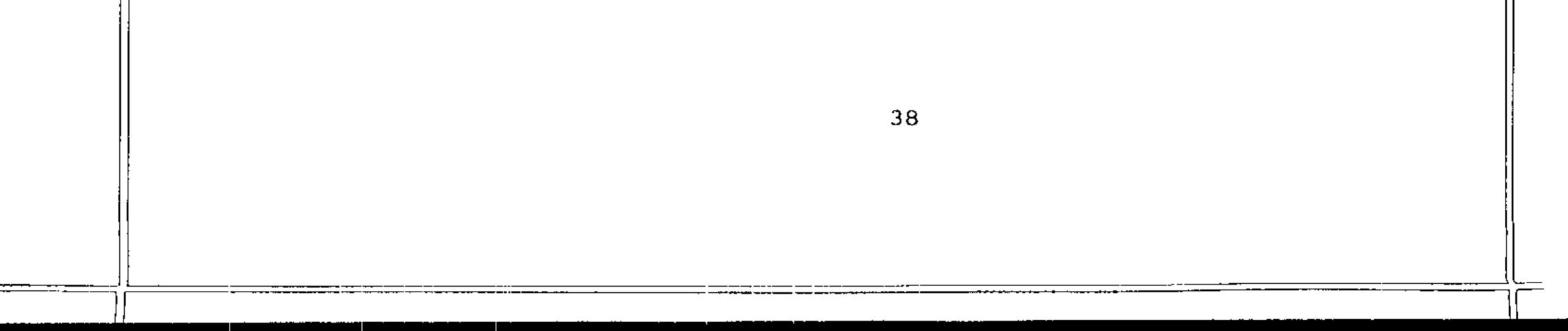
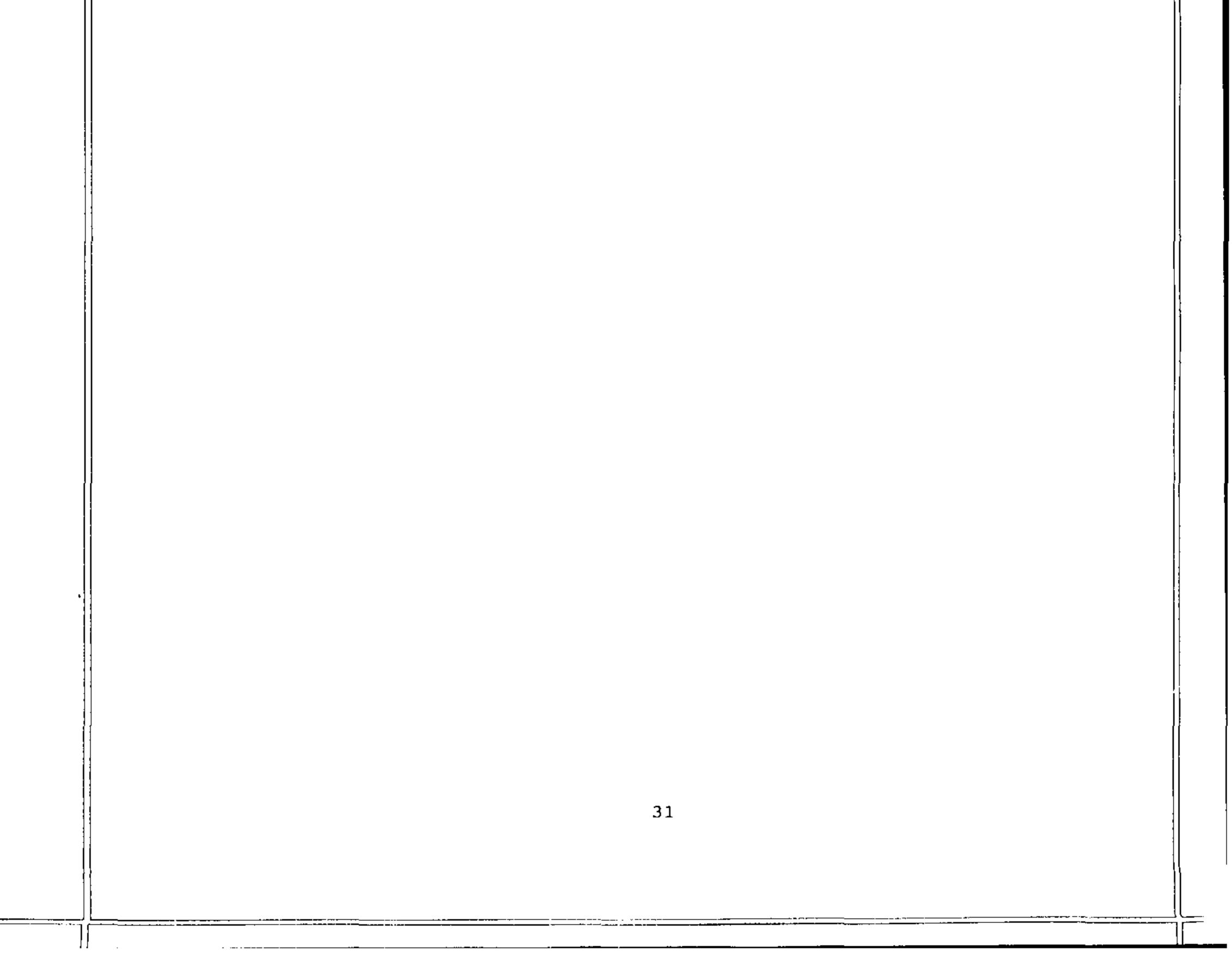
TOWN OF H	BERNI	CE, L	JOUIS	IANA
SAI	ES T	AX FU	IND	
COMPARA	ATIVE	BALA	NCE	SHEET
DECEMBER	31,	1996	AND	1995

	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.

