

**Town of Bernice, Louisiana**

*Financial Report  
For The Year Ended December 31, 2019*



**Town of Bernice, Louisiana**  
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**For The Year Ended December 31, 2019**

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# CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

*Certified Public Accountants*

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## INDEPENDENT AUDITORS' REPORT

Honorable Mildred Ferguson, Mayor  
Members of the Board of Alderman  
Town of Bernice, Louisiana

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bernice, Louisiana, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bernice, Louisiana, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Honorable Mildred Ferguson, Mayor  
Members of the Board of Alderman  
Town of Bernice, Louisiana

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and 27-29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bernice's basic financial statements. The schedule of compensation, benefits, and other payments to the agency head, Balance Sheet - LCDBG Funds and the Schedule of Revenue, Expenditures and Fund Balance - LCDBG Funds are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to the agency head Balance Sheet LCDBG Funds and the Schedule of Revenue, Expenditures and Fund Balance LCDBG Funds are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2020, on our consideration of the Town of Bernice's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bernice's internal control over financial reporting and compliance.

*Cameron, Hines & Company (APAC)*

West Monroe, Louisiana  
September 25, 2020

**Town of Bernice  
Management's Discussion and Analysis  
For The Year Ended December 31, 2019**

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This section of the Town's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended on December 31, 2019. Please read it in conjunction with the Town's financial statements, which follow this section.

**Financial Highlights**

The Town's net position decreased \$57,599.

Program and general revenues amounted to \$1,243,479.

Expenses for the year amounted to \$1,301,078.

Capital Asset additions amounted to \$159,347.

**Overview of the Financial Statements**

This annual report consists of three parts:

- Management's discussion and analysis
- Basic financial statements
- Required Supplemental information

The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town's operations in more detail than the government-wide statements. The Town has a general fund, a sales tax fund, a railroad grant fund, and proprietary funds (water and sewer).

**Town of Bernice  
Management's Discussion and Analysis  
For The Year Ended December 31, 2019**

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**Financial Analysis of the Funds**

A summary of the basic government-wide financial statements is as follows:

	<b>Net Position</b>					
	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total Primary Government</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b><u>Assets</u></b>						
Current & Other	\$ 298,079	\$ 249,871	\$ 611,145	\$ 614,766	\$ 909,224	\$ 864,637
Capital Assets, net	2,362,936	2,470,466	3,266,464	3,270,161	5,629,400	5,740,627
Total Assets	<u>\$ 2,661,015</u>	<u>\$ 2,720,337</u>	<u>\$ 3,877,609</u>	<u>\$ 3,884,927</u>	<u>\$ 6,538,624</u>	<u>\$ 6,605,264</u>
<b><u>Liabilities</u></b>	\$ 38,604	\$ 100,654	\$ 1,905,381	\$ 1,907,686	\$ 1,943,985	\$ 2,008,340
<b><u>Net Position</u></b>						
Invested in Capital Assets, net of debt	2,362,936	2,470,466	1,732,347	1,687,013	4,095,283	4,157,479
Restricted	0	0	172,768	177,440	172,768	177,440
Unrestricted	259,475	149,217	67,113	112,788	326,588	262,005
Total Net Position	<u>\$ 2,622,411</u>	<u>\$ 2,619,683</u>	<u>\$ 1,972,228</u>	<u>\$ 1,977,241</u>	<u>\$ 4,594,639</u>	<u>\$ 4,596,924</u>

The largest portion of the Town's net position (89% and 88%) are invested in capital assets. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

The restricted net position (4% and 5%) represent resources that are restricted to debt retirement.

The unrestricted net position (7% and 6%) can be used to finance the day-to-day operations of the Town without restraints.

**Town of Bernice  
Management's Discussion and Analysis  
For The Year Ended December 31, 2019**

**Change in Net Position**

	Governmental Activities		Business Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
<b>REVENUES:</b>						
Program Revenues						
Charges for Services	\$ 189,787	\$ 131,622	\$ 629,251	\$ 520,253	\$ 819,038	\$ 651,875
Grants and Contributions	37,500	-	65,140	220,029	37,500	220,029
General Revenues						
Taxes	267,611	247,514	-	-	267,611	247,514
Licenses	50,656	47,632	-	-	50,656	47,632
Other	3,346	25,908	188	495	3,534	26,403
Total Revenues	<u>548,900</u>	<u>452,676</u>	<u>694,579</u>	<u>740,777</u>	<u>1,178,339</u>	<u>1,193,453</u>
<b>EXPENSES:</b>						
General Government	411,729	372,136	-	-	411,729	372,136
Public Safety	131,797	228,914	-	-	131,797	228,914
Streets	33,898	50,480	-	-	33,898	50,480
Sanitation	24,062	8,747	-	-	24,062	8,747
Water and Sewer	-	-	699,592	684,394	699,592	684,394
Total Expenses	<u>601,486</u>	<u>660,277</u>	<u>699,592</u>	<u>684,394</u>	<u>1,301,078</u>	<u>1,344,671</u>
Increase (Decrease) in Net Position	<u>(\$2,586)</u>	<u>(207,601)</u>	<u>(5,013)</u>	<u>56,383</u>	<u>(57,599)</u>	<u>(151,218)</u>
Net Position, Beginning of Year (Restated)	<u>2,674,997</u>	<u>2,827,284</u>	<u>1,977,241</u>	<u>1,920,858</u>	<u>4,652,238</u>	<u>4,748,142</u>
Net Position, End of Year	<u>\$ 2,622,411</u>	<u>\$ 2,619,683</u>	<u>\$ 1,972,228</u>	<u>\$ 1,977,241</u>	<u>\$ 4,594,639</u>	<u>\$ 4,596,924</u>

Governmental activities decreased the Town's net position by \$57,599 for the year 2019. Key elements and highlights are:

- 1) The Town received \$37,500 in grants.
- 2) Depreciation of the capital assets accounted for \$107,530 of the expenses.

