

Town of Bernice, Louisiana

*Financial Report
For The Year Ended December 31, 2021*



Town of Bernice, Louisiana
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For The Year Ended December 31, 2021

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INDEPENDENT AUDITORS' REPORT

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

Opinions

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 (the Town), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-7 and 27-29 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of compensation, benefits, and other payments to the agency head, Balance Sheet – LCDBG Funds, the Schedule of Revenue, Expenditures and Fund Balance – LCDBG Funds, and Justice System Funding Schedules for Collecting/Disbursing Entities are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The Justice System Funding Schedules are presented to satisfy the requirements of Act 87 of the 2020 Regular Legislative Session.

The schedule of compensation, benefits, and other payments to the agency head, Balance Sheet – LCDBG Funds, the Schedule of Revenue, Expenditures and Fund Balance – LCDBG Funds, and Justice System Funding Schedules are the responsibility of management and were derived from and relate 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 June 27, 2022, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
June 27, 2022

Town of Bernice, Louisiana
Management's Discussion and Analysis
For The Year Ended December 31, 2021

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, 2021. Please read it in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

The Town's net position increased \$199,497.

Program and general revenues amounted to \$1,838,429.

Expenses for the year amounted to \$1,638,932.

Capital Asset additions amounted to \$12,215.

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, Louisiana
Management's Discussion and Analysis
For The Year Ended December 31, 2021

Financial Analysis of the Funds

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

	Net Position					
	Governmental Activities		Business Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
<u>Assets</u>						
Current & Other	\$ 531,373	\$ 425,086	\$ 988,819	\$ 692,889	\$ 1,523,192	\$ 1,117,975
Capital Assets, net	2,135,760	2,296,331	2,993,450	3,129,101	5,129,210	5,425,432
Total Assets	<u>\$ 2,667,133</u>	<u>\$ 2,721,417</u>	<u>\$ 3,985,269</u>	<u>\$ 3,821,990</u>	<u>\$ 6,652,402</u>	<u>\$ 6,543,407</u>
<u>Liabilities</u>	\$ 36,202	\$ 54,661	\$ 1,904,776	\$ 1,924,425	\$ 1,940,978	\$ 1,979,086
<u>Net Position</u>						
Invested in Capital Assets, net of debt	2,135,760	2,296,331	1,566,169	1,647,233	3,701,929	3,943,564
Restricted	-	-	229,741	201,268	229,741	201,268
Unrestricted	495,171	370,425	284,583	49,064	779,754	419,489
Total Net Position	<u>\$ 2,630,931</u>	<u>\$ 2,666,756</u>	<u>\$ 2,080,493</u>	<u>\$ 1,897,565</u>	<u>\$ 4,711,424</u>	<u>\$ 4,564,321</u>

The largest portion of the Town's net position (79% and 86%) 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 (5% and 4%) represents resources that are restricted to debt retirement.

The unrestricted net position (16% and 10%) can be used to finance the day-to-day operations of the Town without restraints.

Town of Bernice, Louisiana
Management's Discussion and Analysis
For The Year Ended December 31, 2021

Change in Net Position

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total Primary Government</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
REVENUES:						
Program Revenues						
Charges for Services	\$ 190,038	\$ 130,751	\$ 624,240	\$ 619,066	\$ 814,278	\$ 749,817
Grants and Contributions	-	-	600,925	-	600,925	-
General Revenues						
Taxes	353,990	316,930	-	-	353,990	316,930
Licenses	52,345	50,714	-	-	52,345	50,714
Other	16,855	171,531	36	91	16,891	171,622
Total Revenues	613,228	669,926	1,225,201	619,157	1,838,429	1,289,083
EXPENSES:						
General Government	341,496	385,778	-	-	341,496	385,778
Public Safety	162,299	157,307	-	-	162,299	157,307
Streets	37,511	31,609	-	-	37,511	31,609
Sanitation	55,353	50,887	-	-	55,353	50,887
Water and Sewer	-	-	1,042,273	693,818	1,042,273	693,818
Total Expenses	596,659	625,581	1,042,273	693,818	1,638,932	1,319,399
Increase (Decrease) in Net Position	16,569	44,345	182,928	(74,661)	199,497	(30,316)
Net Position, Beginning of Year (Restated)	2,614,362	2,622,411	1,897,565	1,972,226	4,511,927	4,594,637
Net Position, End of Year	\$ 2,630,931	\$ 2,666,756	\$ 2,080,493	\$ 1,897,565	\$ 4,711,424	\$ 4,564,321

Governmental activities increased the Town's net position by \$16,569 for the year 2021. Key elements and highlights are:

- 1) Depreciation of the capital assets accounted for \$102,514 of the expenses.

