

TOWN OF BERNICE, LOUISIANA  
FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2016

TOWN OF BERNICE, LOUISIANA  
ANNUAL FINANCIAL STATEMENTS

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# MARCUS, ROBINSON, and HASSELL

CERTIFIED PUBLIC ACCOUNTANTS  
P.O. BOX 2896  
MONROE, LOUISIANA 71207-2896  
TELEPHONE 322-8106  
FAX 387-5015

Harvey Marcus, CPA  
John Robinson, CPA  
Doyle Hassell, CPA  
Dawn Perkins, CPA  
Brian Robinson, CPA

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

## INDEPENDENT AUDITOR'S REPORT

The Honorable Bill Mitcham, Mayor  
Members of the Board of Alderman  
Town of Bernice, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bernice, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bernice as of December 31, 2016, 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.

## Other Matters

### Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 28 through 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bernice's basic financial statements. The schedule of compensation, benefits and other payments to the agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2017, on our consideration of the Town of Bernice's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bernice's internal control over financial reporting and compliance.

Marcus, Robison & Hassell

Marcus, Robison and Hassell  
June 15, 2017

REQUIRED SUPPLEMENTAL INFORMATION

PART I

TOWN OF BERNICE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2016

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, 2016. Please read it in conjunction with the Town's financial statements, which follows this section.

Financial Highlights

The Town's net position increased \$140,612.

Program and general revenues amounted to \$1,423,028.

Expenses for the year amounted to \$1,282,416.

Capital Asset additions amounted to \$141,817.

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  
DECEMBER 31, 2016

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	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets						
Current and Other Assets	\$ 425,419	\$ 430,809	\$ 611,293	\$ 616,131	\$1,036,712	\$1,046,940
Capital Assets, Net	<u>2,652,094</u>	<u>2,546,743</u>	<u>3,026,043</u>	<u>3,039,529</u>	<u>5,678,137</u>	<u>5,586,272</u>
Total Assets	<u>3,077,513</u>	<u>2,977,552</u>	<u>3,637,336</u>	<u>3,655,660</u>	<u>6,714,849</u>	<u>6,633,212</u>
Liabilities	131,267	141,086	1,918,827	1,967,983	2,050,094	2,109,069
Net Position						
Invested in Capital Assets, net of Related Debt	2,652,094	2,546,743	1,344,987	1,275,882	3,997,081	3,822,625
Restricted	0	0	254,439	269,522	254,439	269,522
Unrestricted	<u>294,152</u>	<u>289,723</u>	<u>119,083</u>	<u>142,273</u>	<u>413,235</u>	<u>431,996</u>
	<u>\$2,946,246</u>	<u>\$2,836,466</u>	<u>\$1,718,509</u>	<u>\$1,687,677</u>	<u>\$4,664,755</u>	<u>\$4,524,143</u>

The largest portion of the Town's net position (86% and 84%) 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 5%) represent resources that are restricted to debt retirement.

The unrestricted net position (9% and 11%) can be used to finance the day-to-day operations of the Town without restraints.

TOWN OF BERNICE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2016

	Change in Net Position				Total Primary	
	Governmental		Business-Type		Government	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues:						
Charges for Services	\$ 181,772	\$ 138,543	\$ 525,817	\$ 533,164	\$ 707,589	\$ 671,707
Grants and Contributions	216,359	20,084	176,229	184,430	392,588	204,514
General Revenues:						
Taxes	271,950	284,263	0	0	271,950	284,263
Licenses	49,763	48,368	0	0	49,763	48,368
Other	616	212	522	165	1,138	377
Total Revenues	<u>720,460</u>	<u>491,470</u>	<u>702,568</u>	<u>717,759</u>	<u>1,423,028</u>	<u>1,209,229</u>
Program Expenses						
General Government	305,951	277,901	0	0	305,951	277,901
Public Safety	230,805	210,556	0	0	230,805	210,556
Streets	47,308	53,933	0	0	47,308	53,933
Sanitation	26,616	27,187	0	0	26,616	27,187
Water and Sewer	0	0	671,736	666,122	671,736	666,122
Total Expenses	<u>610,680</u>	<u>569,577</u>	<u>671,736</u>	<u>666,122</u>	<u>1,282,416</u>	<u>1,235,699</u>
Increase (Decrease) in Net Position	109,780	(78,107)	30,832	51,637	140,612	(26,470)
Net Position, Beginning	<u>2,836,466</u>	<u>2,914,573</u>	<u>1,687,677</u>	<u>1,636,040</u>	<u>4,524,143</u>	<u>4,550,613</u>
Net Position, Ending	<u>\$2,946,246</u>	<u>\$2,836,466</u>	<u>\$1,718,509</u>	<u>\$1,687,677</u>	<u>\$4,664,755</u>	<u>\$4,524,143</u>

Governmental activities increased the Town's net position by \$109,780 for the year 2016. Key elements and highlights are:

- 1) The Town received \$216,359 in grants.
- 2) Depreciation of the capital assets accounted for \$106,763 of the expenses.

