

2220

RECEIVED  
2008 JUN 26 AM 10:54

TOWN OF BERNICE, LOUISIANA  
ANNUAL FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/2/08

TOWN OF BERNICE, LOUISIANA  
ANNUAL FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007  
WITH SUPPLEMENTAL INFORMATION SCHEDULES

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-2
Required Supplementary Information: Management's Discussion and Analysis	3-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	7
Statement of Activities	8
Fund Financial Statements	
Balance Sheet - Governmental Funds	9
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Assets	10
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Statement of Net Assets - Proprietary Fund	13
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund	14
Statement of Cash Flows - Proprietary Fund	15-16
Notes to the Financial Statements	17-26
Required Supplemental Information:	
Budgetary Comparison Schedule - General Fund	27
Budgetary Comparison Schedule - Special Revenue Fund - Sales Tax	28
Budgetary Comparison Schedule - Special Revenue Fund - Railroad Grant Fund	29
Note to the Required Supplemental Information	30
Other Reports:	
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	31-32
Supplementary Information	
Schedule of Findings and Questioned Costs	33
Summary Schedule of Prior Year Audit Findings	34

# MARCUS, ROBINSON and HASSELL

CERTIFIED PUBLIC ACCOUNTANTS

P. O. BOX 2896

TELEPHONE 322-8106

FAX 387-5015

MONROE, LOUISIANA 71207-2896

Harvey Marcus, CPA

John Robinson, CPA

Doyle Hassell, CPA

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

## INDEPENDENT AUDITOR'S REPORT

The Honorable Joe Hicks, Mayor  
Members of the Board of Alderman  
Town of Bernice, Louisiana

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, Louisiana, as of and for the year ended December 31, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Bernice's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, Louisiana as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 24, 2008, 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 grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Required Supplementary Information, as listed in the foregoing table of contents, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying Supplementary Information, as listed in the foregoing table of contents, is presented for the purposes of additional analysis, and is not a required part of the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Marcus, Robinson & Hassell*

Marcus, Robinson and Hassell  
June 24, 2008

REQUIRED SUPPLEMENTAL INFORMATION

PART I

TOWN OF BERNICE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2007

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, 2007. Please read it in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

The Town's net assets increased \$157,585.

Program and general revenues amounted to \$1,186,115.

Expenses for the year amounted to \$1,028,530.

Capital Asset additions amounted to \$418,097.

Overview of the Financial Statements

This annual report consists of three parts:

- Management's discussion and analysis
- Basic financial statements
- Supplementary 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, a utility relocation fund and a proprietary (water and sewer) fund.

TOWN OF BERNICE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2007

Financial Analysis of the Funds

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

	Net Assets					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Assets						
Current and Other Assets	\$ 296,806	\$ 312,592	\$ 101,504	\$ 162,796	\$ 398,310	\$ 475,388
Capital Assets, Net	<u>3,022,666</u>	<u>2,724,205</u>	<u>1,169,454</u>	<u>1,248,411</u>	<u>4,192,120</u>	<u>3,972,616</u>
Total Assets	<u>3,319,472</u>	<u>3,036,797</u>	<u>1,270,958</u>	<u>1,411,207</u>	<u>4,590,430</u>	<u>4,448,004</u>
Liabilities	<u>121,724</u>	<u>115,661</u>	<u>768,600</u>	<u>789,822</u>	<u>890,324</u>	<u>905,483</u>
Net Assets						
Invested in Capital Assets, net of Related Debt	3,022,666	2,724,205	574,977	641,590	3,597,643	3,365,795
Restricted for Debt Service	0	0	47,110	95,017	47,110	95,017
Unrestricted	<u>175,082</u>	<u>196,931</u>	<u>(119,729)</u>	<u>( 115,222)</u>	<u>55,353</u>	<u>81,709</u>
	<u>\$3,197,748</u>	<u>\$2,921,136</u>	<u>\$ 502,358</u>	<u>\$ 621,385</u>	<u>\$3,700,106</u>	<u>\$3,542,521</u>

The largest portion of the Town's net assets (91% and 89%) 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 assets (1% and 2%) represent resources that are restricted to debt retirement.