The proprietary funds, water and sewer had a net operating income of \$182,892 for the year 2021. Key elements and highlights are:

- 1) Depreciation of the capital assets accounted for \$147,867 of the expenses.
- 2) The Town received \$295,253 in federal funding through the American Rescue Plan Act.

Town of Bernice, Louisiana
Management's Discussion and Analysis
For The Year Ended December 31, 2021

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 2021 was amended December 14, 2021.

Capital Assets

The Town invested \$12,215 in capital assets for the year 2021.

Economic Factors and Next Year's Budget

The Town has prepared its 2022 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, 2021

Assets	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 439,291	\$ 354,442	\$ 793,733
Accounts Receivable	23,795	55,762	79,557
Property Tax Receivable	13,789	-	13,789
Due From Other Funds	46,999	344,578	391,577
Prepaid Insurance	7,499	-	7,499
Inventory Supplies	-	7,296	7,296
Restricted Assets			
Cash	-	229,741	229,741
Capital Assets, net	2,135,760	2,993,450	5,129,210
Total Assets	<u>\$ 2,667,133</u>	<u>\$ 3,985,269</u>	<u>\$ 6,652,402</u>
Liabilities and Net Position			
Liabilities			
Accounts Payable	\$ 21,742	\$ 23,383	\$ 45,125
Accrued Expenses	3,135	7,621	10,756
Due to Other Funds	-	391,577	391,577
Long-Term Liabilities			
Customer Deposits Payable	-	54,915	54,915
Due Within One Year	5,662	56,250	61,912
Due In More Than One Year	5,663	1,371,030	1,376,693
Total Liabilities	<u>36,202</u>	<u>1,904,776</u>	<u>1,940,978</u>
Net Position			
Invested in Capital Assets, Net of Related Debt	2,135,760	1,566,169	3,701,929
Restricted For:			
Debt Service	-	229,741	229,741
Unrestricted	495,171	284,583	779,754
Total Net Position	<u>2,630,931</u>	<u>2,080,493</u>	<u>4,711,424</u>
Total Liabilities and Net Position	<u>\$ 2,667,133</u>	<u>\$ 3,985,269</u>	<u>\$ 6,652,402</u>

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

Town of Bernice, Louisiana
Statement of Activities
December 31, 2021

	Program Revenues		
Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions
Primary Government:			
Governmental Activities:			
General Government	\$ 341,496	\$ -	\$ -
Public Safety	162,299	82,628	-
Streets	37,511	-	-
Sanitation	55,353	107,410	-
Total Governmental Activities	\$ 596,659	\$ 190,038	\$ -
Business-Type Activities:			
Water and Sewer	\$ 1,042,273	\$ 624,240	\$ -
Total Business-Type Activities	\$ 1,042,273	\$ 624,240	\$ -
Total Primary Government	\$ 1,638,932	\$ 814,278	\$ 600,925

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

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (341,496)	\$ -	\$ (341,496)
(79,671)	-	(79,671)
(37,511)	-	(37,511)
52,057	-	52,057
<u>\$ (406,621)</u>	<u>\$ -</u>	<u>\$ (406,621)</u>
\$ -	\$ 182,892	\$ 182,892
<u>\$ -</u>	<u>\$ 182,892</u>	<u>\$ 182,892</u>
<u>\$ (406,621)</u>	<u>\$ 182,892</u>	<u>\$ (223,729)</u>
25,199	-	25,199
694	-	694
38,555	-	38,555
289,542	-	289,542
52,345	-	52,345
351	36	387
16,504	-	16,504
<u>423,190</u>	<u>36</u>	<u>423,226</u>
16,569	182,928	199,497
2,614,362	1,897,565	4,511,927
<u>\$ 2,630,931</u>	<u>\$ 2,080,493</u>	<u>\$ 4,711,424</u>

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

Town of Bernice, Louisiana
Balance Sheet
Governmental Funds
December 31, 2021

	General Fund	Sales Tax Fund	Railroad Grant Fund	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 158,402	\$ 253,766	\$ 27,123	\$ 439,291
Accounts Receivable	23,795	-	-	23,795
Property Tax Receivable	13,789	-	-	13,789
Due From Other Funds	46,999	-	-	46,999
Prepaid Insurance	7,499	-	-	7,499
Total Assets	\$ 250,484	\$ 253,766	\$ 27,123	\$ 531,373
 Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 21,742	\$ -	\$ -	\$ 21,742
Due To Other Funds	-	-	-	-
Accrued Expenses	\$ 3,135	-	-	3,135
Total Liabilities	24,877	-	-	24,877
Fund Balances				
Nonspendable	7,499	-	-	7,499
Assigned	-	253,766	-	253,766
Restricted	-	-	-	-
Committed	-	-	27,123	27,123
Unassigned	218,108	-	-	218,108
Total Fund Balances	225,607	253,766	27,123	506,496
 Total Liabilities and Fund Balances	 \$ 250,484	 \$ 253,766	 \$ 27,123	 \$ 531,373