The proprietary funds, water and sewer had a net operating income of \$30,832 for the year 2016. Key elements and highlights are:

- 1) The Town received \$176,229 in grants.
- 2) Depreciation of the capital assets accounted for \$155,303 of the expenses.



TOWN OF BERNICE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2016

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 2016 was amended December 13, 2016.

Capital Assets

The Town invested \$141,817 in capital assets for the year 2016.

Economic Factors and Next Year's Budget

The Town has prepared its 2017 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

GOVERNMENT WIDE FINANCIAL STATEMENTS

TOWN OF BERNICE, LOUISIANA  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2016

	<u>Governmental</u> <u>Activities</u>	<u>Business</u> <u>Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 363,132	\$ 82,694	\$ 445,826
Accounts Receivable	24,359	55,894	80,253
Other Receivables	0	48,270	48,270
Property Tax Receivable	30,270	0	30,270
Due From Other Funds	0	162,146	162,146
Prepaid Insurance	7,658	0	7,658
Inventory Supplies	0	7,850	7,850
Restricted Assets			
Cash	0	254,439	254,439
Capital Assets, net	<u>2,652,094</u>	<u>3,026,043</u>	<u>5,678,137</u>
<u>TOTAL ASSETS</u>	<u>3,077,513</u>	<u>3,637,336</u>	<u>6,714,849</u>
<u>LIABILITIES</u>			
Accounts Payable	12,468	55,456	67,924
Accrued Expenses	5,077	14,224	19,301
Due to Other Funds	24,435	137,711	162,146
Long-Term Liabilities:			
Customer Deposits Payable	0	30,380	30,380
Due Within One Year	0	50,949	50,949
Due in More Than One Year	<u>89,287</u>	<u>1,630,107</u>	<u>1,719,394</u>
<u>TOTAL LIABILITIES</u>	<u>131,267</u>	<u>1,918,827</u>	<u>2,050,094</u>
<u>NET POSITION</u>			
Invested in Capital Assets, net of			
Related Debt	2,652,094	1,344,987	3,997,081
Restricted For:			
Debt Service	0	254,439	254,439
Unrestricted	<u>294,152</u>	<u>119,083</u>	<u>413,235</u>
<u>TOTAL NET POSITION</u>	<u>\$2,946,246</u>	<u>\$1,718,509</u>	<u>\$4,664,755</u>

See Notes to Financial Statements

TOWN OF BERNICE, LOUISIANA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<u>FUNCTIONS/PROGRAMS</u>				
<u>GOVERNMENTAL ACTIVITIES:</u>				
General Government	\$ 305,951	\$ 9,750	\$4,245	\$212,114
Public Safety	230,805	96,457	0	0
Streets	47,308	0	0	0
Sanitation	<u>26,616</u>	<u>75,565</u>	<u>0</u>	<u>0</u>
<u>TOTAL GOVERNMENTAL ACTIVITIES</u>	610,680	181,772	4,245	212,114
<u>BUSINESS TYPE ACTIVITIES:</u>				
Water and Sewer	<u>671,736</u>	<u>525,817</u>	<u>0</u>	<u>176,229</u>
<u>TOTAL PRIMARY GOVERNMENT</u>	<u>\$1,282,416</u>	<u>\$707,589</u>	<u>\$4,245</u>	<u>\$388,343</u>

GENERAL REVENUES:

Taxes  
Ad Valorem  
Tobacco and Beverage  
Franchise  
Sales and Uses  
Licenses and Permits  
Interest Income

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, BEGINNING

NET POSITION, ENDING

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ (79,842)	\$ 0	\$ (79,842)
(134,348)	0	(134,348)
(47,308)	0	(47,308)
<u>48,949</u>	<u>0</u>	<u>48,949</u>
(212,549)	0	(212,549)
<u>0</u>	<u>30,310</u>	<u>30,310</u>
(212,549)	30,310	(182,239)
28,274	0	28,274
656	0	656
33,812	0	33,812
209,208	0	209,208
49,763	0	49,763
<u>616</u>	<u>522</u>	<u>1,138</u>
<u>322,329</u>	<u>522</u>	<u>322,851</u>
109,780	30,832	140,612
<u>2,836,466</u>	<u>1,687,677</u>	<u>4,524,143</u>
<u>\$2,946,246</u>	<u>\$1,718,509</u>	<u>\$4,664,755</u>