The proprietary funds, water and sewer had a net operating income of \$(5,013) for the year 2019. Key elements and highlights are:

- 1) The Town received \$65,140 in grants.
- 2) Depreciation of the capital assets accounted for \$163,044 of the expenses.



**Town of Bernice  
Management's Discussion and Analysis  
For The Year Ended December 31, 2019**

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General Fund Budgetary Highlights

The budget is amended when it is determined that there are unexpected differences between actual and anticipated revenues and/or expenditures. The original approved budget for 2019 was amended December 10, 2019.

Capital Assets

The Town invested \$94,207 in capital assets for the year 2019.

Economic Factors and Next Year's Budget

The Town has prepared its 2020 budget for the General Fund and Special Revenue Funds on the assumption that revenues and expenditures will remain fairly constant next year.

Request Information

This financial report is designed to provide citizens, taxpayers and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Town of Bernice at P.O. Box 186, Bernice, Louisiana, 71222. The phone number for the Town is (318) 285-9071.

Lana Patton  
Town Clerk

**Town of Bernice, Louisiana**  
**Statement of Net Position**  
**December 31, 2019**

<b>Assets</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Cash and Cash Equivalents	\$ 239,639	\$ 74,146	\$ 313,785
Account Receivables	32,309	58,391	90,700
Property Tax Receivable	9,946	-	9,946
Due From Other Funds	8,202	301,210	309,412
Prepaid Insurance	7,983	-	7,983
Inventory Supplies	-	4,630	4,630
Restricted Assets			
Cash	-	172,768	172,768
Capital Assets, net	2,362,936	3,266,464	5,629,400
<b>Total Assets</b>	<b>\$ 2,661,015</b>	<b>\$ 3,877,609</b>	<b>\$ 6,538,624</b>
<b>Liabilities and Net Position</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 11,225	\$ 9,759	\$ 20,984
Accrued Expenses	4,730	8,070	12,800
Due to Other Funds	-	309,412	309,412
Long-Term Liabilities			
Customer Deposits Payable	-	44,023	44,023
Due Within One Year	5,662	52,165	57,827
Due In More Than One Year	16,987	1,481,952	1,498,939
<b>Total Liabilities</b>	<b>38,604</b>	<b>1,905,381</b>	<b>1,943,985</b>
<b>Net Position</b>			
Invested in Capital Assets, Net of Related Debt	2,362,936	1,732,347	4,095,283
Restricted For:			
Debt Service	-	172,768	172,768
Unrestricted	259,475	67,113	326,588
<b>Total Net Position</b>	<b>2,622,411</b>	<b>1,972,228</b>	<b>4,594,639</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 2,661,015</b>	<b>\$ 3,877,609</b>	<b>\$ 6,538,624</b>

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

**Town of Bernice, Louisiana**  
**Statement of Activities**  
**December 31, 2019**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Operating Grants and Contributions</u>
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 411,729	\$ 12,300	\$ 37,500	\$ -
Public Safety	131,797	71,929	-	-
Streets	33,898	-	-	-
Sanitation	24,062	105,558	-	-
<b>Total Governmental Activities</b>	<b>\$ 601,486</b>	<b>\$ 189,787</b>	<b>\$ 37,500</b>	<b>\$ -</b>
Business-Type Activities:				
Water and Sewer	\$ 699,592	\$ 629,251	\$ 65,140	\$ -
<b>Total Business-Type Activities</b>	<b>\$ 699,592</b>	<b>\$ 629,251</b>	<b>\$ 65,140</b>	<b>\$ -</b>
<b>Total Primary Government</b>	<b>\$ 1,301,078</b>	<b>\$ 819,038</b>	<b>\$ 102,640</b>	<b>\$ -</b>

**General Revenues:**

Taxes:  
Ad Valorem  
Tobacco and Beverage  
Franchise  
Sales and Use  
Licenses and Permits  
Interest Income  
Other Income  
**Total General Revenues**  
**Changes in Net Position**  
**Net Position - Beginning (Restated)**  
**Net Position - Ending**

<b>Net (Expense) Revenue and Changes in Net Assets</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (361,929)	\$ -	\$ (361,929)
(59,868)	-	(59,868)
(33,898)	-	(33,898)
81,496	-	81,496
<u>\$ (374,199)</u>	<u>\$ -</u>	<u>\$ (374,199)</u>
\$ -	\$ (5,201)	\$ (5,201)
<u>\$ -</u>	<u>\$ (5,201)</u>	<u>\$ (5,201)</u>
<u>\$ (374,199)</u>	<u>\$ (5,201)</u>	<u>\$ (379,400)</u>
28,430	-	28,430
703	-	703
32,687	-	32,687
205,791	-	205,791
50,656	-	50,656
451	188	639
2,895	-	2,895
<u>321,613</u>	<u>188</u>	<u>321,801</u>
(52,586)	(5,013)	(57,599)
2,674,997	1,977,241	4,652,238
<u>\$ 2,622,411</u>	<u>\$ 1,972,228</u>	<u>\$ 4,594,639</u>

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

**Town of Bernice, Louisiana**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2019**

<b>Assets</b>	<b>General Fund</b>	<b>Sales Tax Fund</b>	<b>Railroad Grant Fund</b>	<b>Total Governmental Funds</b>
Cash and Cash Equivalents	\$ 56,926	\$ 155,590	\$ 27,123	\$ 239,639
Accounts Receivable	32,309	-	-	32,309
Property Tax Receivable	9,946	-	-	9,946
Due From Other Funds	8,202	-	-	8,202
Prepaid Insurance	7,983	-	-	7,983
<b>Total Assets</b>	<b>\$ 115,366</b>	<b>\$ 155,590</b>	<b>\$ 27,123</b>	<b>\$ 298,079</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 11,225	\$ -	\$ -	\$ 11,225
Accrued Expenses	4,730	-	-	4,730
<b>Total Liabilities</b>	<b>15,955</b>	<b>-</b>	<b>-</b>	<b>15,955</b>
<b>Fund Balances</b>				
Nonspendable	7,983	-	-	7,983
Assigned	-	155,590	-	155,590
Restricted	-	-	-	-
Committed	-	-	27,123	27,123
Unassigned	91,428	-	-	91,428
<b>Total Fund Balances</b>	<b>99,411</b>	<b>155,590</b>	<b>27,123</b>	<b>282,124</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 115,366</b>	<b>\$ 155,590</b>	<b>\$ 27,123</b>	<b>\$ 298,079</b>