Total Fund Balances \$ 506,496

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 2,135,760

Long-Term debt and notes payable are not due and payable in the current period and, therefore, are no reported in the governmental funds (11,325)

Net Position of Governmental Activities \$ 2,630,931

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, 2021

	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Railroad Grant Fund</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes				
Ad Valorem	\$ 25,199	\$ -	\$ -	\$ 25,199
Tobacco and Beverage	694	-	-	694
Franchise	38,555	-	-	38,555
Sales & Use	-	289,542	-	289,542
Licenses and Permits	52,345	-	-	52,345
Fines	82,628	-	-	82,628
Charges for Services	107,410	-	-	107,410
Interest Income	44	307	-	351
Grant Income	-	-	-	-
Other Revenues	16,504	-	-	16,504
Total Revenues	323,379	289,849	-	613,228
Expenditures				
General Government	244,644	-	-	244,644
Public Safety	157,499	4,800	-	162,299
Streets	37,511	-	-	37,511
Sanitation	55,353	-	-	55,353
Capital Outlay	-	-	-	-
Total Expenditures	495,007	4,800	-	499,807
Excess of Revenues over Expenditures	(171,628)	285,049	-	113,421
Other Financing Sources (Uses)				
Operating Transfers - In	240,000	-	-	240,000
Operating Transfers - Out	-	(240,000)	-	(240,000)
Total Other Financing Sources (Uses)	240,000	(240,000)	-	-
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	68,372	45,049	-	113,421
Fund Balances, Beginning of Year	151,572	208,717	27,123	387,412
Fund Balances, End of Year	\$ 219,944	\$ 253,766	\$ 27,123	\$ 500,833
Net Change in Fund Balances - Total Governmental Funds				\$ 113,421
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>				
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.				5,662
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				(102,514)
Change in Net Position in Governmental Activities				\$ 16,569

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

Town of Bernice, Louisiana
Statements of Net Position
Proprietary Funds
December 31, 2021

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Consolidated Water and Sewer Funds</u>
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 5,667	\$ 348,775	\$ 354,442
Accounts Receivables	55,762	-	55,762
Due From Other Funds	-	344,578	344,578
Inventory Supplies	7,296	-	7,296
Total Current Assets	<u>68,725</u>	<u>693,353</u>	<u>762,078</u>
Noncurrent Assets:			
Restricted Cash and Investments	68,141	161,600	229,741
Capital Assets, Net	825,567	2,167,883	2,993,450
Total Noncurrent Assets	<u>893,708</u>	<u>2,329,483</u>	<u>3,223,191</u>
Total Assets	<u>\$ 962,433</u>	<u>\$ 3,022,836</u>	<u>\$ 3,985,269</u>
Liabilities and Net Position			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 18,255	\$ 5,128	\$ 23,383
Accrued Expenses	4,811	2,810	7,621
Due To Other Funds	391,577	-	391,577
Notes Payable - La Dept of H & H - Current	7,000	-	7,000
Notes Payable FMHA - Current	30,643	18,607	49,250
Total Current Liabilities	<u>452,286</u>	<u>26,545</u>	<u>478,831</u>
Noncurrent Liabilities			
Customer Deposits Payable	54,915	-	54,915
Notes Payable - La Dept of H & H	107,000	-	107,000
Notes Payable FMHA	271,180	992,850	1,264,030
Total Noncurrent Liabilities	<u>433,095</u>	<u>992,850</u>	<u>1,425,945</u>
Total Liabilities	<u>885,381</u>	<u>1,019,395</u>	<u>1,904,776</u>
Net Position			
Invested in Capital Assets, Net of Related Debt	409,743	1,156,426	1,566,169
Restricted for Debt Service	68,141	161,600	229,741
Unrestricted	(400,832)	685,415	284,583
Total Net Position	<u>77,052</u>	<u>2,003,441</u>	<u>2,080,493</u>
Total Liabilities and Net Position	<u>\$ 962,433</u>	<u>\$ 3,022,836</u>	<u>\$ 3,985,269</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, 2021