See Notes to Financial Statements

FUND FINANCIAL STATEMENTS

TOWN OF BERNICE, LOUISIANA  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2016

	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Railroad Grant Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$17,407	\$318,602	\$27,123	\$363,132
Accounts Receivable	24,359	0	0	24,359
Property Tax Receivable	30,270	0	0	30,270
Prepaid Insurance	<u>7,658</u>	<u>0</u>	<u>0</u>	<u>7,658</u>
<u>TOTAL ASSETS</u>	<u>\$79,694</u>	<u>\$318,602</u>	<u>\$27,123</u>	<u>\$425,419</u>
<u>LIABILITIES</u>				
Accounts Payable	\$12,468	\$ 0	\$ 0	\$ 12,468
Accrued Expenses	5,077	0	0	5,077
Due to Other Funds	<u>24,435</u>	<u>0</u>	<u>0</u>	<u>24,435</u>
<u>TOTAL LIABILITIES</u>	41,980	0	0	41,980
<u>FUND BALANCES</u>				
Nonspendable	7,658	0	0	7,658
Assigned	0	318,602	0	318,602
Committed	0	0	27,123	27,123
Unassigned	<u>30,056</u>	<u>0</u>	<u>0</u>	<u>30,056</u>
<u>TOTAL FUND BALANCES</u>	<u>37,714</u>	<u>318,602</u>	<u>27,123</u>	<u>383,439</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$79,694</u>	<u>\$318,602</u>	<u>\$27,123</u>	<u>\$425,419</u>

See Notes to Financial Statements

TOWN OF BERNICE, LOUISIANA  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2016

Total Fund Balances	\$ 383,439
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, are not reported in the governmental funds.	2,652,094
Long-Term debt and notes payable are not due and payable in the current period and, therefore, are not reported in the governmental funds	<u>(89,287)</u>
Net Position-Governmental Activities	<u>\$2,946,246</u>

See Notes to Financial Statements



TOWN OF BERNICE, LOUISIANA  
STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>General</u> <u>Fund</u>	<u>Sales</u> <u>Tax</u> <u>Fund</u>	<u>Railroad</u> <u>Grant</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>REVENUES</u>				
Taxes				
Ad Valorem	\$ 28,274	\$ 0	\$ 0	\$ 28,274
Tobacco and Beverage	656	0	0	656
Franchise	33,812	0	0	33,812
Sales & Use	0	209,208	0	209,208
Licenses and Permits	49,763	0	0	49,763
Fines	96,457	0	0	96,457
Charges for Services	75,565	0	0	75,565
Interest Income	0	616	0	616
Grant Income	216,359	0	0	216,359
Other Revenues	9,750	0	0	9,750
<u>TOTAL REVENUES</u>	<u>510,636</u>	<u>209,824</u>	<u>0</u>	<u>720,460</u>
<u>EXPENDITURES</u>				
General Government	228,338	0	0	228,338
Public Safety	212,542	4,800	0	217,342
Streets	31,621	0	0	31,621
Sanitation	26,616	0	0	26,616
Capital Outlay	212,114	0	0	212,114
<u>TOTAL EXPENDITURES</u>	<u>711,231</u>	<u>4,800</u>	<u>0</u>	<u>716,031</u>
<u>EXCESS OF REVENUES OVER</u> <u>(UNDER) EXPENDITURES</u>	(200,595)	205,024	0	4,429
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	180,000	0	0	180,000
Operating Transfers Out	0	(180,000)	0	(180,000)
<u>TOTAL OTHER FINANCING SOURCES</u> <u>(USES)</u>	<u>180,000</u>	<u>(180,000)</u>	<u>0</u>	<u>0</u>
<u>EXCESS OF REVENUES AND OTHER</u> <u>SOURCES OVER (UNDER)</u> <u>EXPENDITURES</u>	(20,595)	25,024	0	4,429
<u>FUND BALANCE - BEGINNING</u>	<u>58,309</u>	<u>293,578</u>	<u>27,123</u>	<u>379,010</u>
<u>FUND BALANCE - ENDING</u>	<u>\$ 37,714</u>	<u>\$318,602</u>	<u>\$27,123</u>	<u>\$383,439</u>

See Notes to Financial Statements

TOWN OF BERNICE, LOUISIANA  
RECONCILIATION OF GOVERNMENTAL FUND STATEMENTS OF REVENUES  
EXPENDITURES AND CHANGES IN FUND BALANCES TO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

Net Change in Fund Balances - Governmental Funds	\$ 4,429
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Amounts reported for governmental activities in the Statements of Activities are different because:

Government funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are depreciated over their useful lives as depreciation expense.