Total Fund Balances \$ 282,124

Amounts reported for *Governmental Activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds 2,362,936

Long-Term debt and notes payable are not due and payable in the current period and, therefore, are not reported in the governmental funds (22,649)

Net Position of Governmental Activities \$ 2,622,411

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

**Town of Bernice, Louisiana**  
**Statements of Revenues, Expenditures and Changes**  
**in Fund Balances - Governmental Funds**  
**For the Year Ended December 31, 2019**

	General Fund	Sales Tax Fund	Railroad Grant Fund	Total Governmental Funds
<b>Revenues</b>				
Taxes				
Ad Valorem	\$ 28,430	\$ -	\$ -	\$ 28,430
Tobacco and Beverage	703	-	-	703
Franchise	32,687	-	-	32,687
Sales & Use	-	205,792	-	205,792
Licenses and Permits	50,656	-	-	50,656
Fines	71,929	-	-	71,929
Charges for Services	105,558	-	-	105,558
Interest Income	-	450	-	450
Grant Income	37,500	-	-	37,500
Other Revenues	15,195	-	-	15,195
<b>Total Revenues</b>	<b>342,658</b>	<b>206,242</b>	<b>-</b>	<b>548,900</b>
<b>Expenditures</b>				
General Government	289,399	-	-	289,399
Public Safety	131,797	4,800	-	136,597
Streets	33,898	-	-	33,898
Sanitation	24,062	-	-	24,062
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>479,156</b>	<b>4,800</b>	<b>-</b>	<b>483,956</b>
<b>Excess of Revenues over Expenditures</b>	<b>(136,498)</b>	<b>201,442</b>	<b>-</b>	<b>64,944</b>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers - In	165,000	-	-	165,000
Operating Transfers - Out	-	(175,000)	-	(175,000)
<b>Total Other Financing Sources (Uses)</b>	<b>165,000</b>	<b>(175,000)</b>	<b>-</b>	<b>(10,000)</b>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>28,502</b>	<b>26,442</b>	<b>-</b>	<b>54,944</b>
<b>Fund Balances, Beginning of Year</b>	<b>70,909</b>	<b>129,148</b>	<b>27,123</b>	<b>227,180</b>
<b>Fund Balances, End of Year</b>	<b>\$ 99,411</b>	<b>\$ 155,590</b>	<b>\$ 27,123</b>	<b>\$ 282,124</b>

Net Change in Fund Balances - Total Governmental Funds \$ 54,944

*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets are depreciated over their useful life as depreciation expense.

Expenditures for Capital Outlay - Capitalized	-
Less: Current Year Depreciation	(107,530)

**Change in Net Position in Governmental Activities \$ (52,586)**

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

**Town of Bernice, Louisiana**  
**Statements of Net Position**  
**Proprietary Funds**  
**December 31, 2019**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Consolidated Water and Sewer Funds</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 9,821	\$ 64,325	\$ 74,146
Accounts Receivables	58,391	-	58,391
Due From Other Funds	-	301,210	301,210
Inventory Supplies	4,630	-	4,630
<b>Total Current Assets</b>	<u>72,842</u>	<u>365,535</u>	<u>438,377</u>
<b>Noncurrent Assets:</b>			
Restricted Cash and Investments	47,168	125,600	172,768
Capital Assets, Net	963,179	2,303,284	3,266,463
<b>Total Noncurrent Assets</b>	<u>1,010,347</u>	<u>2,428,884</u>	<u>3,439,231</u>
<b>Total Assets</b>	<u>\$ 1,083,189</u>	<u>\$ 2,794,419</u>	<u>\$ 3,877,608</u>
<b>Liabilities and Net Position</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 3,741	\$ 6,019	\$ 9,760
Accrued Expenses	5,317	2,753	8,070
Due To Other Funds	309,411	-	309,411
Notes Payable - La Dept of H & H - Current	7,000	-	7,000
Notes Payable FMHA - Current	27,900	17,265	45,165
<b>Total Current Liabilities</b>	<u>353,369</u>	<u>26,037</u>	<u>379,406</u>
<b>Noncurrent Liabilities</b>			
Customer Deposits Payable	44,023	-	44,023
Notes Payable - La Dept of H & H	121,000	-	121,000
Notes Payable FMHS	331,568	1,029,384	1,360,952
<b>Total Noncurrent Liabilities</b>	<u>496,591</u>	<u>1,029,384</u>	<u>1,525,975</u>
<b>Total Liabilities</b>	<u>849,960</u>	<u>1,055,421</u>	<u>1,905,381</u>
<b>Net Position</b>			
Invested in Capital Assets, Net of Related Debt	475,711	1,256,635	1,732,346
Restricted for Debt Service	47,168	125,600	172,768
Unrestricted	(289,650)	356,763	67,113
<b>Total Net Position</b>	<u>233,229</u>	<u>1,738,998</u>	<u>1,972,227</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 1,083,189</u>	<u>\$ 2,794,419</u>	<u>\$ 3,877,608</u>

