       | 3,489         | 3,500              | 6,989              | 3,489              | 7,91    |
| -0-              | -0-         | -0-           | -0-                | -0-                | -0-                | 357,10  |
| 163,500          | 187,249     | 23,749        | 310,665            | 367,618            | 56,953             | 726,82  |
| -0-              | -0-         | -0-           | 25,200             | 29,934             | (4,734)            | 28,23   |
| 18,000           | 11,400      | 6,600         | 153,000            | 131,316            | 21,684             | 137,62  |
| -0-              | -0-         | -0-           | 71,800             | 59,170             | 12,630             | 69,83   |
| -0-              | -0-         | -0-           | 86,900             | 103,890            | (16,990)           | 89,213  |
| -0-              | -0-         | -0-           | -0-                | 154,820            | ( <u>154,820</u> ) | 370,32  |
| 18,000           | 11,400      | 6,600         | 336,900            | 479,130            | ( <u>142,230</u> ) | 695,22  |
| 145,500          | 175,849     | 30,349        | (26,235)           | (111,512)          | (85,277)           | 31,60   |
| 0                | -0-         | -0-           | 160,000            | 294,873            | 134,873            | 129,8   |
| <u>160,000</u> ) | (165,000)   | (5,000)       | ( <u>160,000</u> ) | ( <u>165,000</u> ) | (5,000)            | (129,89 |
| 160,000)         | (165,000)   | (5,000)       | -0-                | 129,873            | 129,873            | (       |

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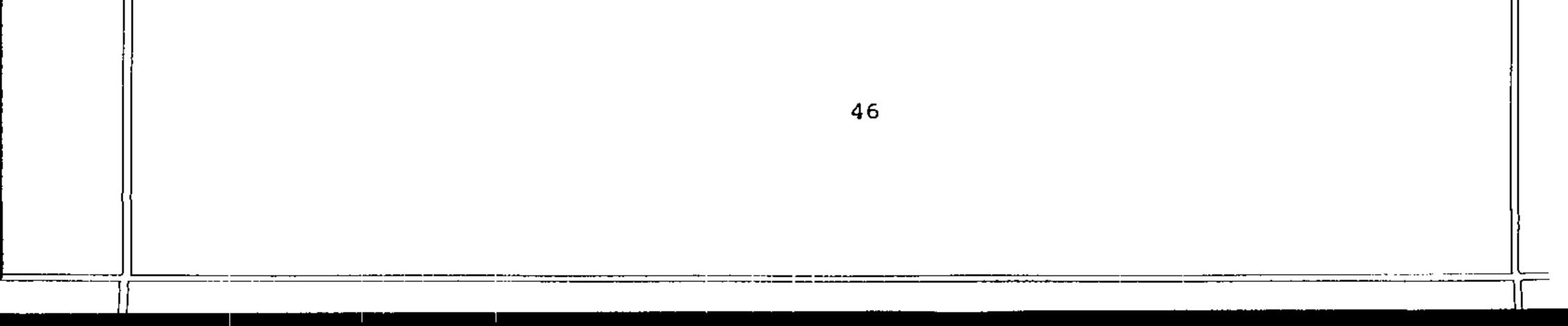
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| TOWN OF BERNICE                          |           |           |
|--|-----------|-----------|
| PROPRIETARY FUND TYPE - ENTERPRI         | SE FUND   |           |
| COMPARATIVE BALANCE SHEET                |           |           |
| DECEMBER 31, 1996 AND 1995               |           |           |
|  |           |           |
|  |           |           |
|  | 1996      | 1995      |
| LIABILITIES AND FUND EQUITY              |           |           |
| Liabilities                              |           |           |
| Current (Payable from Current Assets)    |           |           |
| Accounts Payable                         | 7,196     | 6,059     |
| Payroll Taxes Payable                    | 157       | 136       |
| Sales Tax Payable                        | 423       | 482       |
| Meter Deposits                           | 17,630    | 17,340    |
| Due to General Fund                      | 2,797     | 2,800     |
| TOTAL CURRENT' (PAYABLE FROM             | 20 202    | 26 017    |
| CURRENT ASSETS)                          | 28,203    | 26,817    |
| Current (Payable from Restricted Assets) |           |           |
| Bond Payable - FHA - Current             | 7,401     | 6,831     |
| Accrued Interest                         | 10,388    | 7,606     |
| Bond Payable - FHA - Long-term           | 694,728   | 705,061   |
|  |           |           |
| TOTAL LIABILITIES                        | 740,720   | 746,315   |
|  | •         | r         |
| Fund Equity                              |           |           |
| Contributed Capital                      |           |           |
| Contributions from Grants                | 1,370,159 | 1,370,159 |
| Contributions from Municipality          | 352,982   | 352,982   |
| Retained Earnings                        |           |           |
| Reserve for Replacement and Extension    | 18,748    | 16,132    |
| Reserve for FHA Water Improvement        | 25,060    | 43,867    |
| Unreserved                               | (493,364) | (312,007) |
|  |           |           |
| TOTAL FUND EQUITY                        | 1,273,585 | 1,471,133 |
|  |           |           |
| TOTAL LIABILITIES AND FUND EQUITY        | 2,014,305 | 2,217,448 |

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INDEPENDENT AUDITOR'S REPORT

ON ACCOUNTING AND ADMINISTRATIVE CONTROLS OVER FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable Clifton McIntosh, Mayor Members of the Board of Aldermen Town of Bernice, Louisiana

We have audited the general-purpose financial statements of the Town of Bernice, Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated March 27, 1997. We have also audited the compliance of the Town of Bernice, with requirements applicable to major federal financial assistance programs and have issued our report thereon dated March 27, 1997.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United

States; and Office of Management and Budget Circular A-128, <u>Audits of State and Local Governments</u>. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement and about whether the Town of Bernice complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended December 31, 1996, we considered the internal control structure of the Town of Bernice, Louisiana, in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements of Town of Bernice, and on the compliance of Town of Bernice with requirements applicable to major programs, and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general-purpose financial statements in a separate report dated March 27, 1997.

The management of Town of Bernice, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general-purpose financial statements in accordance with

generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure,

| TOWN OF BERNIC       | E, LOUISIANA       |
|----------------------|--------------------|
| PROPRIETARY FUND TYP | E- ENTERPRISE FUND |
| COMPARATIVE B        | ALANCE SHEET       |
| DECEMBER 31, 19      | 996 AND 1995       |

|                                      | 1996     | 1995  |
|--------------------------------------|----------|---|
| ASSETS                               | <u> </u> | <b>-</b> · · <b>-</b> · · <b>-</b> · · · <b>-</b> · · · · · · · · · · · · · · · · · · · |
| Cash                                 | 19,594   | 75,864  |
| Accounts Receivable                  | 24,428   | 27,615  |
| Accrued Interest Receivable          | -0-      | -0-   |
| Inventory of Supplies                | 4,546    | 5,092   |
| TOTAL CURRENT ASSETS                 | 48,568   | 108,571   |
| Restricted Assets                    |          |   |
| Cash in Bank                         | 48,505   | 112,725   |
| Cash - Savings Account - Replacement |          |   |
| and Extension                        | 21,923   | 20,632  |
| Accrued Interest Receivable          | 2,094    | 5,692   |
| TOTAL RESTRICTED ACCOUNTS            | 72,522   | 139,049   |

| Property, Plant and Equipment<br>Net of Allowance for Depreciation | <u>1,893,215</u> | 1,969,828 |
|--|------------------|-----------|
| TOTAL ASSETS   | 2,014,305        | 2,217,448 |

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