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Consolidated Water and Sewer Funds</u>
<u>Operating Revenues</u>			
Water Revenue	\$ 307,315	\$ -	\$ 307,315
Sewer Revenue	-	278,313	278,313
Grant Income	-	600,925	600,925
Reconnect and Water Tap Fees	2,875	-	2,875
Late Fees and Miscellaneous	35,737	-	35,737
Total Operating Revenues	345,927	879,238	1,225,165
<u>Operating Expenses</u>			
Audit Expense	8,000	8,000	16,000
Billing Department	7,611	-	7,611
Depreciation	80,166	67,701	147,867
Insurance	31,007	21,215	52,222
Interest	24,264	38,263	62,527
Miscellaneous	27,791	22,273	50,064
Repairs	23,874	3,114	26,988
Retirement	577	928	1,505
Salaries	127,625	90,062	217,687
Sewer Tests	-	7,324	7,324
Supplies	33,723	18,843	52,566
Taxes - Payroll	9,763	6,890	16,653
Utilities	23,264	33,923	57,187
Administration Services	-	17,915	17,915
Engineering Services	-	287,757	287,757
Vehicle	12,207	8,193	20,400
Total Operating Expenses	409,872	632,401	1,042,273
Total Operating Income /(Loss)	(63,945)	246,837	182,892
<u>Non Operating Revenues/(Expenses)</u>			
Transfers In	-	-	-
Interest Income	24	12	36
Total Non Operating Revenues/(Expenses)	24	12	36
Change in Net Position	\$ (63,921)	\$ 246,849	\$ 182,928
Net Position, Beginning of Year	140,973	1,756,592	1,897,565
Net Position, End of Year	\$ 77,052	\$ 2,003,441	\$ 2,080,493

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

Town of Bernice, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	<u>Water and Sewer Fund</u>
<u>Cash Flows From Operating Activities</u>	
Cash Received from Customers	\$ 628,893
Cash Payments to Suppliers for Goods and Services	(342,110)
Cash Payments to Employees for Services	(237,750)
Other Receipts (Payments)	600,925
Other Receipts (Payments)	(258,218)
Net Cash Provided (Used) by Operating Activities	<u>391,740</u>
<u>Cash Flows From Capital and Related Financing Activities</u>	
Purchase of Capital Assets	(12,215)
Principal Paid on Note Payable - FMHA	(47,587)
Principal Paid on Note Payable - La Dept. of Health & Hospitals	(7,000)
Net Cash Provided (Used) in Capital and Related Financing Activities	<u>(66,802)</u>
<u>Cash Flows From Investing Activities</u>	
Interest Income	36
Net Cash Provided (Used) by Investing Activities	<u>36</u>
Net Increase/(Decrease) in Cash And Cash Equivalents	<u>324,974</u>
Cash And Cash Equivalents, Beginning of Year	259,209
Cash And Cash Equivalents, End of Year	<u>\$ 584,183</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities	
Operating Income/(Loss)	\$ 182,892
<i>Adjustments to Reconcile Net Loss to Net Cash Provided (Used) by Operating Activities:</i>	
Depreciation	147,866
Decrease in Receivables	763
Increase in Inventory	(344)
Increase in Accounts Payable	11,123
Decrease in Accrued Expenses	(1,906)
Increase in Meter Deposits	3,892
Increase in Due to Other Funds, net	47,454
Net Cash Provided/(Used) by Operating Activities	<u>\$ 391,740</u>

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, 2021

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 citizens 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.

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.

Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide 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 (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.

Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2021. 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 8, 2020, 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 14, 2021. 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 consisting 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.

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:

Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

<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:

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.

Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

For the year ended December 31, 2021, taxes were levied on property with assessed valuations totaling \$4,606,560 and were dedicated as follows:

General corporate purpose	5.47 mills
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Total taxes levied were \$25,198. Taxes receivable at December 31, 2021 consisted of the following:

Taxes Receivable	<u>\$13,789</u>
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Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2021

3. CASH AND CASH EQUIVALENTS

At December 31, 2021, the Town of Bernice has cash and cash equivalents (book balances) totaling \$793,733 unrestricted and \$229,741 restricted as follows:

Demand Deposits	\$ 904,025
Petty Cash	100
Time Deposits	<u>119,349</u>
Total	<u>\$1,023,474</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, 2021, the Town of Bernice has \$1,076,145 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$924,562 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

	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Ad Valorem Taxes	\$ 13,789	\$ -	\$ 13,789
Fines	23,795	-	23,795
Fees	-	55,762	55,762
Totals	<u>\$ 37,584</u>	<u>\$ 55,762</u>	<u>\$ 93,346</u>

5. INTERFUND RECEIVABLES, PAYABLES

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 46,999	\$ -
Water Fund	-	391,577
Sewer Fund	344,578	-
Totals	<u>\$ 391,577</u>	<u>\$ 391,577</u>