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

**Town of Bernice, Louisiana**  
**Statement of Revenues, Expenses and Changes**  
**in Net Position - Proprietary Funds**  
**For the Year Ended December 31, 2019**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Consolidated Water and Sewer Funds</u>
<b><u>Operating Revenues</u></b>			
Water Revenue	\$ 306,745	\$ -	\$ 306,745
Sewer Revenue	-	280,007	280,007
Grant Income	-	65,140	65,140
Reconnect and Water Tap Fees	3,462	-	3,462
Late Fees and Miscellaneous	29,037	-	29,037
<b>Total Operating Revenues</b>	<b>339,244</b>	<b>345,147</b>	<b>684,391</b>
<b><u>Operating Expenses</u></b>			
Audit Expense	-	7,667	7,667
Billing Department	5,462	-	5,462
Depreciation	96,972	66,072	163,044
Insurance	33,634	7,357	40,991
Interest	27,476	39,559	67,035
Miscellaneous	17,150	94	17,244
Repairs	38,931	19,022	57,953
Retirement	752	272	1,024
Salaries	148,316	67,967	216,283
Sewer Tests	-	5,210	5,210
Supplies	19,942	21,476	41,418
Taxes - Payroll	11,346	5,199	16,545
Utilities	23,060	28,744	51,804
Vehicle	6,255	1,658	7,913
<b>Total Operating Expenses</b>	<b>429,296</b>	<b>270,297</b>	<b>699,593</b>
<b>Total Operating Income /(Loss)</b>	<b>(90,052)</b>	<b>74,850</b>	<b>(15,202)</b>
<b><u>Non Operating Revenues/(Expenses)</u></b>			
Transfers In	10,000	-	10,000
Interest Income	108	80	188
<b>Total Non Operating Revenues/(Expenses)</b>	<b>10,108</b>	<b>80</b>	<b>10,188</b>
<b>Change in Net Position</b>	<b>\$ (79,944)</b>	<b>\$ 74,930</b>	<b>\$ (5,014)</b>
<b>Net Position, Beginning of Year</b>	<b>313,173</b>	<b>1,664,068</b>	<b>1,977,241</b>
<b>Net Position, End of Year</b>	<b>\$ 233,229</b>	<b>\$ 1,738,998</b>	<b>\$ 1,972,227</b>

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



**Town of Bernice, Louisiana**  
**Statement of Revenues, Expenses and Changes**  
**in Net Position - Proprietary Funds**  
**For the Year Ended December 31, 2019**

	<b>Water and Sewer Fund</b>
<b><u>Cash Flows From Operating Activities</u></b>	
Cash Received from Customers	\$ 619,359
Cash Payments to Suppliers for Goods and Services	(297,802)
Cash Payments to Employees for Services	(233,853)
Other Receipts (Payments)	75,140
Net Cash Provided (Used) by Operating Activities	162,844
<b><u>Cash Flows From Capital and Related Financing Activities</u></b>	
Purchase of Capital Assets	(159,347)
Principal Paid on Note Payable - FMHA	(43,031)
Principal Paid on Note Payable - La Dept. of Health & Hospitals	(6,000)
Net Cash Provided (Used) in Capital and Related Financing Activities	(208,378)
<b><u>Cash Flows From Investing Activities</u></b>	
Interest Income	188
Net Cash Provided (Used) by Investing Activities	188
<b>Net Increase/(Decrease) in Cash And Cash Equivalents</b>	<b>(45,346)</b>
<b>Cash And Cash Equivalents, Beginning of Year</b>	<b>292,260</b>
<b>Cash And Cash Equivalents, End of Year</b>	<b>\$ 246,914</b>
<b>Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities</b>	
Operating Income/(Loss)	\$ (5,014)
<i>Adjustments to Reconcile Net Loss to Net Cash Provided (Used) by Operating Activities:</i>	
Depreciation	163,044
Increase in Receivables	(5,119)
Decrease in Inventory	-
Decrease in Accounts Payable	(1,340)
Decrease in Accrued Expenses	4,289
Increase in Meter Deposits	7,173
Decrease in Due from Other Funds, net	(189)
Net Cash Provided/(Used) by Operating Activities	<b>\$ 162,844</b>

The accompanying notes are an integral part of this financial statement

**Town of Bernice, Louisiana**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2019**

The Town of Bernice is located in Union Parish. The Town was incorporated under the provisions of the Lawrason Act.

The Town operates under a Mayor-Board of Alderman form of government. The Board of Alderman of the Town of Bernice is comprised of five aldermen, elected for four year terms, who are compensated as shown in this report. The Town serves approximately 2,000 citizens by providing police protection, fire protection, water/sewer services, sanitation services, street maintenance and various administrative functions such as legislation of town ordinances and the enforcement of the same. The Town employs approximately twenty persons to serve the needs of the citizen of the Town of Bernice.

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Bernice, Louisiana, have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

##### **A. Financial Reporting Entity**

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

##### **Component Units**

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Bernice for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the municipality to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data on the organization were not included because of the nature or significance of the relationship.

**Town of Bernice, Louisiana**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2019**

As required by generally accepted accounting principles, these financial statements present the Town of Bernice (the primary government). The Town of Bernice has no component units.

**B. Basis of Presentation**

**Government-Wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

**Fund Financial Statements**

Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets liabilities, fund balance, revenues, and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

The funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent (10%) of the corresponding total for all funds of that category or type.
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least five percent (5%) of the corresponding total for all government and enterprise funds combined.
- c. The Town's management believes that the fund is particularly important to the financial statement users.

The funds are grouped into two fund types as described below:

**Town of Bernice, Louisiana**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2019**

**Governmental Funds:** Governmental funds account for all or most of the Town of Bernice's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between the governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations. The following are the Town's governmental funds:

1. General fund to account for all financial resources, except those required to be accounted for in other funds.
2. Special revenue funds – to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Proprietary Funds:** Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. The proprietary fund of the Town of Bernice is an:

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

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

**C. Measurement focus and basis of accounting**

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

The government-wide financial statements and fund financial statements for the proprietary fund are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases

**Town of Bernice, Louisiana**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2019**

(revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recorded when earned, including unbilled utility services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. As a general guideline, the Town considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. The revenues susceptible to accrual are ad valorem taxes, sales, taxes, interest income, intergovernmental revenues, and charges for services. All other governmental fund revenues are recognized when received.