Expenditures for Capital Outlay - Capitalized	212,114
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Less: Current Year Depreciation	<u>(106,763)</u>
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Change in Net Position - Governmental Activities	<u>\$109,780</u>
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See Notes to Financial Statements

TOWN OF BERNICE, LOUISIANA  
STATEMENTS OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2016

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Consolidated Water and Sewer Funds</u>
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 41,550	\$ 41,144	\$ 82,694
Accounts Receivable	55,894	0	55,894
Other Receivables	0	48,270	48,270
Due from Other Funds	24,435	137,711	162,146
Inventory Supplies	<u>7,850</u>	<u>0</u>	<u>7,850</u>
<u>TOTAL CURRENT ASSETS</u>	<u>129,729</u>	<u>227,125</u>	<u>356,854</u>
<u>Non-Current Assets</u>			
Restricted Cash	92,954	161,485	254,439
Capital Assets, Net	<u>1,152,333</u>	<u>1,873,710</u>	<u>3,026,043</u>
<u>TOTAL NON-CURRENT ASSETS</u>	<u>1,245,287</u>	<u>2,035,195</u>	<u>3,280,482</u>
 <u>TOTAL ASSETS</u>	 <u>\$1,375,016</u>	 <u>\$2,262,320</u>	 <u>\$3,637,336</u>
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Accounts Payable	\$ 4,699	\$ 50,757	\$ 55,456
Accrued Expenses	10,378	3,846	14,224
Due to Other Funds	137,711	0	137,711
Notes Payable - La Dept of H & H - Current	12,055	0	12,055
Notes Payable FMHA - Current	<u>23,463</u>	<u>15,431</u>	<u>38,894</u>
<u>TOTAL CURRENT LIABILITIES</u>	<u>188,306</u>	<u>70,034</u>	<u>258,340</u>
<u>NON-CURRENT LIABILITIES</u>			
Customer Deposits Payable	30,380	0	30,380
Notes Payable - La Dept of H & H	140,000	0	140,000
Notes Payable FMHA	<u>410,803</u>	<u>1,079,304</u>	<u>1,490,107</u>
<u>TOTAL NON-CURRENT LIABILITIES</u>	<u>581,183</u>	<u>1,079,304</u>	<u>1,660,487</u>
 <u>TOTAL LIABILITIES</u>	 <u>769,489</u>	 <u>1,149,338</u>	 <u>1,918,827</u>
<u>NET POSITION</u>			
Invested in Capital Assets, net of related debt	566,012	778,975	1,344,987
Restricted for:			
Debt Service	92,954	161,485	254,439
Unrestricted	<u>(53,439)</u>	<u>172,522</u>	<u>119,083</u>
<u>TOTAL NET POSITION</u>	<u>\$ 605,527</u>	<u>\$1,112,982</u>	<u>\$1,718,509</u>

See Notes to Financial Statements

TOWN OF BERNICE, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Consolidated</u> <u>Water and</u> <u>Sewer Funds</u>
<u>OPERATING REVENUES</u>			
Water Revenue	\$244,727	\$ 0	\$ 244,727
Sewer Revenue	0	252,446	252,446
Federal Grants	19,216	0	19,216
State Grants	108,743	48,270	157,013
Reconnect and Water Tap Fees	5,050	0	5,050
Late Fees and Miscellaneous	<u>23,594</u>	<u>0</u>	<u>23,594</u>
<u>TOTAL OPERATING REVENUES</u>	<u>401,330</u>	<u>300,716</u>	<u>702,046</u>
<u>OPERATING EXPENSES</u>			
Audit Expense	5,000	5,000	10,000
Billing Department	6,493	0	6,493
Depreciation	104,261	51,042	155,303
Insurance	36,068	22,114	58,182
Interest	30,923	41,329	72,252
Miscellaneous	1,063	409	1,472
Repairs	13,479	16,557	30,036
Retirement	1,290	2,112	3,402
Salaries	108,733	99,735	208,468
Sewer Tests	0	7,305	7,305
Supplies	26,769	17,564	44,333
Taxes - Payroll	8,318	7,640	15,958
Utilities	24,888	24,275	49,163
Vehicle	<u>8,118</u>	<u>1,251</u>	<u>9,369</u>
<u>TOTAL OPERATING EXPENSES</u>	<u>375,403</u>	<u>296,333</u>	<u>671,736</u>
<u>OPERATING INCOME</u>	25,927	4,383	30,310
<u>NON-OPERATING REVENUES</u>			
Interest Income	<u>315</u>	<u>207</u>	<u>522</u>
<u>CHANGE IN NET POSITION</u>	26,242	4,590	30,832
<u>NET POSITION, BEGINNING</u>	<u>579,285</u>	<u>1,108,392</u>	<u>1,687,677</u>
<u>NET POSITION, ENDING</u>	<u>\$605,527</u>	<u>\$1,112,982</u>	<u>\$1,718,509</u>