The unrestricted net assets (5% and 2%) 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, 2007

	Change in Net Assets					
	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues						
Program Revenues:						
Charges for Services	\$ 111,171	\$119,377	\$276,580	\$294,327	\$ 387,751	\$413,704
Capital Grants and Contributions	405,062	7,700	0	0	405,062	7,700
General Revenues:						
Taxes	330,095	341,554	0	0	330,095	341,554
Licenses	54,376	53,657	0	0	54,376	53,657
Other	6,090	11,758	2,741	3,331	8,831	15,089
Total Revenues	<u>906,794</u>	<u>534,046</u>	<u>279,321</u>	<u>297,658</u>	<u>1,186,115</u>	<u>831,704</u>
Program Expenses						
General Government	326,356	303,594	0	0	326,356	303,594
Public Safety	230,980	200,992	0	0	230,980	200,992
Streets	35,284	43,180	0	0	35,284	43,180
Sanitation	37,562	29,873	0	0	37,562	29,873
Water and Sewer	0	0	398,348	372,512	398,348	372,512
Total Expenses	<u>630,182</u>	<u>577,639</u>	<u>398,348</u>	<u>372,512</u>	<u>1,028,530</u>	<u>950,151</u>
Increase (Decrease) in Net Assets	276,612	(43,593)	(119,027)	(74,854)	157,585	(118,447)
Net Assets, Beginning	<u>2,921,136</u>	<u>2,964,729</u>	<u>621,385</u>	<u>696,239</u>	<u>3,542,521</u>	<u>3,660,968</u>
Net Assets, Ending	<u>\$3,197,748</u>	<u>\$2,921,136</u>	<u>\$502,358</u>	<u>\$621,385</u>	<u>\$3,700,106</u>	<u>\$3,542,521</u>

Governmental activities increased the Town's net assets by \$276,612 for the year 2007. Key elements and highlights are:

- 1) The Town received \$405,062 in State grants for the AH 2 Lillie Hwy project.
- 2) The Civic Center generated \$12,200.
- 3) Depreciation of the capital assets accounted for \$118,379 of the expenses.

The proprietary fund, water and sewer had a net operating loss of \$119,027. Depreciation of the capital assets accounted for \$80,214 of the loss.

TOWN OF BERNICE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2007

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 2007 was amended.

Capital Assets

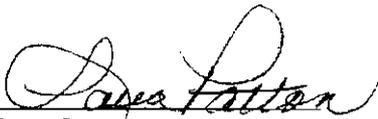
The Town invested \$418,097 in capital assets for the year 2007.

Economic Factors and Next Year's Budget

The Town has prepared its 2008 budget for the General Fund and Special Revenue Funds on the assumption that revenues and expenditures will remain fairly constant next year with the exception of capital assets and related grants mentioned above.

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

June 24, 2008

GOVERNMENT WIDE FINANCIAL STATEMENTS

TOWN OF BERNICE, LOUISIANA  
STATEMENTS OF NET ASSETS  
DECEMBER 31, 2007

	<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	\$ 140,079	\$ 13,018	\$ 153,097
Accounts Receivable	6,412	34,981	41,393
Property Tax Receivable	13,071	0	13,071
Due From Other Funds	130,573	0	130,573
Prepaid Insurance	5,307	0	5,307
Interest Receivable	1,364	275	1,639
Inventory Supplies	0	6,120	6,120
Restricted Assets			
Cash	0	47,110	47,110
Capital Assets, net	<u>3,022,666</u>	<u>1,169,454</u>	<u>4,192,120</u>
<u>TOTAL ASSETS</u>	<u>3,319,472</u>	<u>1,270,958</u>	<u>4,590,430</u>
<u>LIABILITIES</u>			
Accounts Payable	14,341	8,491	22,832
Accrued Expenses	6,772	8,122	14,894
Due to Other Funds	0	130,573	130,573
Long-Term Liabilities:			
Customer Deposits Payable	0	26,937	26,937
Due Within One Year	0	13,930	13,930
Due in More Than One Year	<u>100,611</u>	<u>580,547</u>	<u>681,158</u>
<u>TOTAL LIABILITIES</u>	<u>121,724</u>	<u>768,600</u>	<u>890,324</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, net of			
Related Debt	3,022,666	574,977	3,597,643
Restricted For:			
Debt Service	0	47,110	47,110
Unrestricted	<u>175,082</u>	<u>( 119,729)</u>	<u>55,353</u>
<u>TOTAL NET ASSETS</u>	<u>\$3,197,748</u>	<u>\$ 502,358</u>	<u>\$3,700,106</u>

See Notes to Financial Statements

TOWN OF BERNICE, LOUISIANA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007