**D. Budget Information**

The Town of Bernice prepared operating budgets for the year ended December 31, 2019. The proposed budgets were published in the official journal and made available for public inspection. A public hearing for the proposed budgets was held on December 11, 2018, and the budgets were adopted by the mayor and council members. The budgets presented anticipated revenues and expenditures on a basis consistent with generally accepted accounting principles. The budgets were amended December 10, 2019. Appropriations lapse at year end and must be re-appropriated for the following year to be expended.

**E. Deposits and Investments**

Cash and cash equivalents consist of cash on hand, demand deposits, interest-bearing demand deposits, and short-term time deposits with original maturities of three months or less from date of acquisition.

Under state law, the Town of Bernice may invest funds in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consistently solely of government backed securities.

**F. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns of the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$5,000 or more for capitalizing assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Prior to January 1, 2004, governmental funds' infrastructure assets were not capitalized.

**Town of Bernice, Louisiana**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2019**

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	40 Years
Water and Sewer System	25-40 Years
Improvements Other than Buildings	15-40 Years
Machinery and Equipment	3-15 Years
Vehicles	5-15 Years
Infrastructure	40 Years

**G. Compensated Absences**

All unpaid vacation must be taken during the current year or it lapses at December 31. Therefore, there is no accrual of unpaid vacation. Unused sick pay shall be rolled over from year to year with the maximum accumulation of 30 days. There is no accrual for unpaid sick pay.

**H. Equity Classifications – Government-wide Statements**

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The Town reports three categories of net position, as follows:

- **Net investment in capital assets** - consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- **Restricted net position** - net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- **Unrestricted net position** - consists of all other net position that does not meet the definition of the above two components and is available for general use by the Town.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The Town's policy concerning which to apply first varies with the intended use and legal requirements. Management typically makes this decision on a transactional basis at the incurrence of the expenditure.

**I. Fund Equity of Fund Financial Statements**

Accounting standards require governmental fund balance to be reported in as many as five classifications as listed below:

**Town of Bernice, Louisiana**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2019**

Nonspendable - represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted - represents balances where constraints have been established by parties outside the Town's office or imposed by law through constitutional provisions or enabling legislation.

Committed - represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority.

Assigned - represents balances that are constrained by the government's intent to be used for specific purposes, but are not restricted nor committed.

Unassigned - represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the Town's office reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned and unassigned amounts are available, the Town's office reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

**J. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds during the reporting period. Actual results could differ from those estimates.

**K. 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. Management feels the receivables recorded are collectible and no bad debt allowance is necessary.

**2. 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.

**Town of Bernice, Louisiana**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2019**

For the year ended December 31, 2019, taxes were levied on property with assessed valuations totaling \$5,197,400 and were dedicated as follows:

General corporate purpose	5.47 mills
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Total taxes levied were \$28,430. Taxes receivable at December 31, 2019 consisted of the following:

Taxes Receivable	<u>\$9,946</u>
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**3. CASH AND CASH EQUIVALENTS**

At December 31, 2019, the Town of Bernice has cash and cash equivalents (book balances) totaling \$313,785 unrestricted and \$172,768 restricted as follows:

Demand Deposits	\$337,665
Petty Cash	100
Time Deposits	<u>148,788</u>
Total	<u>\$486,553</u>

These deposits are stated at cost, which approximates market. The Town does not have a policy for custodial credit risk; however, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2019, the Town of Bernice has \$492,077 in deposits (collected bank balances). These deposits are secured from risk by \$398,787 of federal deposit insurance and \$177,945 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town of Bernice that the fiscal agent has failed to pay deposited funds upon demand.

**4. RECEIVABLES**

	General Fund		Proprietary Fund		Total
Ad Valorem Taxes	\$ 9,946	\$	-	\$	9,946
Fines	32,309		-		32,309
Fees	-		58,391		58,391
Totals	<u>\$ 42,255</u>	\$	<u>58,391</u>	\$	<u>100,646</u>



**Town of Bernice, Louisiana**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2019**

**5. INTERFUND RECEIVABLES, PAYABLES**

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 8,202	\$ -
Water Fund	-	309,412
Sewer Fund	<u>301,210</u>	<u>-</u>
Totals	<u>\$ 309,412</u>	<u>\$ 309,412</u>

**6. RESTRICTED ASSETS – PROPRIETARY FUND**

Restricted assets of the proprietary funds were comprised of the following at December 31, 2019:

Cash for Debt Service \$172,768

**7. CAPITAL ASSETS**

	<u>Balance 12/31/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2019</u>
<u>Governmental Activities</u>				
Land	\$ 259,385	\$ -	\$ -	\$ 259,385
Building and Improvements	931,475	-	-	931,475
Improvements Other Than Buildings	2,306,156	-	-	2,306,156
Infrastructure	715,888	-	-	715,888
Machinery and Equipment	117,008	-	-	117,008
Vehicles	<u>356,289</u>	<u>-</u>	<u>-</u>	<u>356,289</u>
Total	4,686,201	-	-	4,686,201
Less: Accumulated Depreciation				
Buildings and Improvements	478,317	22,202	-	500,519
Improvements Other Than Buildings	987,551	62,414	-	1,049,965
Infrastructure	281,587	17,897	-	299,484
Machinery and Equipment	117,008	-	-	117,008
Vehicles	<u>351,272</u>	<u>5,017</u>	<u>-</u>	<u>356,289</u>
Total	<u>2,215,735</u>	<u>107,530</u>	<u>-</u>	<u>2,323,265</u>
Governmental Activities, Capital Assets, net	<u>\$ 2,470,466</u>	<u>\$ 107,530</u>	<u>\$ -</u>	<u>\$ 2,362,936</u>