See Notes to Financial Statements

THE TOWN OF BERNICE, LOUISIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS - CONSOLIDATED  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Water and Sewer Fund</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash Received from Customers	\$ 492,729
Cash Payments to Suppliers for Goods and Services	(237,194)
Cash Payments to Employees for Services	(224,426)
Other Receipts (Payments)	<u>93,953</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	125,062
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Purchase of Capital Assets	(141,817)
Principal Paid on Note Payable - FMHA	(36,997)
Loan Proceeds - La Dept. Of Health & Hospitals	<u>19,604</u>
<u>NET USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</u>	(159,210)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest Income	<u>522</u>
<u>NET CASH PROVIDED BY INVESTING ACTIVITIES</u>	<u>522</u>
<u>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	(33,626)
<u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	<u>370,759</u>
<u>CASH AND CASH EQUIVALENTS - ENDING</u>	<u>\$ 337,133</u>

See Notes to Financial Statements

TOWN OF BERNICE, LOUISIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Water and Sewer Fund</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</u>	
Operating Income	\$ 30,310
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	155,303
Change in Assets and Liabilities:	
Increase in Accounts Receivable	(39,813)
Decrease in Inventory	8,001
Increase in Accounts Payable	29,359
Decrease in Accrued Expenses	(321)
Increase in Meter Deposits	4,120
Decrease in Due from Other Funds, net	3,301
Debt Forgiveness - LDHH	<u>(65,198)</u>
<u>NET CASH PROVIDED (FROM) BY OPERATING ACTIVITIES</u>	<u>\$125,062</u>

See Notes to Financial Statements

TOWN OF BERNICE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

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 alderman, elected for four year terms, who are compensated as shown in this report. The Town serves approximately 2000 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 same. The Town employs approximately twenty persons to serve the needs of the citizens of the Town of Bernice.

**NOTE 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) the 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 the 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 of 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 FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**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 Statements 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 per cent (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 per cent (5%) of the corresponding total for all government and enterprise funds combined.
- c. The Town's management believes that the fund is particularly important to the financial statement users.

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

**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:



TOWN OF BERNICE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

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/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 account relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for the proprietary 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 recognized when earned, including unbilled utility services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using 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.

TOWN OF BERNICE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**D. Budget Information**

The Town of Bernice prepared operating budgets for the year ended December 31, 2016. 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, 2015, 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 13, 2016. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

**E. Deposits and Investments**

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

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

**F. Capital Assets**

Capital Assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns in 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 capital 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 accumulate depreciation reflected in the statement of net position. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

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

**G. Compensated Absences**

All unpaid vacation must be taken during the current year or they lapse 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.

TOWN OF BERNICE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

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

Net position represent 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 increase by balances of deferred outflows of resources related to those assets.
- **Restricted net position** - net position is considered restricted if their 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.

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.

TOWN OF BERNICE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**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.

**NOTE 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, 2016, taxes were levied on property with assessed valuations totaling \$5,168,914 and were dedicated as follows:

General corporate purpose	5.47 mills
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Total taxes levied were \$28,274. Taxes receivable at December 31, 2016 consisted of the following:

Taxes Receivable	<u>\$30,270</u>
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**NOTE 3 - CASH AND CASH EQUIVALENTS**

At December 31, 2016, the Town of Bernice has cash and cash equivalents (book balances) totaling \$700,264 unrestricted and \$269,432 restricted as follows:

Demand Deposits	\$531,046
Petty Cash	100
Time Deposits	<u>169,118</u>
Total	<u>\$700,264</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on

TOWN OF BERNICE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**NOTE 3 - CASH AND CASH EQUIVALENTS - continued**

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, 2016, the Town of Bernice has \$792,833 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$292,833 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.