Marcus Kilomoon a Harsell

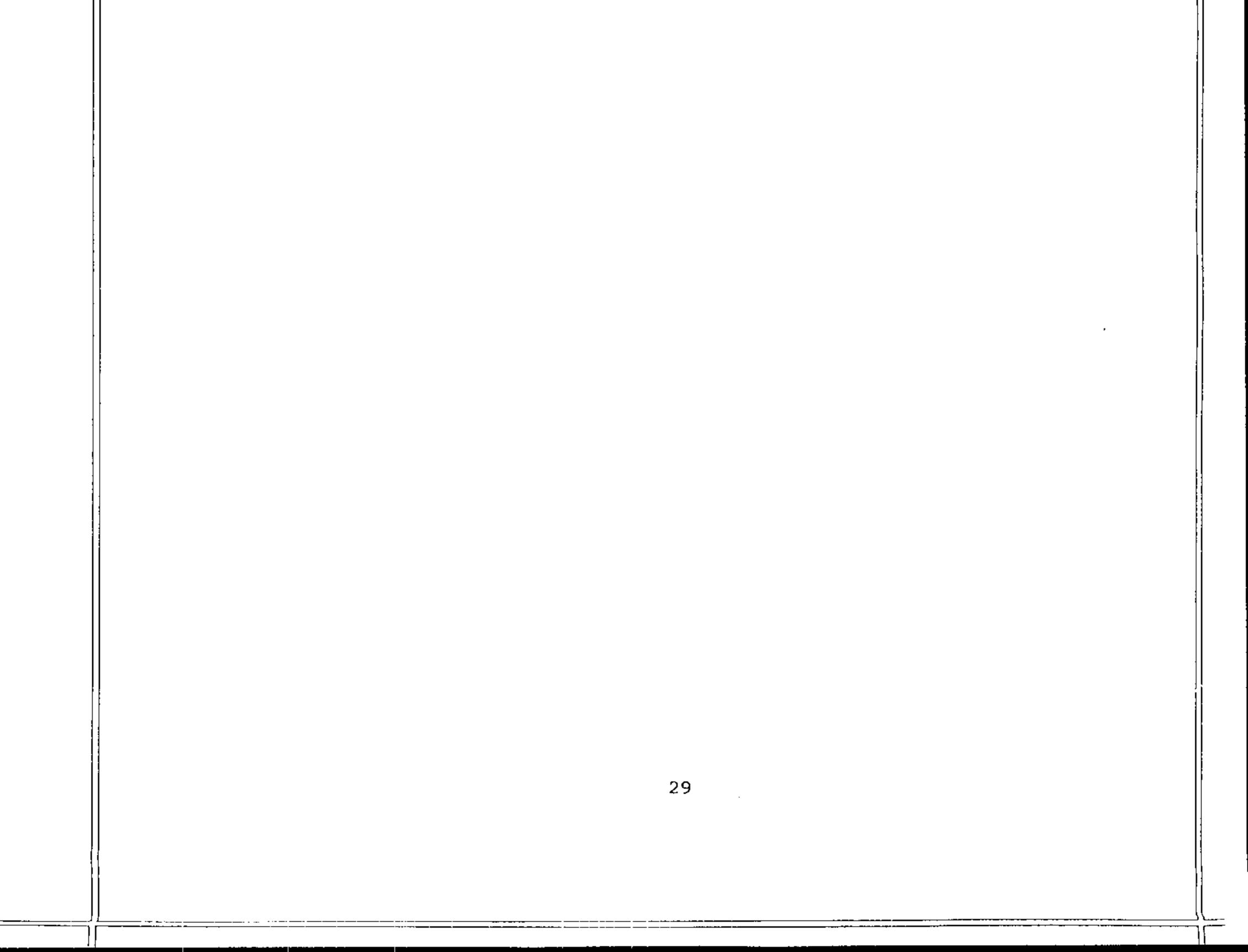
Marcus, Robinson and Hassell March 27, 1997

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

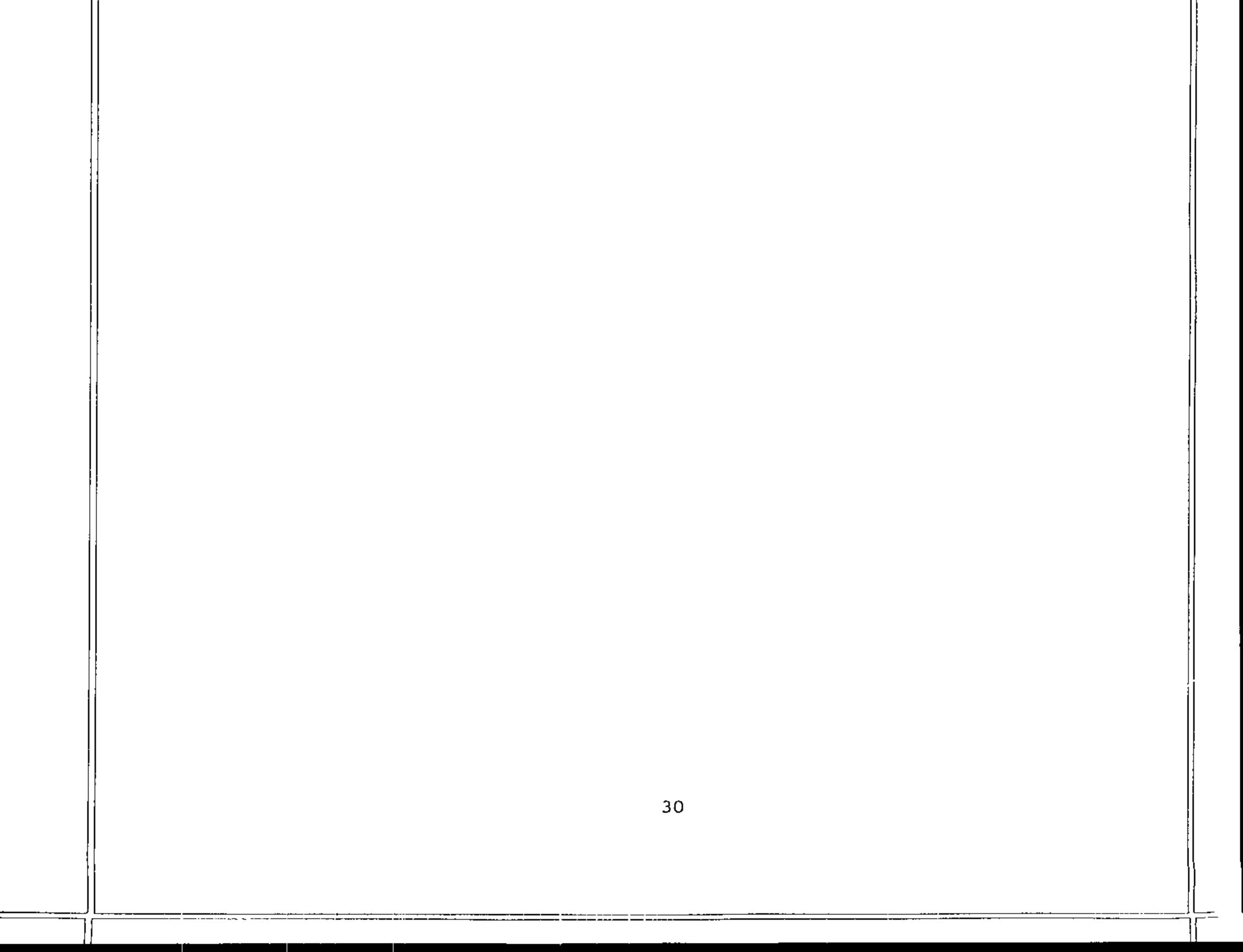
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TOWN OF BERNICE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED DECEMBER 31, 1996

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 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.

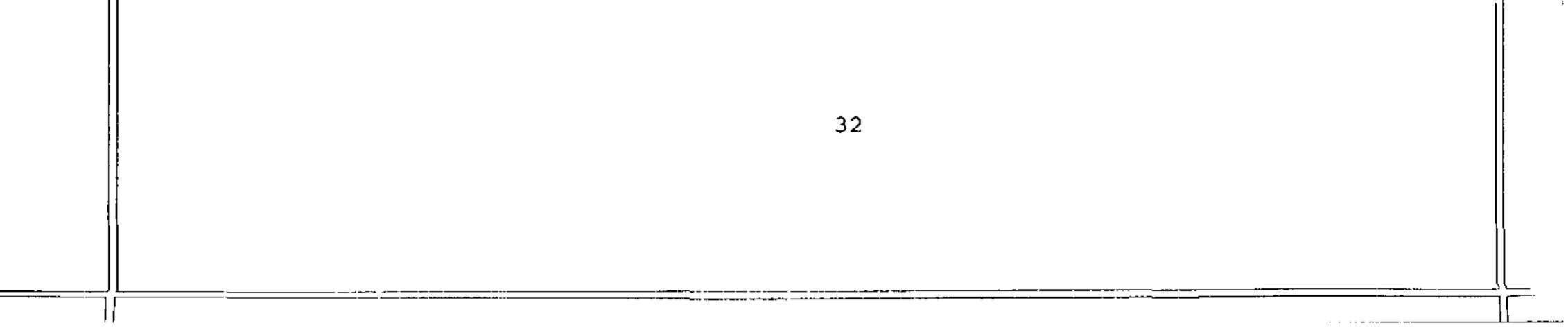
Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of 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