**Town of Bernice, Louisiana**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2019**

	Balance <u>12/31/2018</u>	Additions	Deletions	Balance <u>12/31/2019</u>
<b><u>Business Type Activities</u></b>				
Land	\$ 13,162	\$ -	\$ -	\$ 13,162
Water and Sewer System	3,585,318	75,850	-	3,661,168
Computer Equipment	7,998	-	-	7,998
Machinery and Equipment	505,837	18,357	-	524,194
Sewer Rehab	<u>2,642,881</u>	<u>65,140</u>	-	<u>2,708,021</u>
Total	6,755,196	159,347	-	6,914,543
Less: Accumulated Depreciation				
Water and Sewer System	2,775,641	71,867	-	2,847,508
Computer Equipment	7,998	-	-	7,998
Machinery and Equipment	362,731	25,105	-	387,836
Sewer Rehab	<u>338,665</u>	<u>66,072</u>	-	<u>404,737</u>
Total	<u>3,485,035</u>	<u>163,044</u>	-	<u>3,648,079</u>
Business Type Activities, Capital Assets, net	\$ <u>3,270,161</u>	\$ <u>3,697</u>	\$ -	\$ <u>3,266,464</u>

Depreciation expense reported by the various functions is presented as follows:

**Governmental Activities**

General Government	\$ 77,980
Public Safety	11,653
Streets	<u>17,897</u>
Total Depreciation - Governmental Activities	<u>\$107,530</u>

**Business Type Activities**

Water and Sewer	<u>\$163,044</u>
Total Depreciation - Business type Activities	<u>\$163,044</u>

**8. INVENTORIES**

Inventories are valued at cost primarily by using first in, first out (FIFO) method. Inventories of the Enterprise Fund consists of repair materials, spare parts and consumable supplies. These inventories are accounted for using the consumption method.

**9. RETIREMENT PLANS**

All employees of the Town of Bernice, Louisiana, are members of the Social Security System. The Town contributed \$30,947 as the employer's portion. Employees have the option of participating in a SIMPLE retirement plan. The Town will match employee contributions up to 3% of gross salaries. The Town's matching contributions for 2019 totaled \$2,935.

**Town of Bernice, Louisiana**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2019**

**10. POST RETIREMENT BENEFITS**

The Town provides no post retirement benefits for its employees.

**11. LONG-TERM DEBT – PROPRIETARY FUND**

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.

Debt Payable January 1, 2019	\$ 385,867
Debt Issued	-
Debt Retired	26,399
Debt Payable December 31, 2019	359,468
Less: Current Maturities	27,900
Long-term Debt	\$ 331,568

Year Ending December 31,	Principal	Interest	Total
2020	27,900	21,641	49,541
2021	28,908	20,633	49,541
2022	30,643	18,898	49,541
2023	32,481	17,060	49,541
2024	34,430	15,111	49,541
2025-2029	205,106	42,599	247,705
Total	\$ 359,468	\$ 135,942	\$ 495,410

Sewer Revenue Bond:

Sewer improvement construction dated December 14, 2011, interest rate 3.75%, original bond issuance \$1,151,000. Bond is payable over a forty (40) year period, with a payment falling due on December 14, 2012, and with amortized payments of principal and interest in the amount of \$4,685.00 each beginning on January 14, 2013 and continuing on the fourteenth (14th) day of each month thereafter.

Debt Payable January 1, 2019	\$ 1,063,281
Debt Issued	-
Debt Retired	16,632
Debt Payable December 31, 2019	1,046,649
Less: Current Maturities	17,265
Long-term Debt	\$ 1,029,384

**Town of Bernice, Louisiana**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2019**

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	17,265	38,955	56,220
2021	17,924	38,296	56,220
2022	18,607	37,613	56,220
2023	19,317	36,903	56,220
2024	20,054	36,166	56,220
2025-2029	112,348	168,752	281,100
2030-2034	135,479	145,621	281,100
2035-2039	163,369	117,731	281,100
2040-2044	197,005	84,095	281,100
2045-2049	237,562	43,538	281,100
2050-2051	107,719	4,256	111,975
<b>Total</b>	<b>\$ 1,046,649</b>	<b>\$ 751,926</b>	<b>\$ 1,798,575</b>

**Water Tank Renovation Bond**

The Town received financing from the Louisiana Department of Health and Hospitals for the renovation of the water system water tank. The renovation was completed in 2016. The amount financed was \$217,221 with \$65,166 of the debt forgiven leaving a balance due of \$152,055. This amount will be repaid with the issuance of revenue bonds series 2015. Interest at 2.95% and administration fees at .5% are due twice a year. Principal payment are due annually.

Debt Payable January 1, 2019	\$ 134,000
Debt Issued	-
Debt Retired	6,000
Debt Payable December 31, 2019	128,000
Less: Current Maturities	7,000
Long-term Debt	<u>\$ 121,000</u>

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	7,000	4,416	11,416
2021	7,000	4,175	11,175
2022	7,000	3,933	10,933
2023	7,000	3,157	10,157
2024	8,000	2,950	10,950
2025-2029	42,000	11,181	53,181
2030-2034	50,000	4,543	54,543
<b>Total</b>	<b>\$ 128,000</b>	<b>\$ 34,355</b>	<b>\$ 162,355</b>

**Town of Bernice, Louisiana  
Notes to the Financial Statements  
For the Year Ended December 31, 2019**

**12. GENERAL FUND LONG-TERM DEBT**

The general long-term debt is a loan from the State of Louisiana for Utility Relocation Assistance Funds as promulgated in accordance with R.S. 48:381. The funds were advanced for payment of the Town's portion of the cost of State Project No. 023-11-0035 and Project No. 023-11-0034, Route U.S. 167. During 2014, the Town began paying back its portion of cost for the project which was calculated at \$56,623. The Town is repaying the balance in ten equal yearly installments of \$5,662. As of December 31, 2019, \$22,649 remains due and will be repaid in 4 equal yearly installments through the year ending December 31, 2023.