**NOTE 4 - RECEIVABLES**

	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Advalorem Taxes	\$30,270	\$ 0	\$ 30,270
Fines	24,359	0	24,359
Other	0	48,270	48,270
Fees	<u>0</u>	<u>55,894</u>	<u>55,894</u>
Total	<u>\$54,629</u>	<u>\$104,164</u>	<u>\$158,793</u>

**NOTE 5 - INTERFUND RECEIVABLES, PAYABLES**

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 0	\$ 24,435
Water Fund	24,435	137,711
Sewer Fund	<u>137,711</u>	<u>0</u>
	<u>\$162,146</u>	<u>\$162,146</u>

**NOTE 6 - RESTRICTED ASSETS - PROPRIETARY FUND**

Restricted assets of the proprietary funds were comprised of the following at December 31, 2016:

Cash for Debt Service	<u>\$254,439</u>
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**NOTE 7 - CAPITAL ASSETS**

	<u>Balance December 31, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2016</u>
<u>Government Activities</u>				
Land	\$ 259,385	\$ 0	\$0	\$ 259,385
Building and Improvements	931,475	0	0	931,475
Improvements Other Than Buildings	2,270,544	0	0	2,270,544
Infrastructure	503,774	212,114	0	715,888
Machinery and Equipment	117,008	0	0	117,008
Vehicles	<u>356,289</u>	<u>0</u>	<u>0</u>	<u>356,289</u>
Total	4,438,475	212,114	0	4,650,589

TOWN OF BERNICE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**NOTE 7 - CAPITAL ASSETS - continued**

	Balance December 31, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2016</u>
Less: Accumulated Depreciation				
Buildings and Improvements	411,509	22,406	0	433,915
Improvements Other than Buildings	800,364	61,843	0	862,207
Infrastructure	230,103	15,688	0	245,791
Machinery and Equipment	113,532	1,810	0	115,342
Vehicles	<u>336,224</u>	<u>5,016</u>	<u>0</u>	<u>341,240</u>
Total	<u>1,891,732</u>	<u>106,763</u>	<u>0</u>	<u>1,998,495</u>
Governmental Activities, Capital Assets, net	<u>\$2,546,743</u>	<u>\$105,351</u>	<u>\$0</u>	<u>\$2,652,094</u>
<b><u>Business Type Activities:</u></b>				
Land	\$ 13,162	\$ 0	\$0	\$ 13,162
Water and Sewer System	3,546,498	38,820	0	3,585,318
Computer Equipment	7,998	0	0	7,998
Machinery and Equipment	430,855	54,727	0	485,582
Sewer Rehab	<u>2,041,669</u>	<u>48,270</u>	<u>0</u>	<u>2,089,939</u>
Total	6,040,182	141,817	0	6,181,999
Less: Accumulated Depreciation				
Water and Sewer System	2,540,766	80,102	0	2,620,868
Computer Equipment	7,998	0	0	7,998
Machinery and Equipment	286,703	24,159	0	310,862
Sewer Rehab	<u>165,186</u>	<u>51,042</u>	<u>0</u>	<u>216,228</u>
	<u>3,000,653</u>	<u>155,303</u>	<u>0</u>	<u>3,155,956</u>
Business Type Activities Capital Assets, Net	<u>\$3,039,529</u>	<u>\$(13,486)</u>	<u>\$0</u>	<u>\$3,026,043</u>

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

Governmental Activities

General Government	\$ 77,613
Public Safety	13,463
Streets	<u>15,687</u>
Total Depreciation - Governmental Activities	<u>\$106,763</u>

Business Type Activities

Water and Sewer	<u>\$155,303</u>
Total Depreciation - Business type Activities	<u>\$155,303</u>

TOWN OF BERNICE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**NOTE 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.

**NOTE 9 - RETIREMENT PLANS**

All employees of the Town of Bernice, Louisiana, are members of the Social Security System. The Town contributed \$36,631 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 2016 totaled \$6,384.

**NOTE 10 - POST RETIREMENT BENEFITS**

The Town provides no post retirement benefits for its employees.

**NOTE 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, 2016	\$456,431
Debt Issued	0
Debt Retired	<u>22,165</u>
Debt Payable December 31, 2016	434,266
Less: Current Maturities	<u>23,463</u>
Long-term Debt	<u>\$410,803</u>

<u>YEAR ENDING</u> <u>DECEMBER 31,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2017	\$ 23,463	\$ 26,078	\$ 49,541
2018	24,940	24,601	49,541
2019	25,203	24,338	49,541
2020	27,900	21,641	49,541
2021	29,575	19,966	49,541
2022-2029	<u>303,185</u>	<u>93,503</u>	<u>396,688</u>
	<u>\$434,266</u>	<u>\$210,127</u>	<u>\$644,393</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 \$4,685.00 each beginning on January 14, 2013 and continuing on the fourteenth (14<sup>th</sup>) day of each month thereafter.

TOWN OF BERNICE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**NOTE 11 - LONG-TERM DEBT - PROPRIETARY FUND - continued**

Debt Payable January 1, 2016	\$1,109,599
Debt Issued	0
Debt Retired	<u>14,864</u>
Debt Payable December 31, 2016	1,094,735
Less: Current Maturities	<u>15,431</u>
Long-Term Debt	<u>\$1,079,304</u>

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 15,431	\$ 40,789	\$ 56,220
2018	16,019	40,201	56,220
2019	16,630	39,590	56,220
2020	17,265	38,955	56,220
2021	17,993	38,227	56,220
2022-2051	<u>1,011,397</u>	<u>674,375</u>	<u>1,685,772</u>
	<u>\$1,094,735</u>	<u>\$872,137</u>	<u>\$1,966,872</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.