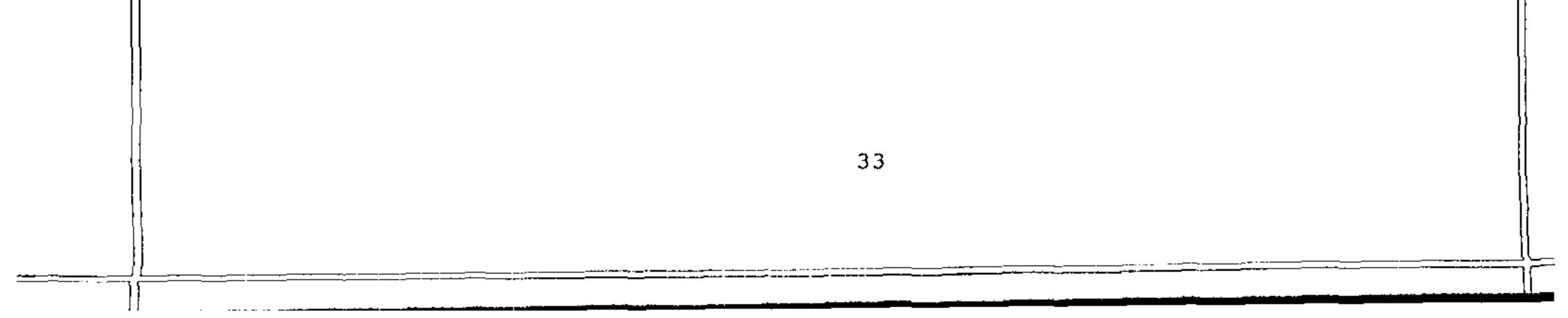
	1996	1995
ASSETS		
Cash	10,788	5,119
Accounts Receivable	1,640	875
Property Taxes Receivable	5,644	5,674
Due from Enterprise Fund	2,797	2,800
Gasoline Inventory	-0-	373
Prepaid Insurance	5,685	3,491
TOTAL ASSETS	26,554	19,332
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	8,661	8,341
Payroll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



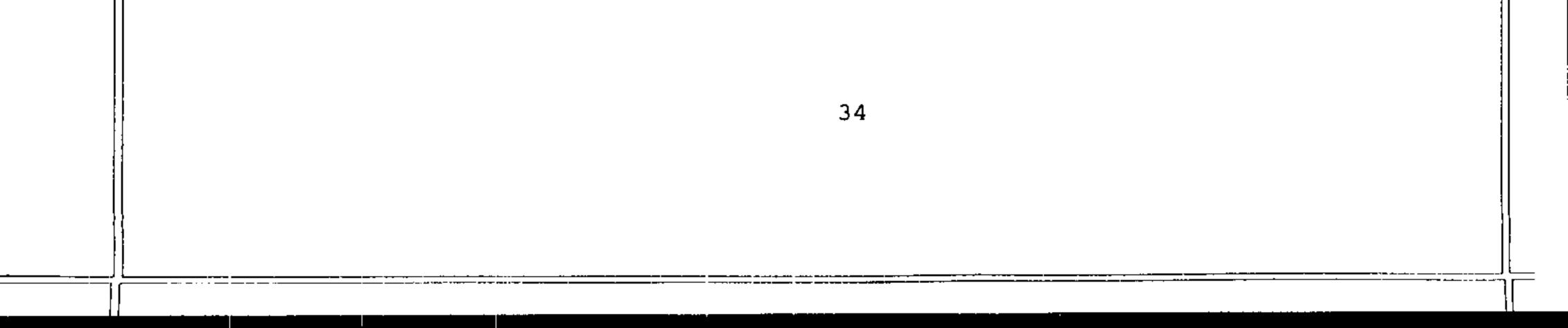
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TOWN OF BERNICE, LOUISIANA		
GOVERNMENTAL FUND TYPE - GENERAL	FUND	
COMPARATIVE STATEMENT OF EXPENDIT	TURES	
FOR THE YEARS ENDED DECEMBER 31, 1996	AND 1995	
	1006	1005
-	1996	1995
ADMINISTRATIVE	29,934	28,232
PUBLIC SAFETY		
Police Department	119,916	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

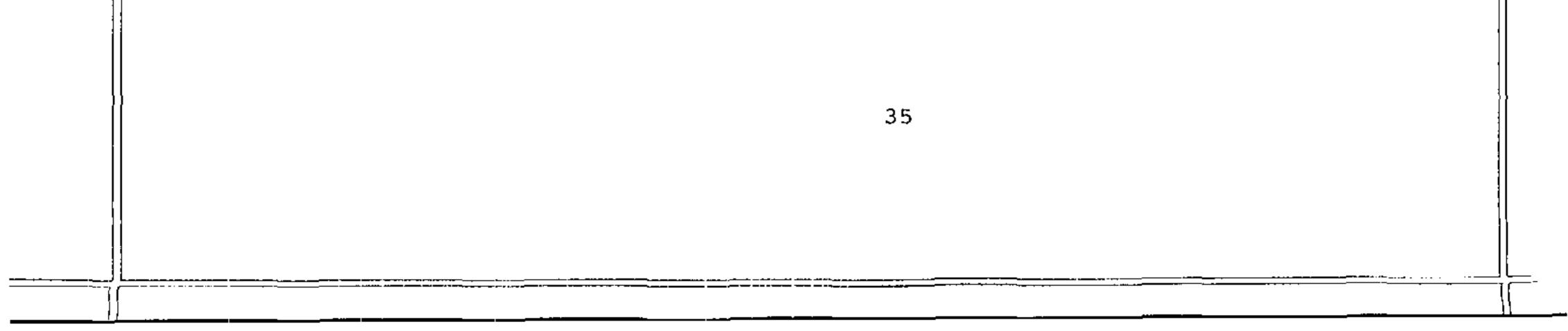


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GOVERNMENTAL FUND TYPE - SPECIAL REVENUE FUNDS

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.

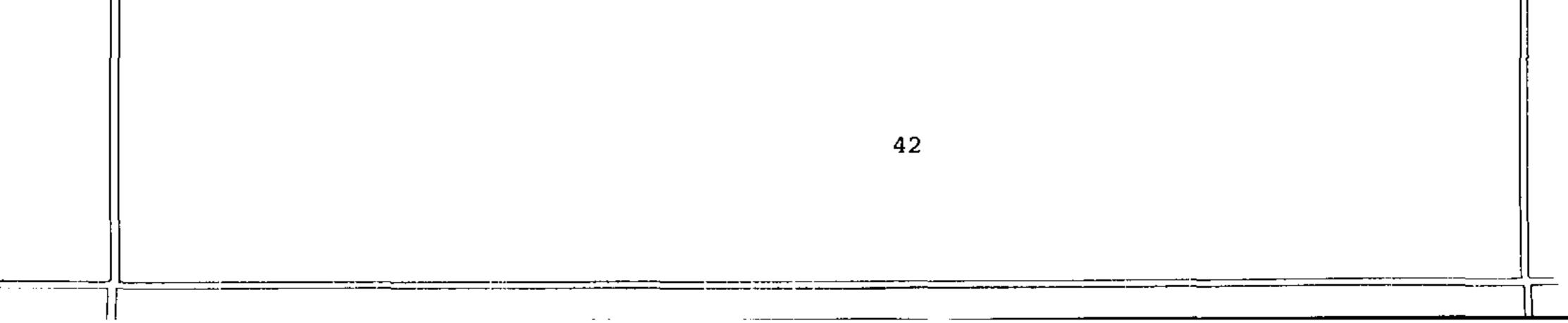
Fire Protection Grant - To account for community development block grant proceeds for the fire protection project.