**13. 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, ambulance, 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.

**14. PENDING LITIGATION AND CONTINGENT LIABILITIES**

The Town was involved in litigation as of December 31, 2018. Plaintiff claimed illegal arrest, search, excessive use of force, 1983 action, physical and mental damages against the arresting officer, Mayor, Chief of Police, Aldermen and the Town and its insurer. According to legal council on October 9, 2018, judgement granted motion to dismiss claims against Town of Bernice Police Department. Motion to dismiss for failure to state a claim of action and insufficient service of process and plaintiffs 1983 claim against, Mayor, Chief of Police, Town of Bernice and Motion to dismiss claim against Bernice Alderman. Basically all Federal claims against Town and Town officials were dismissed. Only state claims against Town remain for actions of employees, policeman.

Legal Council has not been advised by the Town of Bernice nor have they obtained any independent information from other sources, nor are aware of any fact giving rise to any possible unasserted claims or assessments, which are probable of assertion.

**15. TOWN OF BERNICE, LOUISIANA, ELECTED OFFICIALS**

<u>Name</u>	<u>Position</u>	<u>Salary</u>	<u>Expires</u>
Mildred Ferguson	Mayor	\$ 21,493	12/31/22
Eddie Horton	Chief of Police	45,564	12/31/22
Oliver Gene Terral	Alderman District 1	3,250	12/31/22
John Levingston	Alderman District 2	2,600	12/31/22
Karen Hall	Alderman District 3	2,400	12/31/22
James Montgomery	Alderman District 4	2,600	12/31/22
Amy Pesnell	Alderman District 5	2,600	12/31/22
Total		80,507	

**Town of Bernice, Louisiana**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2019**

**16. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 25, 2020, the date that the financial statements were available to be issued, and determined that no events occurred that require disclosure.

**17. PRIOR PERIOD ADJUSTMENT**

During the year ending December 31, 2019, it was noted that the note payable related to utility relocation on Highway 167 was overstated. The prior period ending fund balance was restatement to reflect the difference as noted below:

The restatement of the beginning of the year net position is as follows:

<u>Government Activities</u>	
Net Position as previously stated December 31, 2018	\$ 2,619,683
Net Change of Net Position due to increase in Payable to State of Louisiana for utility relocation	<u>55,314</u>
Net Position as restated December 31, 2018	\$ <u>2,674,997</u>

**Town of Bernice, Louisiana**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended December 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u> <u>Basis</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues</b>				
Taxes				
Ad Valorem	\$ 28,000	\$ 28,000	\$ 28,430	\$ 430
Tobacco and Beverage	-	-	703	703
Franchise	33,000	33,000	32,687	(313)
Licenses and Permits	46,000	50,000	50,656	656
Fines	75,000	60,000	71,929	11,929
Charges for Services	75,000	106,200	105,558	(642)
Grant Income	-	-	37,500	37,500
Other Revenues	17,000	18,967	15,195	(3,772)
<b>Total Revenues</b>	<u>274,000</u>	<u>296,167</u>	<u>342,658</u>	<u>46,491</u>
<b>Expenditures</b>				
General Government	232,765	254,538	289,399	(34,861)
Public Safety	187,000	121,423	131,797	(10,374)
Streets	32,000	30,000	33,898	(3,898)
Sanitation	18,000	24,378	24,062	316
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<u>469,765</u>	<u>430,339</u>	<u>479,156</u>	<u>(48,817)</u>
<b>Excess of Revenues over Expenditures</b>	<u>(195,765)</u>	<u>(134,172)</u>	<u>(136,498)</u>	<u>(2,326)</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers - In	205,000	190,000	165,000	(25,000)
Operating Transfers - Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>205,000</u>	<u>190,000</u>	<u>165,000</u>	<u>(25,000)</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<u>9,235</u>	<u>55,828</u>	<u>28,502</u>	<u>(27,326)</u>
<b>Fund Balances, Beginning of Year</b>	79,563	60,008	70,909	10,901
<b>Fund Balances, End of Year</b>	<u>\$ 88,798</u>	<u>\$ 115,836</u>	<u>\$ 99,411</u>	<u>\$ (16,425)</u>

See independent auditors' report.

**Town of Bernice, Louisiana**  
**Budgetary Comparison Schedule - Sales Tax Fund**  
**For the Year Ended December 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>GAAP</u> <u>Basis</u>	<u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues</b>				
Taxes				
Sales & Use	\$ 185,000	\$ 190,000	\$ 205,792	\$ 15,792
Interest Income	120	45	450	405
Total Revenues	<u>185,120</u>	<u>190,045</u>	<u>206,242</u>	<u>16,197</u>
<b>Expenditures</b>				
General Government	-	-	-	-
Public Safety	4,800	4,800	4,800	-
Total Expenditures	<u>4,800</u>	<u>4,800</u>	<u>4,800</u>	<u>-</u>
<b>Excess of Revenues over Expenditures</b>	<u>180,320</u>	<u>185,245</u>	<u>201,442</u>	<u>16,197</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers Out	<u>(205,000)</u>	<u>(190,000)</u>	<u>(175,000)</u>	<u>15,000</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<u>(24,680)</u>	<u>(4,755)</u>	<u>26,442</u>	<u>31,197</u>
<b>Fund Balances, Beginning of Year</b>	28,560	28,560	129,148	100,588
<b>Fund Balances, End of Year</b>	<u>\$ 3,880</u>	<u>\$ 23,805</u>	<u>\$ 155,590</u>	<u>\$ 131,785</u>

See independent auditors' report.



**Town of Bernice, Louisiana**  
**Notes to Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2019**

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**Budgetary Comparison Schedule:**

**1. Basis of Presentation**

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, and variances between the final budget and the actual data.

**2. Budget Amendments and Revisions**

The budget is adopted by the Board of Aldermen. Amendments can be made on the approval of the Board of Aldermen. A budgetary comparison is presented for all major funds consistent with accounting principles generally accepted in the United States of America.