Debt Payable January 1, 2016	\$197,617
Debt Issued	19,604
Debt Forgiven	<u>(65,166)</u>
Debt Payable December 31, 2016	152,055
Less Current Maturities	<u>12,055</u>
Long-Term Debt	<u>\$140,000</u>

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest Adm. Fee</u>	<u>Total</u>
2017	\$ 12,055	\$ 7,660	\$ 19,715
2018	6,000	4,830	10,830
2019	6,000	4,623	10,623
2020	7,000	4,416	11,416
2021	7,000	4,175	11,175
2021-2034	<u>114,000</u>	<u>33,166</u>	<u>147,166</u>
	<u>\$152,055</u>	<u>\$58,870</u>	<u>\$210,925</u>

**NOTE 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.



TOWN OF BERNICE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

The loan is non-interest bearing and has no timetable for repayment nor has a repayment schedule been established. The Town is to repay the loan as funds become available.

**NOTE 13 - DEDICATION OF PROCEEDS AND FLOW OF FUNDS - 1% Sales and Use Tax -**

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

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

**NOTE 14 - PENDING LITIGATION AND CONTINGENT LIABILITIES**

Legal council is unaware of any pending litigations, claims or assessments against the Town as of December 31, 2016, nor are they aware of any facts giving rise to any possible unasserted claims or assessments.

**NOTE 15 - TOWN OF BERNICE, LOUISIANA, ELECTED OFFICIALS**

<u>NAME</u>	<u>POSITION</u>	<u>SALARY</u>	<u>EXPIRES</u>
Bill Mitcham	Mayor	\$21,141	12/31/18
Ricky Albritton	Chief-of Police	36,420	12/31/18
Oliver Gene Terrall	Alderman District 1	3,000	12/31/18
John Levingston	Alderman District 2	2,400	12/31/18
Dennis Franklin	Alderman District 3	2,400	12/31/18
Mildred Ferguson	Alderman District 4	2,400	12/31/18
Amy Pesnell	Alderman District 5	<u>2,400</u>	12/31/18
<u>TOTAL SALARIES</u>		<u>\$70,161</u>	

**NOTE 16 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 15, 2017, the date that the financial statements were available to be issued, and determined that no events occurred that require disclosure.

REQUIRED SUPPLEMENTAL INFORMATION  
(PART II)

TOWN OF BERNICE, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Taxes				
Ad Valorem	\$ 28,000	\$ 23,000	\$ 28,274	\$ 5,274
Tobacco and Beverage	0	0	656	656
Franchise	37,000	32,000	33,812	1,812
Licenses and Permits	48,000	49,314	49,763	449
Fines	50,000	87,527	96,457	8,930
Charges for Services	75,000	72,000	75,565	3,565
Grant Income	0	200,000	216,359	16,359
Other Revenues	<u>10,000</u>	<u>10,000</u>	<u>9,750</u>	<u>(250)</u>
<u>TOTAL REVENUES</u>	<u>248,000</u>	<u>473,841</u>	<u>510,636</u>	<u>36,795</u>
<u>EXPENDITURES</u>				
General Government	214,306	229,679	228,338	1,341
Public Safety	162,000	199,090	212,542	(13,452)
Streets	35,000	35,000	31,621	3,379
Sanitation	26,000	26,844	26,616	228
Capital Outlay	<u>0</u>	<u>200,000</u>	<u>212,114</u>	<u>(12,114)</u>
<u>TOTAL EXPENDITURES</u>	<u>437,306</u>	<u>690,613</u>	<u>711,231</u>	<u>(20,618)</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(189,306)</u>	<u>(216,772)</u>	<u>(200,595)</u>	<u>16,177</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	200,000	200,000	180,000	(20,000)
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>200,000</u>	<u>200,000</u>	<u>180,000</u>	<u>(20,000)</u>
<u>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES</u>	<u>10,694</u>	<u>(16,772)</u>	<u>(20,595)</u>	<u>(3,823)</u>
<u>FUND BALANCE - BEGINNING</u>	<u>58,309</u>	<u>58,309</u>	<u>58,309</u>	<u>0</u>
<u>FUND BALANCE - ENDING</u>	<u>\$ 69,003</u>	<u>\$ 41,537</u>	<u>\$ 37,714</u>	<u>\$(3,823)</u>