		Program Revenues		
<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<u>GOVERNMENTAL ACTIVITIES:</u>				
General Government	\$ 326,356	\$ 17,700	\$ 0	\$405,062
Public Safety	230,980	30,576	0	0
Streets	35,284	0	0	0
Sanitation	37,562	62,895	0	0
<u>TOTAL GOVERNMENTAL ACTIVITIES</u>	630,182	111,171	0	405,062
<u>BUSINESS TYPE ACTIVITIES:</u>				
Water and Sewer	398,348	276,580	0	0
<u>TOTAL PRIMARY GOVERNMENT</u>	<u>\$1,028,530</u>	<u>\$387,751</u>	<u>\$ 0</u>	<u>\$405,062</u>

GENERAL REVENUES:

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

TOTAL GENERAL REVENUES

CHANGE IN NET ASSETS

NET ASSETS, BEGINNING

NET ASSETS, ENDING

Net (Expenses) Revenues and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ 96,406	\$ 0	\$ 96,406
(200,404)	0	(200,404)
(35,284)	0	(35,284)
<u>25,333</u>	<u>0</u>	<u>25,333</u>
(113,949)	0	(113,949)
<u>0</u>	<u>(121,768)</u>	<u>( 121,768)</u>
(113,949)	(121,768)	(235,717)
31,725	0	31,725
3,120	0	3,120
46,587	0	46,587
248,663	0	248,663
54,376	0	54,376
5,311	2,741	8,052
<u>779</u>	<u>0</u>	<u>779</u>
<u>390,561</u>	<u>2,741</u>	<u>393,302</u>
276,612	(119,027)	157,585
<u>2,921,136</u>	<u>621,385</u>	<u>3,542,521</u>
<u>\$3,197,748</u>	<u>\$502,358</u>	<u>\$3,700,106</u>

See Notes to Financial Statements

FUND FINANCIAL STATEMENTS

TOWN OF BERNICE, LOUISIANA  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2007

	<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>ASSETS</u>				
Cash and Cash Equivalents	\$ 7,385	\$132,417	\$277	\$140,079
Accounts Receivable	795	5,617	0	6,412
Property Tax Receivable	13,071	0	0	13,071
Due from Other Funds	130,573	0	0	130,573
Prepaid Insurance	5,307	0	0	5,307
Interest Receivable	<u>0</u>	<u>1,364</u>	<u>0</u>	<u>1,364</u>
<u>TOTAL ASSETS</u>	<u>\$157,131</u>	<u>\$139,398</u>	<u>\$277</u>	<u>\$296,806</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts Payable	\$ 14,341	\$ 0	\$ 0	\$ 14,341
Accrued Expenses	<u>6,772</u>	<u>0</u>	<u>0</u>	<u>6,772</u>
<u>TOTAL LIABILITIES</u>	21,113	0	0	21,113
<u>FUND BALANCES</u>				
Unreserved	<u>136,018</u>	<u>139,398</u>	<u>277</u>	<u>275,693</u>
<u>TOTAL FUND BALANCES</u>	<u>136,018</u>	<u>139,398</u>	<u>277</u>	<u>275,693</u>
<u>TOTAL LIABILITIES AND FUND</u> <u>BALANCE</u>	<u>\$157,131</u>	<u>\$139,398</u>	<u>\$277</u>	<u>\$296,806</u>

See Notes to Financial Statements

TOWN OF BERNICE, LOUISIANA  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2007

Total Fund Balance - Governmental Funds	\$ 275,693
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	3,022,666
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>( 100,611)</u>
Net Assets-Governmental Activities	<u>\$3,197,748</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, 2007