**Town of Bernice, Louisiana**  
**Schedules of Compensation, Benefits and Other Payments to Agency Head**  
**For the Year Ended December 31, 2019**

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**Agency Head:**

Mildred Ferguson, Mayor

**Purpose:**

Salary	\$ 21,493
Benefits - Retirement	360
Benefits - Insurance	-
Car Allowance	4,800
Reimbursements	1,560
Travel	-
<b>Total Compensation, Benefits and Other Payments</b>	<b><u>\$ 28,213</u></b>

See independent auditors' report.

**Town of Bernice, Louisiana**  
**LCDBG Funds**  
**Balance Sheet**  
**December 31, 2019**

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**Assets**

Cash	\$ 13
Due From Other Governments:	<u>-</u>
<b><u>Total Assets</u></b>	<b><u>\$ 13</u></b>

**Liabilities and Fund Balance**

**Liabilities**

Accounts Payable	\$ -
Due To Other Funds	<u>-</u>
<b>Total Liabilities</b>	<b>-</b>

**Fund Balance**

Restricted	<u>13</u>
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<b><u>Total Liabilities and Fund Balance</u></b>	<b><u>\$ 13</u></b>
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See independent auditors' report.

**Town of Bernice, Louisiana**  
**LCDBG Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended December 31, 2019**

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<b><u>Revenues</u></b>	
LCDBG Program	\$ 65,140
Miscellaneous Revenues	-
Total Revenues	<u>65,140</u>
<b><u>Expenditures</u></b>	
Administrative Services	21,762
Engineering Services	43,378
Total Expenditures	<u>65,140</u>
<b><u>Deficiency of Revenues Over Expenditures</u></b>	-
<b><u>Fund Balance - Beginning</u></b>	<u>13</u>
<b><u>FUND BALANCE - ENDING</u></b>	<u>\$ 13</u>

See independent auditors' report.

# CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

*Certified Public Accountants*

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## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and Board of Aldermen  
Town of Bernice  
Bernice, Louisiana:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the Town of Bernice, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town of Bernice's basic financial statements, and have issued our report thereon dated September 25, 2020.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Bernice's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Bernice's internal control.

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

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

To the Honorable Mayor and Board of Aldermen  
Town of Bernice  
Bernice, Louisiana  
Page 2

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Bernice's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 19-01.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Cameron, Hines & Company (APAC)*

West Monroe, Louisiana  
September 25, 2020

**Town of Bernice, Louisiana  
 Schedule of Findings and Responses  
 For The Year Ended December 31, 2019**

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Honorable Mayor and Board of Aldermen of  
 Bernice, Louisiana

We have audited the financial statements of the governmental activities and each major fund of the Town of Bernice, as of and for the year ended December 31, 2019, which collectively comprise the basic financial statements and have issued our report thereon dated September 25, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2019 resulted in an unmodified opinion.

**Section I - Summary of Auditors' Reports**

**A. Report on Internal Control and Compliance Material to the Financial Statements**

	Yes	No
<b><u>Internal Control</u></b>		
Material Weaknesses		X
Significant Deficiencies		X
 <b><u>Compliance</u></b>		
Noncompliance Material to Financial Statements	X	

**B. Federal Awards – N/A**

**Section II - Financial Statement Findings**

**19-01 Unfavorable Budget Variance**

**Condition:**

The Town's actual expenditures for the year exceeded budgeted expenditures by greater than five percent.

**Criteria:**

Louisiana Revised Statute 39:1311 requires the Town's Office to amend its budget if there is a 5% or greater overage in budgeted revenues as compared to actual revenues or a 5% or greater overage in actual expenditures as compared to budgeted expenditures.

**Cause:**

During the course of the audit, it was noted that an adjustment was needed that pushed the actual expenditures over budgeted expenditures by greater than 5%.

**Town of Bernice, Louisiana**  
**Schedule of Findings and Responses**  
**For The Year Ended December 31, 2019**

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**Recommendation:**

The Town should continue to monitor revenues and expenditures throughout the year to ensure actual revenues and expenditures are within the five percent variance of the budgeted revenue and expenditures.

**Response:**

The Town will continue to monitor revenue and expenditures throughout the year as compared to budgeted revenue and expenditures and amend budgets in compliance with Louisiana Revised Statute 39:1311.

**Section III - Federal Award Findings and Questioned Costs**

This section is not applicable for this entity.



**Town of Bernice, Louisiana  
Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2019**

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**Internal Control and Compliance Material to the Financial Statements**

<u>Findings</u>	<u>Response</u>
2018-1 – Management does not have sufficient capable expertise to prepare financial statements and related footnote disclosures.	The Town has hired a CPA to help with financial accounting records.

**Management Letter**

No management letter was issued.

# CAMERON, HINES & COMPANY

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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Town of Bernice (Town) and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Town of Bernice (Town) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Town's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated conclusions are as follows:

### *Written Policies and Procedures*

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):<sup>1</sup>
  - a) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

**Conclusions:** Six exceptions noted where the written policies and procedures did not address the required topics.

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<sup>1</sup> For governmental organization, the practitioner may eliminate those categories and subcategories that do not apply to the organization's operations. For quasi-public organizations, including non-profits, the practitioner may eliminate those categories and subcategories that do not apply to public funds administered by the quasi-public.

## ***Bank Reconciliations***

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

**Conclusions:** Four exceptions noted where there was no evidence that the reconciliation was prepared within 2 months of the closing date of the statement. Four exceptions noted where there was no evidence that a member of management had reviewed the reconciliation. The outstanding items on the bank reconciliations were not dated, therefore, the final procedure could not be performed.

## ***Management's Response***

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We concur with the results of the procedures and are working diligently to improve controls.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Cameron, Hines & Company (APAC)*

West Monroe, Louisiana  
June 26, 2020

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<sup>2</sup> Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.