See Independent Auditor's Report

TOWN OF BERNICE, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE - SALES TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Taxes				
Sales & Use	\$225,000	\$210,000	\$209,208	\$ (792)
Interest Income	<u>30</u>	<u>400</u>	<u>616</u>	<u>216</u>
<u>TOTAL REVENUES</u>	225,030	210,400	209,824	(576)
<u>EXPENDITURES</u>				
General Government	0	0	0	0
Public Safety	<u>4,800</u>	<u>4,800</u>	<u>4,800</u>	<u>0</u>
<u>TOTAL EXPENDITURES</u>	<u>4,800</u>	<u>4,800</u>	<u>4,800</u>	<u>0</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	220,230	205,600	205,024	(576)
<u>OTHER FINANCING USES</u>				
Operating Transfers Out	<u>200,000</u>	<u>200,000</u>	<u>(180,000)</u>	<u>20,000</u>
<u>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES</u>	20,230	5,600	25,024	19,424
<u>FUND BALANCE, BEGINNING</u>	<u>293,578</u>	<u>293,578</u>	<u>293,578</u>	<u>0</u>
<u>FUND BALANCE, ENDING</u>	<u>\$313,808</u>	<u>\$299,178</u>	<u>\$318,602</u>	<u>\$19,424</u>

See Independent Auditor's Report

TOWN OF BERNICE, LOUISIANA  
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION  
DECEMBER 31, 2016

BUDGETARY COMPARISON SCHEDULES

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.

See Independent Auditor's Report

SUPPLEMENTAL INFORMATION

TOWN OF BERNICE, LOUISIANA  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD  
FOR THE YEAR ENDED DECEMBER 31, 2016

AGENCY HEAD - MAYOR - BILL MITCHAM

Salary	\$21,141
Benefits - Retirement	540
Benefits - Insurance	0
Car Allowance	4,800
Reimbursements	0
Travel	0
	<u>\$26,481</u>

See Independent Auditor's Report

REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS



# MARCUS, ROBINSON, and HASSELL

CERTIFIED PUBLIC ACCOUNTANTS  
P.O. BOX 2896  
MONROE, LOUISIANA 71207-2896  
TELEPHONE 322-8106  
FAX 387-5015

Harvey Marcus, CPA  
John Roinson, CPA  
Doyle Hassell, CPA  
Dawn Perkins, CPA  
Brian Robinson, CPA

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

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

The Honorable Bill Mitcham, Mayor  
Members of the 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 Town of Bernice as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town of Bernice's basic financial statements and have issued our report thereon dated June 15, 2017.

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

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 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (2016-1).

**Compliance and Other Matters**

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

**The Town of Bernice’s Response to Findings**

The Town of Bernice’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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.

This report is intended solely for the information and use of management of the Town of Bernice and the Legislative Auditor of Louisiana and is not intended to be, and should not be used by anyone other than the specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Marcus, Robinson & Hassell*

Marcus, Robinson and Hassell  
June 15, 2017

TOWN OF BERNICE, LOUISIANA  
SCHEDULE OF FINDINGS AND RESPONSES  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016, which collectively comprise the basic financial statements and have issued our report thereon dated June 15, 2017. 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, 2016 resulted in an unmodified opinion.

Section I - Summary of the Auditor's Results

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

Internal Control

Material Weaknesses  Yes  No Significant Deficiency  Yes  No

Compliance

Compliance Material to Financial Statements  Yes  No

B. Federal Awards N/A

Internal Control

Material Weaknesses  Yes  No Significant Deficiency  Yes  No

Type of Opinion on Compliance Unmodified  Modified   
For Major Programs Disclaimer  Adverse

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?

No

C. Identification of Major Programs N/A

Dollar threshold used to distinguish between Type A and Type B Programs N/A.

Is the auditee a "low-risk" auditee as defined by OMB Circular 133  Yes  No N/A

TOWN OF BERNICE, LOUISIANA  
SCHEDULE OF FINDINGS AND RESPONSES  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016

Section II - Financial Statement Findings

2016-1 - Management does not have sufficient capable expertise to prepare financial statements and related footnote disclosures.

Recommendation: No action is recommended.

Management's Response and Planned Corrective Action: We concur in the finding, but it is not economically feasible for corrective action to be taken.

Section III - Federal Award Findings and Questioned Costs

N/A

TOWN OF BERNICE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016

Section I - Internal Control and Compliance Material to Financial Statements

<u>Findings</u>	<u>Response</u>
2015-1 - Management does not have sufficient capable expertise to prepare financial statements and related footnote disclosures.	Unresolved - See Finding 2016-1

Section II - Management Letter

No management letter was issued.