	<u>General</u> <u>Fund</u>	<u>Sales</u> <u>Tax</u> <u>Fund</u>	<u>AH 2</u> <u>Lillie Hwy</u> <u>Grant 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	\$ 31,725	\$ 0	\$ 0	\$ 0	\$ 31,725
Tobacco and Beverage	3,120	0	0	0	3,120
Franchise	46,587	0	0	0	46,587
Sales & Use	0	248,663	0	0	248,663
Licenses and Permits	54,376	0	0	0	54,376
Fines	30,576	0	0	0	30,576
Intergovernmental	0	0	405,062	0	405,062
Charges for Services	62,895	0	0	0	62,895
Interest Income	178	5,133	0	0	5,311
Other Revenues					
Rent	17,700	0	0	0	17,700
Miscellaneous	779	0	0	0	779
<u>TOTAL REVENUES</u>	<u>247,936</u>	<u>253,796</u>	<u>405,062</u>	<u>0</u>	<u>906,794</u>
<u>EXPENDITURES</u>					
General Government	262,915	0	0	96	263,011
Public Safety	188,178	5,200	0	0	193,378
Streets	22,689	0	0	0	22,689
Sanitation	32,725	0	0	0	32,725
Capital Outlay	11,778	0	405,062	0	416,840
<u>TOTAL EXPENDITURES</u>	<u>518,285</u>	<u>5,200</u>	<u>405,062</u>	<u>96</u>	<u>928,643</u>
<u>EXCESS OF REVENUES OVER</u> <u>(UNDER) EXPENDITURES</u>	(270,349)	248,596	0	(96)	(21,849)
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating Transfers In	265,000	0	0	0	265,000
Operating Transfers Out	0	(265,000)	0	0	(265,000)
<u>TOTAL OTHER FINANCING SOURCES</u> <u>(USES)</u>	<u>265,000</u>	<u>( 16,404)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>EXCESS OF REVENUES AND OTHER</u> <u>SOURCES OVER (UNDER)</u> <u>EXPENDITURES</u>	(5,349)	(16,404)	0	(96)	(21,849)
<u>FUND BALANCE - BEGINNING</u>	<u>141,367</u>	<u>155,802</u>	<u>0</u>	<u>373</u>	<u>297,542</u>
<u>FUND BALANCE - ENDING</u>	<u>\$136,018</u>	<u>\$139,398</u>	<u>\$ 0</u>	<u>\$ 277</u>	<u>\$275,693</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, 2007

Net Change in Fund Balances - Governmental Funds	\$ (21,849)
--	-------------

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	416,840
---	---------

Less: Current Year Depreciation	<u>(118,379)</u>
---------------------------------	------------------

Change in Net Assets - Governmental Activities	<u>\$276,612</u>
--	------------------

See Notes to Financial Statements

TOWN OF BERNICE, LOUISIANA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
DECEMBER 31, 2007

Water and  
Sewer Fund

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 13,018
Accounts Receivable	34,981
Interest Receivable	275
Inventory Supplies	<u>6,120</u>
<u>TOTAL CURRENT ASSETS</u>	<u>54,394</u>

Non-Current Assets

Restricted Cash	47,110
Capital Assets, Net	<u>1,169,454</u>
<u>TOTAL NON-CURRENT ASSETS</u>	<u>1,216,564</u>

TOTAL ASSETS

1,270,958

LIABILITIES

Current Liabilities

Accounts Payable	8,491
Accrued Expenses	8,122
Due to Other Funds	130,573
Note Payable FMHA - Current	<u>13,930</u>
<u>TOTAL CURRENT LIABILITIES</u>	<u>161,116</u>

NON-CURRENT LIABILITIES

Customer Deposits Payable	26,937
Note Payable FMHA - Net of Current Portion	<u>580,547</u>
<u>TOTAL NON-CURRENT LIABILITIES</u>	<u>607,484</u>

TOTAL LIABILITIES

768,600

NET ASSETS

Invested in Capital Assets, net of related debt	574,977
Restricted for:	
Debt Service	47,110
Unrestricted	<u>(119,729)</u>
<u>TOTAL NET ASSETS</u>	<u>\$ 502,358</u>

See Notes to Financial Statements

TOWN OF BERNICE, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Water and Sewer Fund</u>
<u>OPERATING REVENUES</u>	
Water Sales	\$183,302
Sewer Fees	83,832
Reconnect and Water Tap Fees	3,325
Late Fees and Miscellaneous	<u>6,121</u>
<u>TOTAL OPERATING REVENUES</u>	276,580
<u>OPERATING EXPENSES</u>	
Bad Debts	4,205
Billing Department	12,007
Depreciation	80,214
Insurance	26,356
Interest	36,276
Miscellaneous	938
Repairs	27,247
Retirement	2,967
Salaries	116,263
Sewer Tests	3,239
Supplies	29,787
Taxes - Payroll	8,894
Utilities	43,973
Vehicle	<u>5,982</u>
<u>TOTAL OPERATING EXPENSES</u>	<u>398,348</u>
<u>OPERATING LOSS</u>	(121,768)
<u>NON-OPERATING REVENUES</u>	
Interest Income	<u>2,741</u>
<u>CHANGE IN NET ASSETS</u>	(119,027)
<u>NET ASSETS, BEGINNING</u>	<u>621,385</u>
<u>NET ASSETS, ENDING</u>	<u>\$502,358</u>