GENERAL FIXED ASSETS ACCOUNT GROUP

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

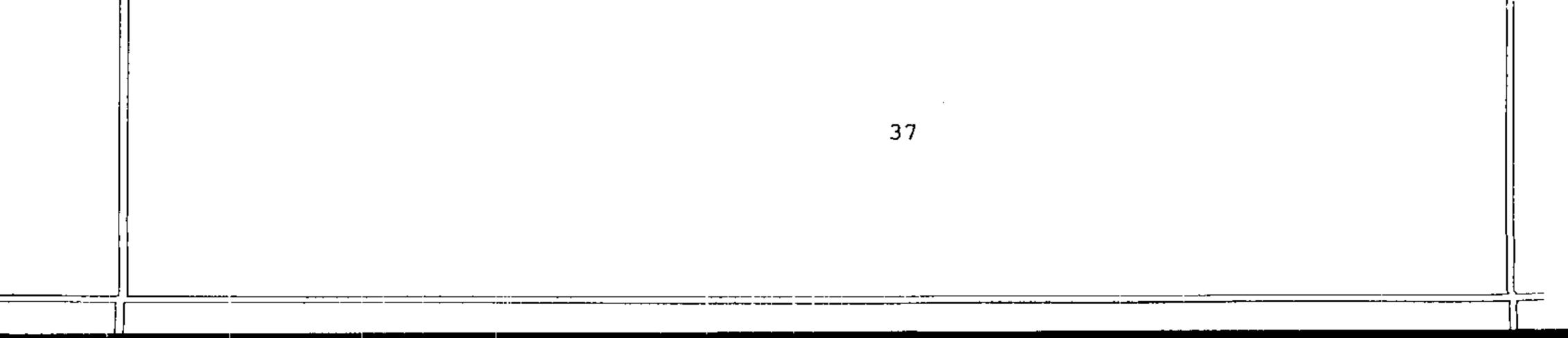




TOWN OF BERNICE, LOUISIANA	
GOVERNMENTAL FUND TYPE - SPECIAL REVENU	JE FUND
COMBINED STATEMENT OF REVENUE, EXPENDIT	URES,
AND CHANGES IN FUND BALANCE	
FOR THE YEARS ENDED DECEMBER 31, 1996 AN	ID 1995

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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>



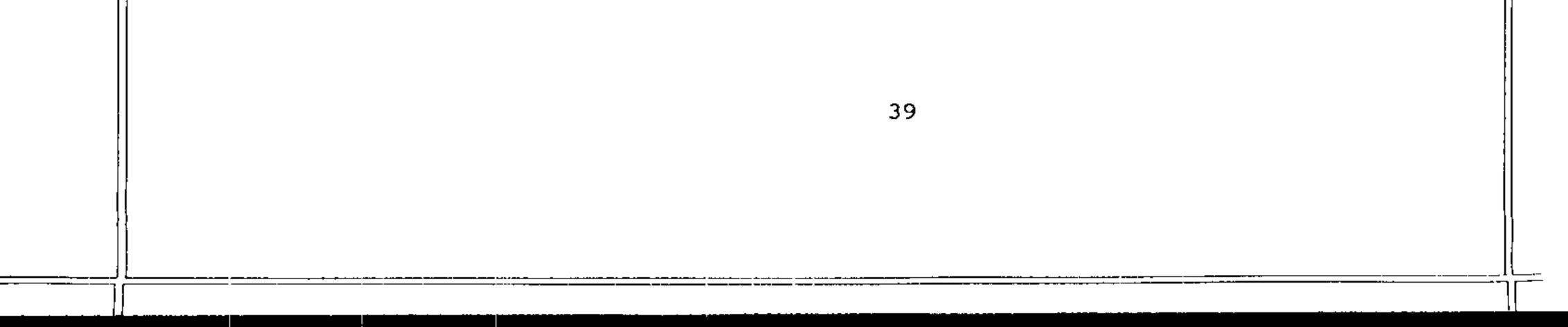
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	TOWN OF BERNICE, LOUISIANA	
	SALES TAX FUND	
	COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES	<u>,</u>
	AND CHANGES IN FUND BALANCE	
	FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995	
	1996	1995
REVENUE		
Interest Incom	e 6,989	7,979
Sales Tax Coll	ected 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>