6. RESTRICTED ASSETS – PROPRIETARY FUND

Restricted assets of the proprietary funds were comprised of the following at December 31, 2021:

Cash for Debt Service	<u>\$229,741</u>
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Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2021

7. CAPITAL ASSETS

	Balance	Additions	Deletions	Balance
	<u>12/31/2020</u>	<u> </u>	<u> </u>	<u>12/31/2021</u>
<u>Governmental Activities</u>				
Land	\$ 259,385	\$ -	\$ -	\$ 259,385
Building and Improvements	776,655	-	-	776,655
Improvements Other Than Buildings	2,306,156	-	-	2,306,156
Infrastructure	715,888	-	-	715,888
Machinery and Equipment	117,008	-	-	117,008
Vehicles	392,475	-	-	392,475
Total	<u>4,567,567</u>	<u>-</u>	<u>-</u>	<u>4,567,567</u>
Less: Accumulated Depreciation				
Buildings and Improvements	425,958	18,331	-	444,289
Improvements Other Than Buildings	1,111,365	61,116	-	1,172,480
Infrastructure	317,382	17,897	-	335,279
Machinery and Equipment	117,008	-	-	117,008
Vehicles	357,581	5,170	-	362,751
Total	<u>2,329,294</u>	<u>102,514</u>	<u>-</u>	<u>2,431,807</u>
Governmental Activities, Capital Assets, net	<u>\$ 2,238,275</u>	<u>\$ (102,514)</u>	<u>\$ -</u>	<u>\$ 2,135,760</u>

	Balance	Additions	Deletions	Balance
	<u>12/31/2020</u>	<u> </u>	<u> </u>	<u>12/31/2021</u>
<u>Business Type Activities</u>				
Land	\$ 13,162	\$ -	\$ -	\$ 13,162
Water and Sewer System	3,661,168	-	-	3,661,168
Computer Equipment	7,998	-	-	7,998
Machinery and Equipment	538,303	12,215	-	550,518
Sewer Rehab	2,708,021	-	-	2,708,021
Total	<u>6,928,652</u>	<u>12,215</u>	<u>-</u>	<u>6,940,867</u>
Less: Accumulated Depreciation				
Water and Sewer System	2,905,971	57,399	-	2,963,370
Computer Equipment	7,998	-	-	7,998
Machinery and Equipment	413,144	22,767	-	435,911
Sewer Rehab	472,438	67,700	-	540,138
Total	<u>3,799,551</u>	<u>147,866</u>	<u>-</u>	<u>3,947,417</u>
Business Type Activities, Capital Assets, net	<u>\$ 3,129,101</u>	<u>\$ (135,651)</u>	<u>\$ -</u>	<u>\$ 2,993,450</u>

Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2021

7. CAPITAL ASSETS (continued)

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

<u>Governmental Activities</u>	
General Government	\$ 79,447
Public Safety	5,170
Streets	<u>17,897</u>
Total Depreciation - Governmental Activities	<u>\$ 102,514</u>
 <u>Business Type Activities</u>	
Water and Sewer	<u>\$ 147,866</u>
Total Depreciation - Business type Activities	<u>\$ 147,866</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 \$33,924 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 2021 totaled \$4,075.

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, 2021	\$ 331,485
Debt Issued	-
Debt Retired	<u>29,662</u>
Debt Payable December 31, 2021	301,823
Less: Current Maturities	<u>30,643</u>
Long-term Debt	<u>\$ 271,180</u>

Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2021

11. LONG-TERM DEBT – PROPRIETARY FUND (continued)

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	30,643	18,898	49,541
2023	32,481	17,060	49,541
2024	34,430	15,111	49,541
2025	36,498	13,043	49,541
2026-2029	167,771	29,556	197,327
Total	\$ <u>301,823</u>	\$ <u>93,668</u>	\$ <u>395,491</u>

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 each beginning on January 14, 2013 and continuing on the fourteenth (14th) day of each month thereafter.

Debt Payable January 1, 2021	\$ 1,029,382
Debt Issued	-
Debt Retired	17,925
Debt Payable December 31, 2021	1,011,457
Less: Current Maturities	18,607
Long-term Debt	\$ <u>992,850</u>

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	107,717	4,256	111,973
Total	\$ <u>1,011,457</u>	\$ <u>674,675</u>	\$ <u>1,686,132</u>

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.

Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2021

11. LONG-TERM DEBT – PROPRIETARY FUND (continued)

Debt Payable January 1, 2021		\$	121,000
Debt Issued			-
Debt Retired			<u>7,000</u>
Debt Payable December 31, 2021			114,000
Less: Current Maturities			<u>7,000</u>
Long-term Debt		\$	<u>107,000</u>

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	7,000	3,933	10,933
2023	7,000	3,157	10,157
2024	8,000	2,950	10,950
2025	8,000	2,714	10,714
2026-2029	34,000	8,467	42,467
2030-2034	<u>50,000</u>	<u>4,543</u>	<u>54,543</u>
Total	\$ <u>114,000</u>	\$ <u>25,764</u>	\$ <u>139,764</u>

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, 2021, \$11,325 remains due and will be repaid in 2 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 are 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.

Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2021

14. TOWN OF BERNICE, LOUISIANA, ELECTED OFFICIALS

<u>Name</u>	<u>Position</u>	<u>Salary</u>	<u>Expires</u>
Mildred Ferguson	Mayor	\$ 22,368	12/31/22
Eddie Horton	Chief of Police (retired on 3/31/21)	10,943	3/31/21
Terrance Ivory	Chief of Police (started on 4/1/21)	28,207	12/31/22
Oliver Gene Terral	Alderman District 1	3,125	12/31/22
John Levingston	Alderman District 2	2,500	12/31/22
Karen Hall	Alderman District 3	2,500	12/31/22
James Montgomery	Alderman District 4	2,500	12/31/22
Amy Pesnell	Alderman District 5	2,500	12/31/22
Total		\$ <u>74,643</u>	

15. PRIOR PERIOD ADJUSTMENT – RESTATEMENT OF FUND BALANCE

The restatement of \$52,394 in the general fund is to correct the amount for net assets. The sale of the medical building, which occurred in 2019, was not reflected in the 2020 financial statements. The restatement of the beginning of the year net position is as follows:

<u>Government Activities</u>	
Net Position as previously stated December 31, 2020	\$ 2,666,756
Net Change of Net Position due to Fixed Asset	
Deletion not properly recorded	<u>(52,394)</u>
Net Position as restated December 31, 2020	<u>\$ 2,614,362</u>

16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 27, 2022, the date that the financial statements were available to be issued, and determined that no events occurred that require disclosure.

Town of Bernice, Louisiana
Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2021

	<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>
Revenues				
Taxes				
Ad Valorem	\$ 27,000	\$ 26,500	\$ 25,199	\$ (1,301)
Tobacco and Beverage	-	-	694	694
Franchise	33,000	38,000	38,555	555
Licenses and Permits	50,000	50,445	52,345	1,900
Fines	60,000	70,000	82,628	12,628
Charges for Services	100,000	100,000	107,410	7,410
Interest Income	-	-	44	44
Other Revenues	7,000	4,325	16,504	12,179
Total Revenues	<u>277,000</u>	<u>289,270</u>	<u>323,379</u>	<u>34,109</u>
Expenditures				
General Government	268,401	259,541	238,981	20,560
Public Safety	162,000	137,368	157,499	(20,131)
Streets	32,000	35,000	37,511	(2,511)
Sanitation	40,494	45,500	55,353	(9,853)
Capital Outlay	-	-	-	-
Total Expenditures	<u>502,895</u>	<u>477,409</u>	<u>489,344</u>	<u>(11,935)</u>
Excess of Revenues over Expenditures	<u>(225,895)</u>	<u>(188,139)</u>	<u>(165,965)</u>	<u>22,174</u>
Other Financing Sources (Uses)				
Operating Transfers - In	220,000	265,000	240,000	(25,000)
Operating Transfers - Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>220,000</u>	<u>265,000</u>	<u>240,000</u>	<u>(25,000)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>(5,895)</u>	<u>76,861</u>	<u>74,035</u>	<u>(2,826)</u>
Fund Balances, Beginning of Year	9,932	149,079	151,572	2,493
Fund Balances, End of Year	<u>\$ 4,037</u>	<u>\$ 225,940</u>	<u>\$ 225,607</u>	<u>\$ (333)</u>

See independent auditors' report.

Town of Bernice, Louisiana
Budgetary Comparison Schedule - Sales Tax Fund
For the Year Ended December 31, 2021

	<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>
<u>Revenues</u>				
Taxes				
Sales & Use	\$ 220,000	\$ 285,342	\$ 289,542	\$ 4,200
Interest Income	85	60	307	247
Total Revenues	<u>220,085</u>	<u>285,402</u>	<u>289,849</u>	<u>4,447</u>
<u>Expenditures</u>				
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>
Excess of Revenues over Expenditures	<u>215,285</u>	<u>280,602</u>	<u>285,049</u>	<u>4,447</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers Out	<u>(200,000)</u>	<u>(265,000)</u>	<u>(240,000)</u>	<u>25,000</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>15,285</u>	<u>15,602</u>	<u>45,049</u>	<u>29,447</u>
Fund Balances, Beginning of Year	94,162	94,162	208,717	114,555
Fund Balances, End of Year	<u>\$ 109,447</u>	<u>\$ 109,764</u>	<u>\$ 253,766</u>	<u>\$ 144,002</u>

See independent auditors' report.