See Notes to Financial Statements

THE TOWN OF BERNICE, LOUISIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Water and Sewer Fund</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash Received from Customers	\$264,602
Cash Payments to Suppliers for Goods and Services	(222,478)
Cash Payments to Employees for Services	(116,263)
Other Receipts (Payments)	<u>20,016</u>
<u>NET CASH USED IN BY OPERATING ACTIVITIES</u>	(54,123)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Purchase of Fixed Assets	( 1,257)
Principal Paid on Note Payable - FMHA	<u>( 12,344)</u>
<u>NET USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</u>	( 13,601)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest on Income	<u>4,310</u>
<u>NET CASH PROVIDED BY INVESTING ACTIVITIES</u>	<u>4,310</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	(63,414)
<u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	<u>123,542</u>
<u>CASH AND CASH EQUIVALENTS - ENDING</u>	<u>\$ 60,128</u>

See Notes to Financial Statements

TOWN OF BERNICE, LOUISIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Water and Sewer Fund</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</u>	
Operating (Loss)	\$(121,768)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	80,214
Change in Assets and Liabilities:	
Increase in Accounts Receivable	(2,533)
Increase in Inventory	(1,158)
Decrease in Accounts Payable	(19,835)
Decrease in Accrued Expenses	(772)
Increase in Meter Deposits	2,804
Increase in Due to Other Funds	<u>8,925</u>
<u>NET CASH USED IN OPERATING ACTIVITIES</u>	<u>\$(54,123)</u>

See Notes to Financial Statements

TOWN OF BERNICE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

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, 2007

**B. Basis of Presentation**

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Assets 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, 2007

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 Fund - 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 assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. 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, 2007

**D. Budget Information**

The Town of Bernice prepared operating budgets for the year ended December 31, 2007. 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 12, 2006, 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. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. The 2007 budgets were amended December 11, 2007.

**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 assets. 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 and sick pay must be taken during the current year or they lapse at December 31. Therefore, there is no accrual of unpaid vacation or sick pay.

TOWN OF BERNICE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

**H. Equity Classifications**

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets."

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

**I. 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.

**J. 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, 2006, taxes were levied on property with assessed valuations totaling \$6,008,538 and were dedicated as follows:

General corporate purpose	5.28 mills
---------------------------	------------

Total taxes levied were \$31,725. Taxes receivable at December 31, 2007 consisted of the following:

Taxes Receivable current roll	<u>\$13,071</u>
-------------------------------	-----------------

TOWN OF BERNICE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

**NOTE 3 - CASH AND CASH EQUIVALENTS**

At December 31, 2007, the Town of Bernice has cash and cash equivalents (book balances) totaling \$153,097 unrestricted and \$47,110 restricted as follows:

Demand Deposits	\$ 33,583
Petty Cash	100
Time Deposits	<u>166,524</u>
Total	<u>\$200,207</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 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, 2007, the Town of Bernice has \$204,949 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$104,949 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>Sales Tax Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Advalorem Taxes	\$13,071	0	\$ 0	\$ 13,071
Sales Taxes	0	5,617	0	5,617
Fines	795	0	0	795
Fees	<u>0</u>	<u>0</u>	<u>34,981</u>	<u>34,981</u>
Total	<u>\$13,866</u>	<u>\$5,617</u>	<u>\$34,981</u>	<u>\$54,464</u>

**NOTE 5 - INTERFUND RECEIVABLES, PAYABLES**

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$130,573	\$ 0
Proprietary Fund	<u>0</u>	<u>130,573</u>
	<u>\$130,573</u>	<u>\$130,573</u>

TOWN OF BERNICE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

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

Restricted assets of the proprietary fund were comprised of the following at December 31, 2007:

Cash for Debt Service	\$47,110
-----------------------	----------

**NOTE 7 - CAPITAL ASSETS**

	Balance December 31, <u>2006</u>	Additions	Deletions	Balance December 31, <u>2007</u>
<b><u>Government Activities</u></b>				
Land	\$ 259,385	\$ 0	\$ 0	\$ 259,385
Building and Improvements	854,447	0	0	854,447
Improvements Other Than Buildings	1,599,301	416,840	0	2,016,141
Infrastructure	503,774	0	0	503,774
Machinery and Equipment	99,277	0	0	99,277
Vehicles	<u>336,451</u>	<u>0</u>	<u>0</u>	<u>336,451</u>
Total	3,652,635	416,840	0	4,069,475
Less: Accumulated Depreciation				
Buildings and Improvements	203,393	21,539	0	224,932
Improvements Other than Buildings	270,617	54,178	0	324,795
Infrastructure	116,756	12,594	0	129,350
Machinery and Equipment	79,404	6,397	0	85,801
Vehicles	<u>258,260</u>	<u>23,671</u>	<u>0</u>	<u>281,931</u>
Total	<u>928,430</u>	<u>118,379</u>	<u>0</u>	<u>1,046,809</u>
Governmental Activities, Capital Assets, net	<u>\$2,724,205</u>	<u>\$298,461</u>	<u>\$ 0</u>	<u>\$3,022,666</u>
<b><u>Business Type Activities:</u></b>				
Land	\$ 10,162	\$ 0	\$ 0	\$ 10,162
Water and Sewer System	3,102,913	0	0	3,102,913
Computer Equipment	7,998	0	0	7,998
Machinery and Equipment	<u>210,556</u>	<u>1,257</u>	<u>0</u>	<u>211,813</u>
Total	3,331,629	1,257	0	<u>3,332,886</u>
Less: Accumulated Depreciation				
Water and Sewer System	1,919,013	66,048	0	1,985,061
Computer Equipment	7,999	0	0	7,999
Machinery and Equipment	<u>156,206</u>	<u>14,166</u>	<u>0</u>	<u>170,372</u>
Total	<u>2,083,218</u>	<u>80,214</u>	<u>0</u>	<u>2,163,432</u>
Business Type Activities Capital Assets, Net	<u>\$1,248,411</u>	<u>\$ 78,957</u>	<u>\$ 0</u>	<u>\$1,169,454</u>

TOWN OF BERNICE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

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

<u>Governmental Activities</u>	
General Government	\$63,345
Public Safety	37,602
Streets	12,595
Sanitation	<u>4,837</u>
Total Depreciation - Governmental Activities	<u>\$118,379</u>
<u>Business Type Activities</u>	
Water and Sewer	<u>\$ 80,214</u>
Total Depreciation - Business type Activities	<u>\$ 80,214</u>

**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 - PENSION PLANS**

All employees of the Town of Bernice, Louisiana, are members of the Social Security System. The Town contributed \$26,599 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 2007 total \$6,203.

**NOTE 10 - POST RETIREMENT BENEFITS**

The Town provides no post retirement benefits for its employees.

TOWN OF BERNICE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

**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.

	<u>ENTERPRISE FUND</u> <u>WATER REVENUE</u> <u>BONDS</u>
Debt Payable January 1, 2007	\$606,821
Debt Issued	0
Debt Retired	<u>12,344</u>
Debt Payable December 31, 2007	594,477
Less: Current Maturities	<u>13,930</u>
Long-term Debt	<u>\$580,547</u>

<u>YEAR ENDING</u> <u>DECEMBER 31,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2008	\$ 13,882	\$ 35,669	\$ 49,551
2009	14,715	34,836	49,551
2010	15,598	33,953	49,551
2011	16,535	33,016	49,551
2012	17,527	32,024	49,551
2013-2029	<u>516,220</u>	<u>326,147</u>	<u>842,367</u>
	<u>\$594,477</u>	<u>\$495,645</u>	<u>\$1,090,122</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.

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.

TOWN OF BERNICE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

**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**

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

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

<u>NAME</u>	<u>POSITION</u>	<u>ADDRESS</u>	<u>SALARY</u>	<u>TERM EXPIRES</u>
Joe Hicks	Mayor	P. O. Box 329 Bernice, LA 71222	15,525	12/31/10
Ricky Albritton	Chief-of Police	705 South Cherry Bernice, LA 71222	26,677	12/31/10
Oliver Gene Terrall	Alderman District 1	929, Pispah Church Rd Bernice, LA 71222	1,875	12/31/10
Rhodell Montgomery	Alderman District 2	P. O. Box 273 Bernice, LA 71222	1,875	12/31/10
Teddy Sutton	Alderman District 3	113 Church St Bernice, LA 71222	1,875	12/31/10
Mildred Ferguson	Alderman District 4	P. O. Box 43 Bernice, LA 71222	1,875	12/31/10
Amy Pesnell	Alderman District 5	3017 Roberson St. Bernice, La 71222	<u>1,875</u>	12/31/10
<u>TOTAL SALARIES</u>			<u>\$51,577</u>	