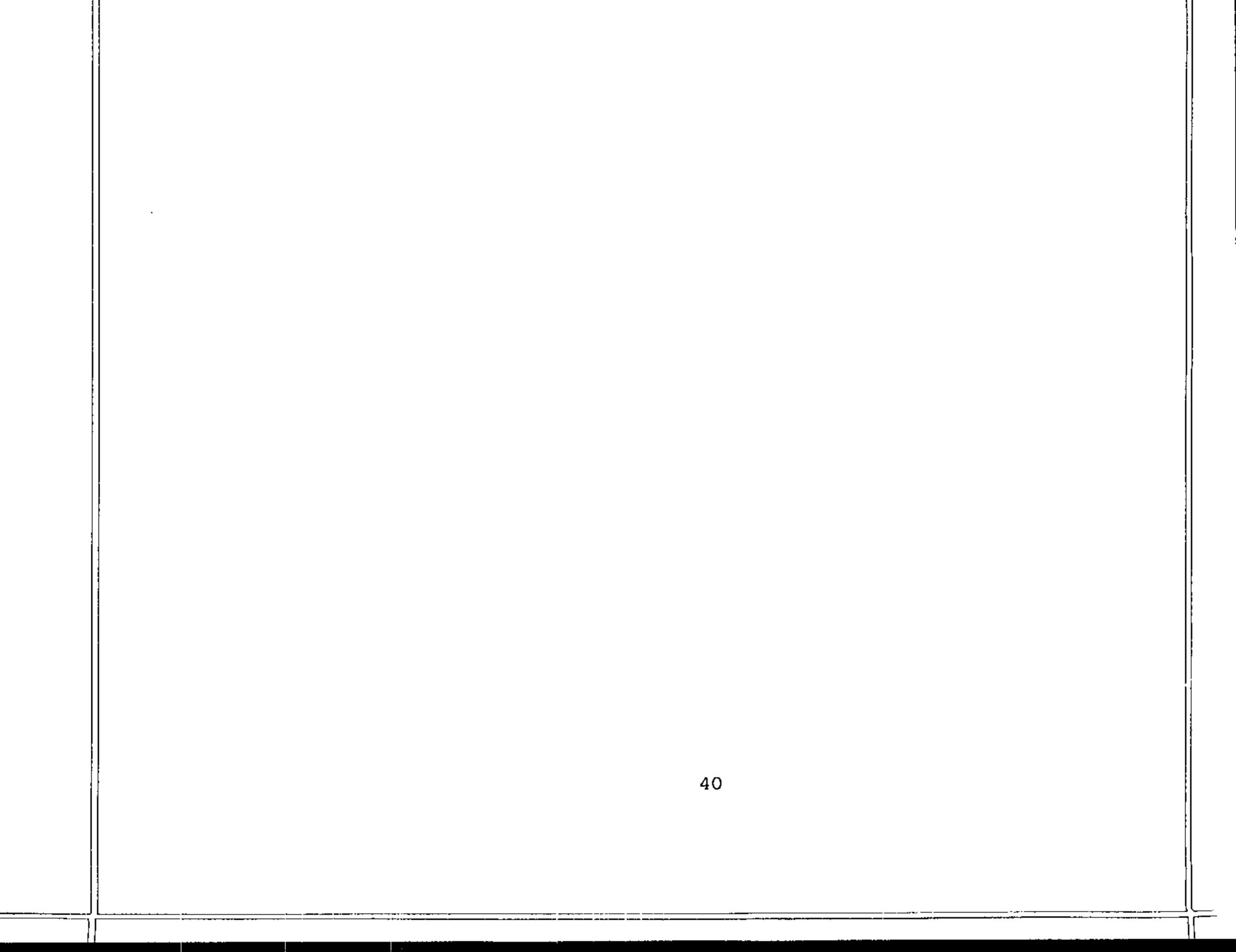


TOWN OF BERN	ICE, LOUISIANA
FIRE PROTECT	ION GRANT FUND
COMPARATIVE	BALANCE SHEET
DECEMBER 31,	1996 AND 1995

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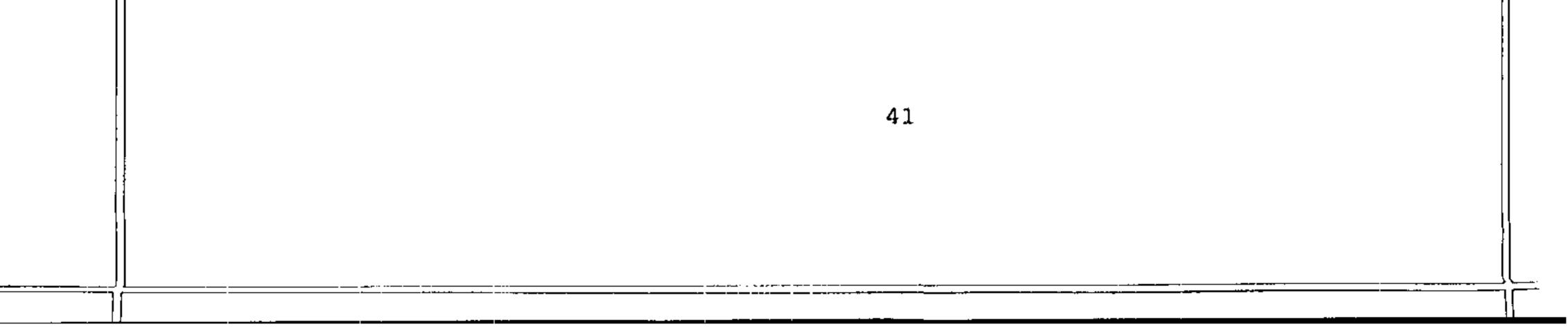
TOWN OF BERNICE, LOUISIANA
FIRE GRANT FUND
COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

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	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-

.

Excess (Deficiency) of Revenues and Other Sources 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

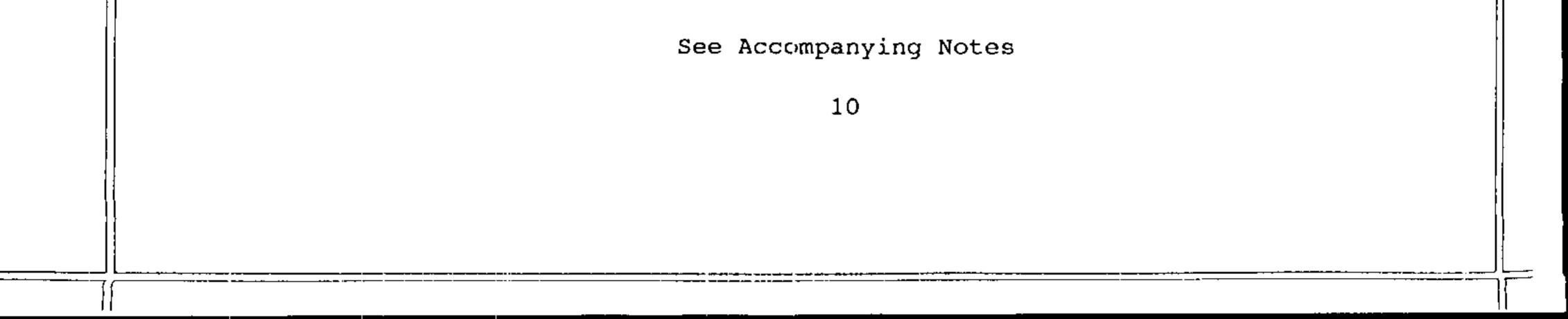
CASH FLOWS FROM OPERATING ACTIVITIES

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)

.

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

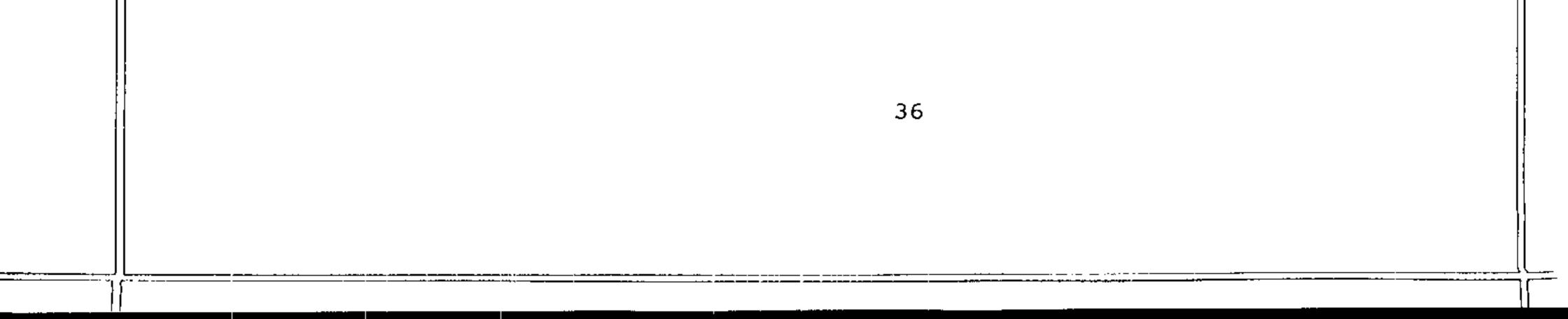


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GOVERNMENTAL	FUND TY	YPE -	SPEC	CIAL	REVENUE	FUND
COMBINED BALANCE SHEET						
DI	CEMBER	31,	1996	AND	1995	

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	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>



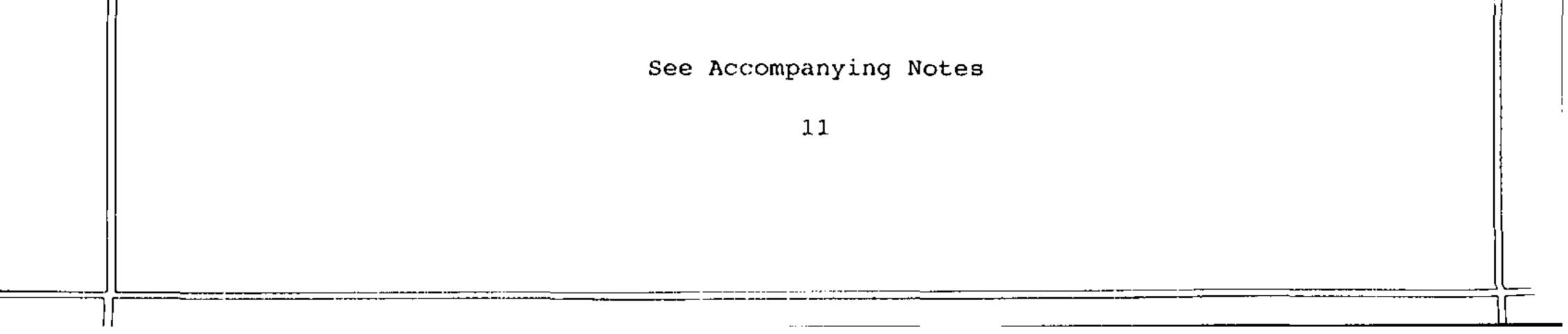


	TOWN OF	BERNICE	2	
STATEMENT	OF CASH	FLOWS	CONTINUED)	
ENTERPRISE FUND				
FOR THE YEA	AR ENDED	DECEMBE	ER 31, 1996	

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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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