Town of Bernice, Louisiana
Notes to Budgetary Comparison Schedule
For the Year Ended December 31, 2021

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, 2021

Agency Head:

Mildred Ferguson, Mayor

Purpose:

Salary	\$ 22,368
Benefits - Retirement	671
Benefits - Insurance	-
Car Allowance	5,200
Reimbursements	-
Travel	-
Total Compensation, Benefits and Other Payments	<u>\$ 28,239</u>

See independent auditors' report.

Town of Bernice, Louisiana
LCDBG Funds
Balance Sheet
December 31, 2021

Assets

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

Liabilities and Fund Balance

Liabilities

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

Fund Balance

Restricted		<u>13</u>
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<u>Total Liabilities and Fund Balance</u>	<u>\$</u>	<u>13</u>
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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, 2021

<u>Revenues</u>	
LCDBG Program	\$ 305,672
Miscellaneous Revenues	-
Total Revenues	305,672
<u>Expenditures</u>	
Administrative Services	17,915
Engineering Services	287,757
Total Expenditures	305,672
<u>Deficiency of Revenues Over Expenditures</u>	-
<u>Fund Balance - Beginning</u>	13
<u>FUND BALANCE - ENDING</u>	\$ 13

See independent auditors' report.

Town of Bernice
Collecting/Disbursing Entity Schedule
As Required By Act 87 of 2020 Regular Legislative Session
For the Year Ended December 31, 2021

	First Six Month Period Ended 6/30/2021	Second Six Month Period Ended 12/31/2021
Cash Basis Presentation		
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$0	\$29,883
Add: Collections		
Criminal Court Costs/Fees	4,800	6,600
Criminal Fines - Contempt	25,498	37,943
Criminal Fines - Other	100	88
Restitution	250	600
Service/Collection Fees	908	1,379
Total Collections	<u>31,556</u>	<u>46,610</u>
Less: Disbursements To Governments & Nonprofits:		
Union Parish Crime Stoppers, Criminal Fines - Other	320	440
Treasurer, State of Louisiana - CMIS, Criminal Fines - Other	160	220
Louisiana Commission on Law Enforcement, Criminal Fines - Other	433	429
Department of Health and Human Services, Traumatic Health and Spinal Cord Injury Trust Fund, Criminal Fines - Other	590	960
Louisiana Supreme Court, Criminal Fines - Other	80	110
North Louisiana Criminalistics Lab Commission, Criminal Fines - Other	90	80
Less: Amounts Retained by Collecting Agency		
Amounts Self Disbursed for Criminal Fines - Other	0	0
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Other Disbursements to Individuals	0	0
Total Disbursements/Retainage	<u>1,673</u>	<u>2,239</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	\$29,883	\$74,254

See independent auditors' report.

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474

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Phone (318) 323-1717

Fax (318) 322-5121

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, Louisiana (the Town), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 27, 2022.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 were not identified.

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

Report on Compliance and Other Matters

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

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
June 27, 2022

Town of Bernice, Louisiana
Schedule of Findings and Responses
For The Year Ended December 31, 2021

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, 2021, which collectively comprise the basic financial statements and have issued our report thereon dated June 27, 2022. 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, 2021 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
<u>Internal Control</u>		
Material Weaknesses		X
Significant Deficiencies		X
<u>Compliance</u>		
Noncompliance Material to Financial Statements		X

B. Federal Awards – N/A

Section II - Financial Statement Findings

There were no findings in this section.

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, 2021

Internal Control and Compliance Material to the Financial Statements

<u>Findings</u>	<u>Response</u>
20-01 – The Town’s actual expenditures for the year exceeded budgeted expenditures by greater than five percent.	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.

Management Letter

No management letter was issued.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The Town's management is responsible for those C/C areas identified in the SAUPs.

The Town has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:¹
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g.,

¹ For governmental organizations, the practitioner may eliminate those categories and subcategories not applicable to the organization's operations. For quasi-public organizations, including nonprofits, the practitioner may eliminate those categories and subcategories not applicable to public funds administered by the quasi-public.

periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics²**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Findings: Twenty-four exceptions noted where the written policies and procedures of the Town did not address the required topics of the Louisiana Legislative Auditor listed above.