THE TOWN OF BERNICE DECEMBER 31, 1996 TABLE OF CONTENTS

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PAGE

Independent Auditor's Report	1
Combined Balance Sheets - All Fund Types and Account Groups	2-5
Combined Statement of Revenues, Expenditures, & Changes in Fund Balances - All Government Fund Types	6
Statement of Revenues, Expenditures, & Changes in Fund Balances - Budget & Actual - General Fund & Special Revenue Funds	7-8
Statements of Revenue, Expenses, & Changes in Retained Earnings - Enterprise Fund	9
Statement of Cash Flows - Enterprise Fund	10-11

Notes to Financial Statements	12-19
Independent Auditor's Report on Internal Control As Required by GAO Audit Standards	20-21
Independent Auditor's Report on Accounting and Administrative Controls Over Federal Financial Assistance Programs As Required For a Single Audit	22-24
Independent Auditor's Report on Compliance with Laws and Regulations Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	25
Independent Auditor's Report on Supplementary Schedule of Federal Financial Assistance	26
Independent Auditor's Report on Compliance with General Requirements Applicable to Federal Financial Assistance Programs	27
Independent Auditor's Report on Compliance with Specific Requirements Applicable to Major Financial Assistance Programs	28
Schedule of Findings and Questioned Costs	29
Schedule of Federal Financial Assistance	30



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 - Net of Allowance for Depreciation	-0	-0-	1,893,215
General Fixed Assets	⊷ 0	-0-	-0-
TOTAL ASSETS	26,554	<u>208,790</u>	2.014.305

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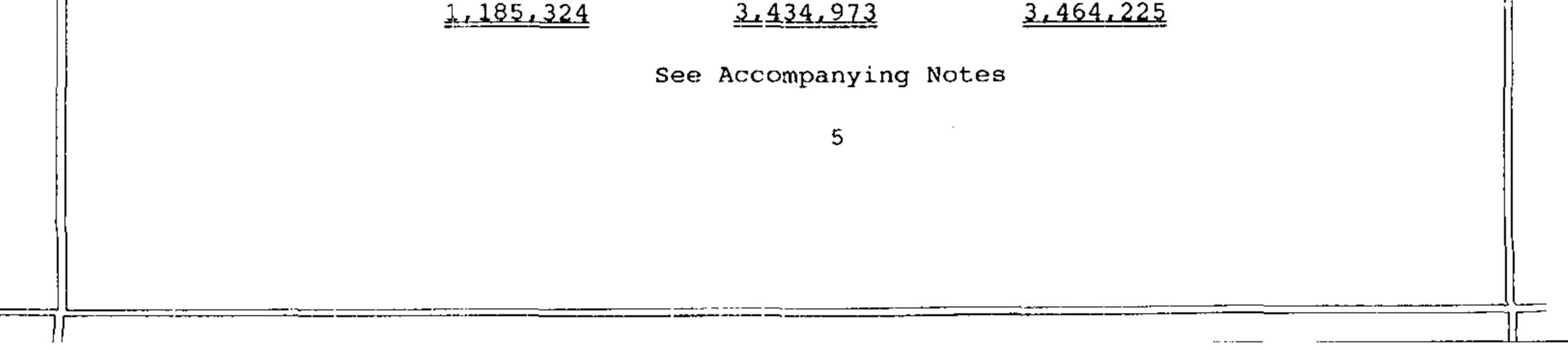
$T \cap W$	N OF BERNICE, L	OUTSTANA	
COMBINED BALANCE SHE			NT GROUPS
	DECEMBER 31,	- <u> </u>	
			PROPRIETARY
	GOVERNM	IENTAL	FUND
	FUND T	YPES	TYPE
		SPECIAL	
-	GENERAL	REVENUE	ENTERPRISE
LIABILITIES AND FUND EQUITY			
RETAINED EARNINGS			
Liabilities			
Current (Payable from			
Current Assets)			
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	— — —— —— ——	<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>

4 _____

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 SOURCES (USES)	294,873	(165,000)	129,873	- 0
EXCESS (DEFICIENCY) OF REVEN	UE			
& OTHER SOURCES OVER (UNDER) 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
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TOWN OF BERNICE, LOUISIANA

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

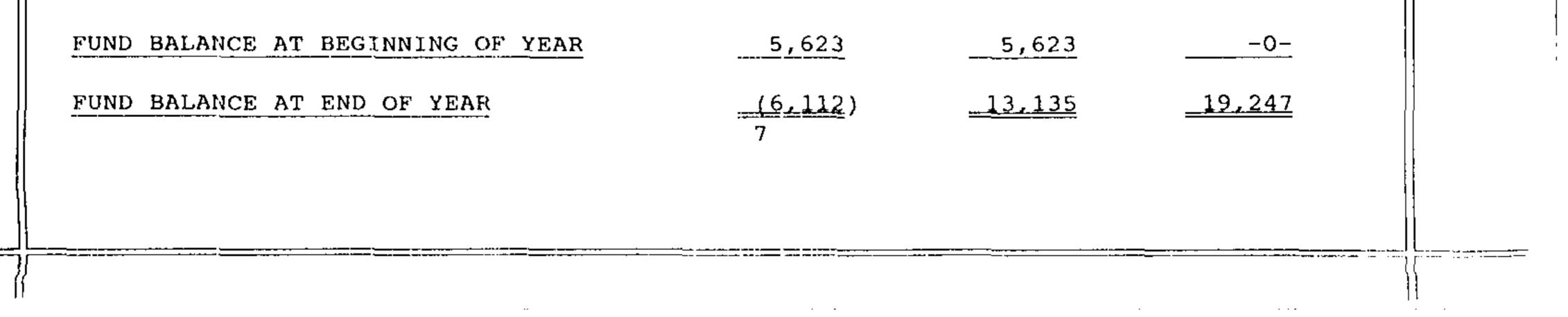
BUDGET (GAAP BASIS) AND ACTUAL -

GENERAL AND SPECIAL REVENUE TYPES

FOR THE YEAR ENDED DECEMBER 31, 1996

	GENERAL	FUND
--	---------	------

		Opuprum Loup	
			VARIABLE 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 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:

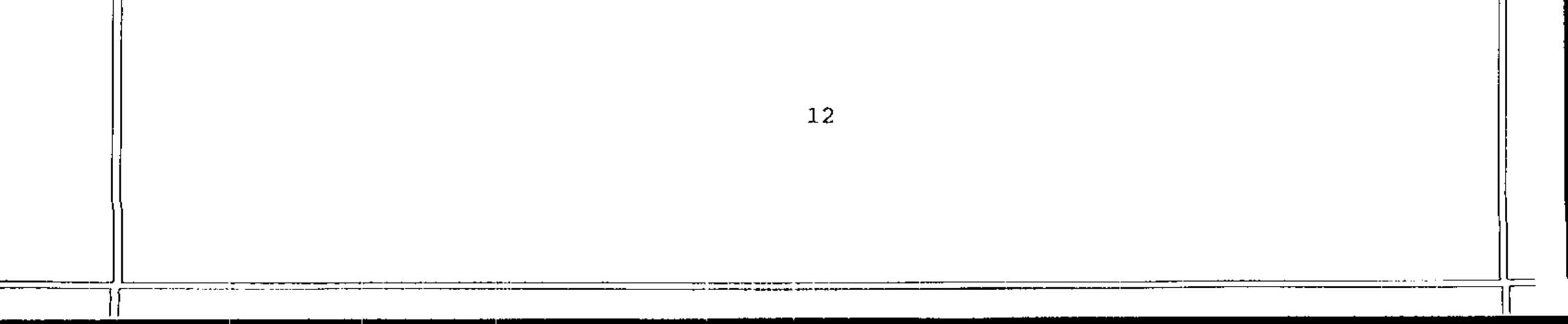
Governmental Funds -

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.

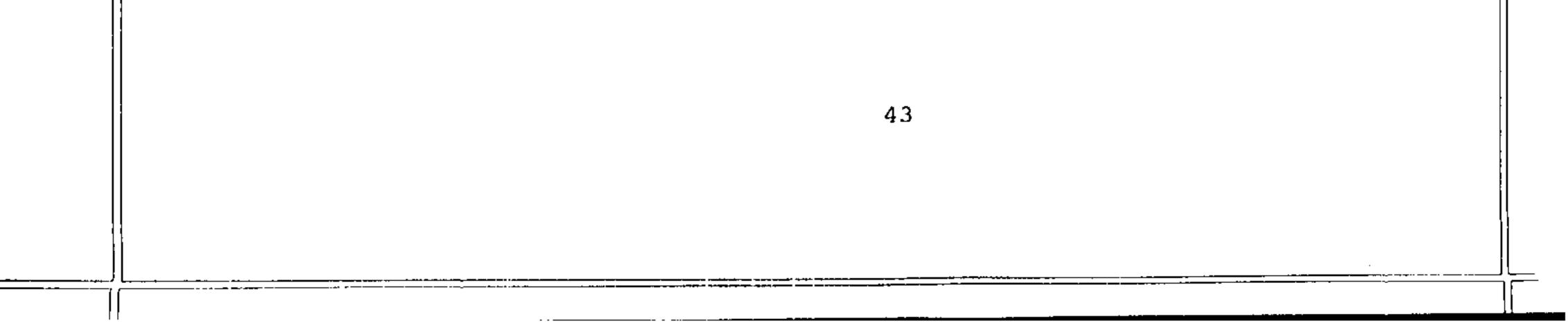
Marcus Robinson Marsel

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.

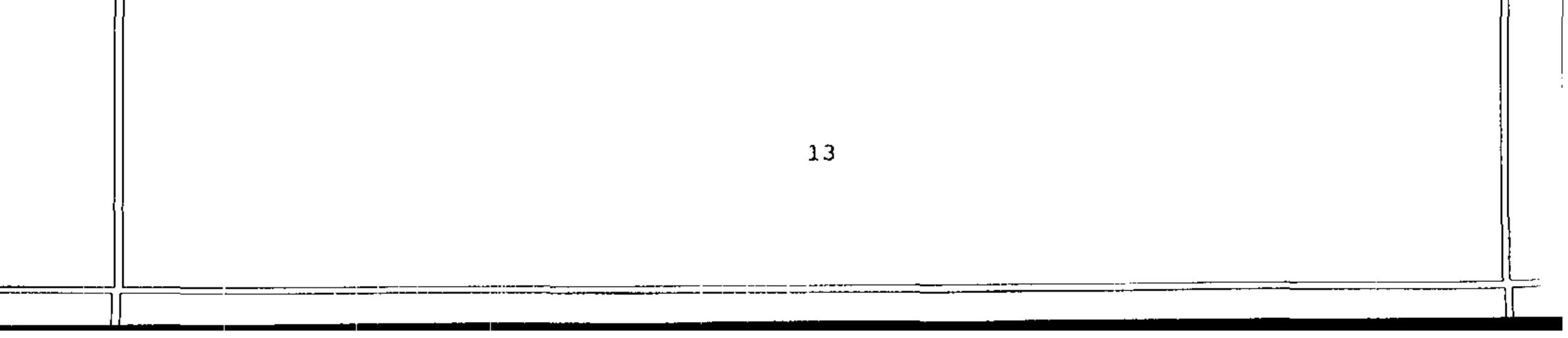
All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

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.	
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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

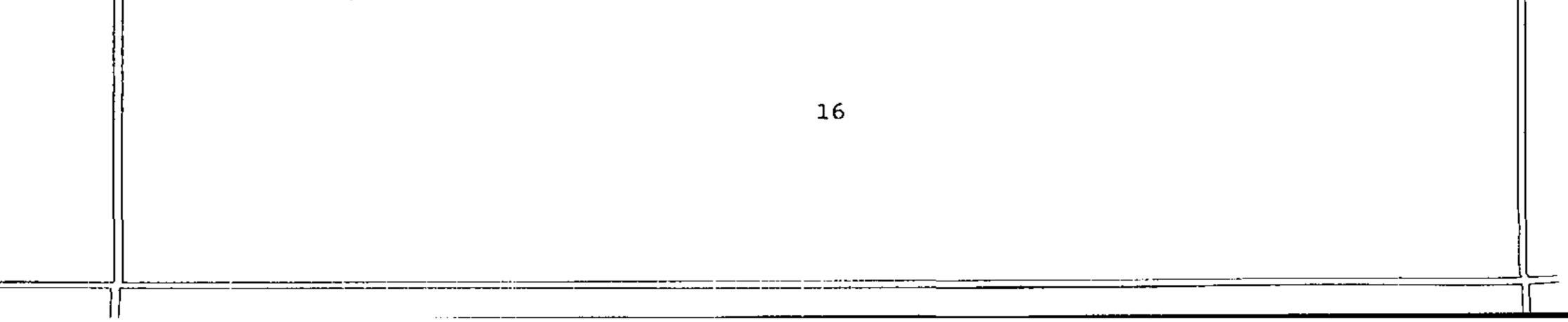
INTERFUND RECEIVABLES, PAYABLES -

	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

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

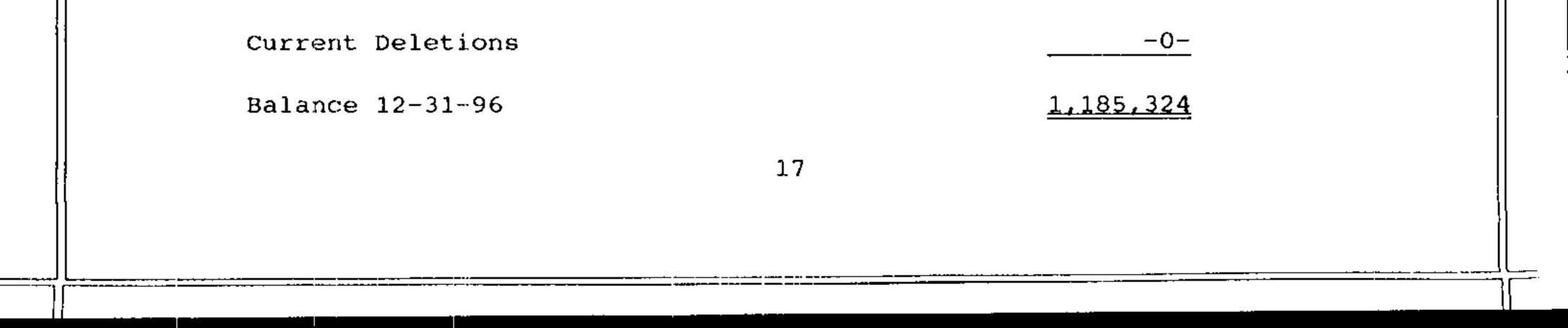
A summary of changes in general fixed assets:

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

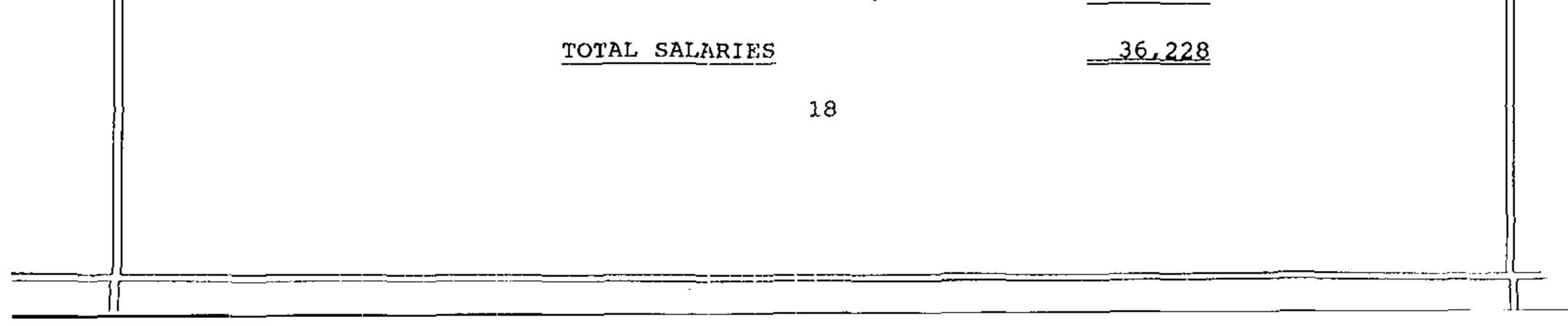
The Town attorney has advised that there is no pending litigation against the Town.

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.

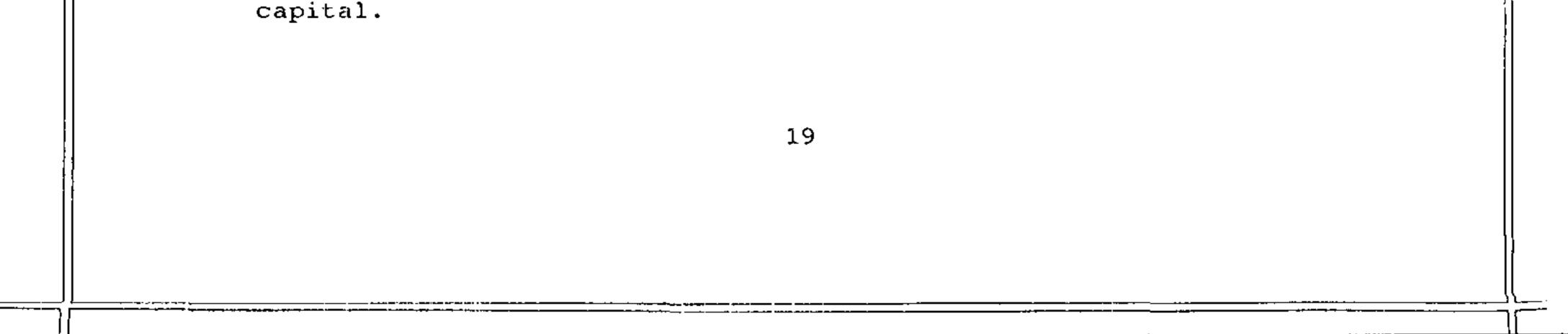
The carrying amount of the Town's deposits with the financial institutions was 311,117 and the book balance was 309,399. The bank balance is categorized as follows:

	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



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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.

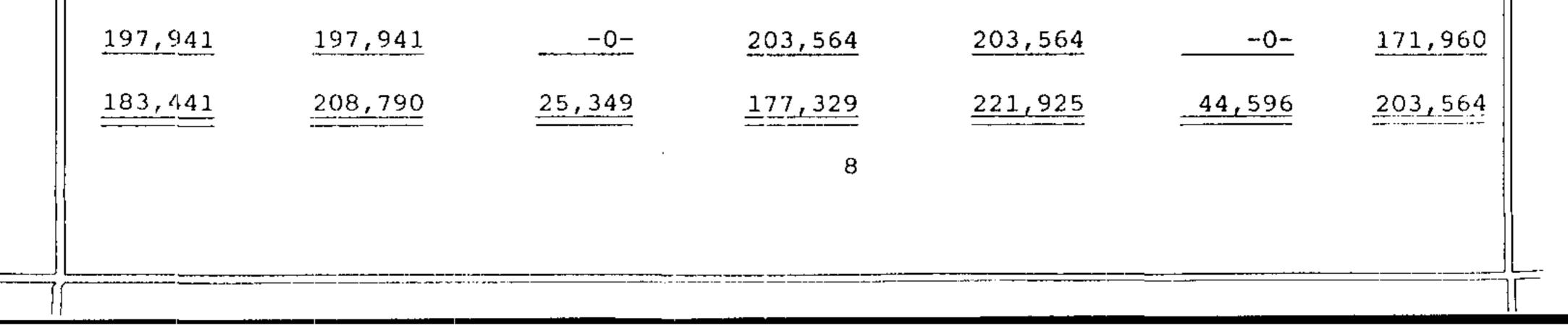
The management of the Town of Bernice is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. 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	, (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	(

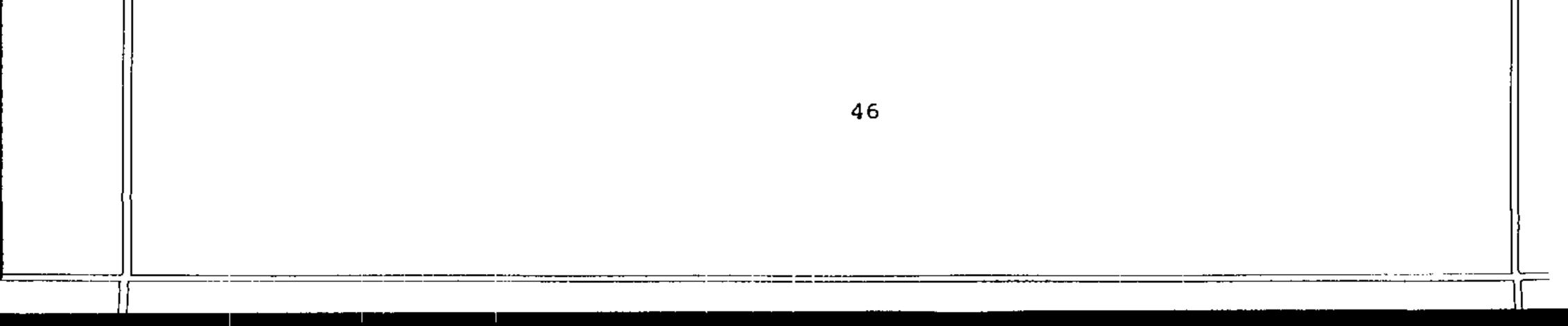
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TOWN OF BERNICE		
PROPRIETARY FUND TYPE - ENTERPRI	SE FUND	
COMPARATIVE BALANCE SHEET		
DECEMBER 31, 1996 AND 1995		
	1996	1995
LIABILITIES AND FUND EQUITY		
Liabilities		
Current (Payable from Current Assets)		
Accounts Payable	7,196	6,059
Payroll 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>	- · · - · · - · · · - · · · · · · · · · · · · · · · · · · ·
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 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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