² The Louisiana Code of Ethics is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a nonprofit, the nonprofit should have written policies and procedures relating to ethics.

Board or Finance Committee³

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds⁴, and semi-annual budget-to-actual, at a minimum, on all special revenue funds⁷. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds⁵ if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Findings: Twelve exceptions noted where the minutes did not reference or include monthly budget-to-actual comparisons on any funds. The final procedure could not be performed since there were no monthly budget-to-actual comparisons.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts⁶ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

³ These procedures are not applicable to entities managed by a single elected official, such as a sheriff or assessor.

⁴ Proprietary and special revenue funds are defined under GASB standards. The related procedure addresses these funds as a way to verify that boards are provided with financial information necessary to make informed decisions about entity operations, including proprietary and special revenue operations that are not required to be budgeted under the Local Government Budget Act.

⁵ R.S. 24:513 (A)(1)(b)(iv) defines public funds.

⁶ Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

- 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 it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Findings: Four exceptions noted where the person who reviewed the bank reconciliation was involved in the transaction associated with that bank account. The outstanding items on the bank reconciliations were not dated; therefore, the final procedure could not be performed.

Collections (excluding electronic funds transfers)⁷

- 4. Obtain a listing of deposit sites⁸ for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

We obtained the listing and management's representation.

- 5. For each deposit site selected, obtain a listing of collection locations⁹ and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

⁷ The Collections category is not required to be tested if the entity has a third party contractor performing all collection functions (i.e., receiving collections, preparing deposits, and making deposits).

⁸ A deposit site is a physical location where a deposit is prepared and reconciled.

⁹ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit. For example, in a school district a collection location may be a classroom and a deposit site may be the school office.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Findings: No exceptions noted.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

We obtained the listing and management's representation.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
-

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

Findings: One exception noted where the employee responsible for signing checks also mails the payment.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Findings: Five exceptions noted where the documentation for the disbursement did not show that the segregation of duties tested above was followed correctly.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards¹⁰. Obtain management's representation that the listing is complete.

We obtained the listing and management's representation.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

¹⁰ Including cards used by school staff for either school operations or student activity fund operations.

Findings: Two exceptions noted where there was no evidence that the monthly statement was reviewed or approved in writing by someone other than the authorized card holder.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing)¹¹. For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Findings: One exception noted where there was no original itemized receipt showing the detail of what was purchased. Six exceptions noted where there was no written documentation of the business/public purpose of the purchase.

Travel and Travel-Related Expense Reimbursements¹² (excluding card transactions)

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

Findings: There were no travel or travel-related expense reimbursements during the fiscal year, therefore, this test is not applicable.

¹¹ For example, if 3 of the 5 cards selected were fuel cards, only 10 transactions would be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #12 were fuel cards, Procedure #13 would not be applicable.

¹² Non-travel reimbursements are not required to be tested under this category.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law¹³ (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Findings: There were no contracts in effect during the fiscal year. Therefore, this test is not applicable.

Payroll and Personnel

16. Obtain a listing of employees and officials¹⁴ employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

We obtained the listing and management's representation.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials¹⁵ documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

¹³ If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

¹⁴ "Officials" would include those elected, as well as board members who are appointed.

¹⁵ "Officials" would include those elected, as well as board members who are appointed.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Findings: Three exceptions were noted where employees did not document their daily attendance.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Findings: One exception noted where there was no written evidence of an authorized pay rate in the employee's personnel file.

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

Findings: We obtained the listing and management's representation.

Ethics¹⁶

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Findings: No exceptions noted.

¹⁶ The Louisiana Code of Ethics is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a nonprofit, the procedures should be performed.

Debt Service¹⁷

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

Findings: No exceptions noted.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe the entity has posted, on its premises¹⁸ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.¹⁹

Findings: One exception was noted where the entity did not have posted on its premises the fraud reporting information required by R.S. 24:523.1.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel

¹⁷ This AUP category is generally not applicable to nonprofit entities; however, if applicable, the procedures should be performed.

¹⁸ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

¹⁹ This notice is available for download or print at www.la.la.gov/hotline.

responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Findings: We performed the procedure and discussed the results with management.

Sexual Harassment²⁰

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
 - a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Findings: One exception noted where the Town did not complete the annual sexual harassment report required by R.S. 42:344.

Management's Response

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

²⁰ A private non-profit that is subject to audit by virtue of the receipt of public funds does not appear to be subject to the sexual harassment law, R.S. 42:341, et seq. However, the non-profit could be subject to the law as part of its agreement to receive the public funds.

We were engaged by the Town of Bernice to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those 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.

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

This report is intended solely to describe the scope of testing performed on those 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 27, 2022