REQUIRED SUPPLEMENTAL INFORMATION  
(PART II)

TOWN OF BERNICE, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Taxes				
Ad Valorem	\$ 25,000	\$ 25,000	\$31,725	\$ 6,725
Tobacco and Beverage	500	5,671	3,120	(2,551)
Franchise	47,000	46,587	46,587	0
Licenses and Permits	52,000	52,228	54,376	2,148
Fines	32,000	35,500	30,576	(4,924)
Charges for Services	53,000	55,000	62,895	7,895
Other Revenues				
Rent	9,500	13,648	17,700	4,052
Interest Income	0	0	178	178
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>779</u>	( 221)
<u>TOTAL REVENUES</u>	<u>220,000</u>	<u>234,634</u>	<u>247,936</u>	<u>13,302</u>
<u>EXPENDITURES</u>				
General Government	231,088	252,578	262,915	(10,337)
Public Safety	158,000	182,810	188,178	(5,368)
Streets	25,000	30,000	22,689	7,311
Sanitation	21,800	31,972	32,725	(753)
Capital Outlay	<u>0</u>	<u>0</u>	<u>11,778</u>	(11,778)
<u>TOTAL EXPENDITURES</u>	<u>435,888</u>	<u>497,360</u>	<u>518,285</u>	<u>(20,925)</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	(215,888)	(262,726)	(270,349)	(7,623)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	220,000	255,000	265,000	10,000
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>220,000</u>	<u>255,000</u>	<u>265,000</u>	<u>10,000</u>
<u>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES</u>	4,112	(7,726)	(5,349)	2,377
<u>FUND BALANCE - BEGINNING</u>	<u>141,367</u>	<u>141,367</u>	<u>141,367</u>	<u>0</u>
<u>FUND BALANCE - ENDING</u>	<u>\$145,479</u>	<u>\$133,641</u>	<u>\$136,018</u>	<u>\$ 2,377</u>

TOWN OF BERNICE, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE - SALES TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Taxes				
Sales & Use	\$230,000	\$251,470	\$248,663	\$(2,807)
Interest Income	<u>400</u>	<u>550</u>	<u>5,133</u>	<u>4,583</u>
<u>TOTAL REVENUES</u>	<u>230,400</u>	<u>252,020</u>	<u>253,796</u>	<u>1,776</u>
<u>EXPENDITURES</u>				
Public Safety	<u>4,800</u>	<u>4,800</u>	<u>5,200</u>	<u>(400)</u>
<u>TOTAL EXPENDITURES</u>	<u>4,800</u>	<u>4,800</u>	<u>5,200</u>	<u>(400)</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	225,600	247,220	248,596	1,376
<u>OTHER FINANCING USES</u>				
Operating Transfers Out	<u>220,000</u>	<u>255,000</u>	<u>265,000</u>	<u>(10,000)</u>
<u>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES</u>	5,600	(7,780)	(16,404)	(8,624)
<u>FUND BALANCE, BEGINNING</u>	<u>155,802</u>	<u>155,802</u>	<u>155,802</u>	<u>0</u>
<u>FUND BALANCE, ENDING</u>	<u>\$161,402</u>	<u>\$148,022</u>	<u>\$139,398</u>	<u>\$(8,624)</u>

TOWN OF BERNICE, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE - AH 2 - LILLIE HWY GRANT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amount <u>Original/Final</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental	<u>\$405,062</u>	<u>\$405,062</u>	<u>\$0</u>
TOTAL REVENUES	405,062	405,062	0
EXPENDITURES			
Capital Outlay	<u>405,062</u>	<u>405,062</u>	<u>0</u>
<u>TOTAL EXPENDITURES</u>	<u>405,062</u>	<u>405,062</u>	<u>0</u>
<u>EXCESS REVENUES OVER EXPENDITURES</u>	0	0	0
<u>FUND BALANCE, BEGINNING</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>FUND BALANCE, ENDING</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$0</u>

TOWN OF BERNICE, LOUISIANA  
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION  
DECEMBER 31, 2007

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.

REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS

# MARCUS, ROBINSON and HASSELL

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

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

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

## 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 Joe Hicks, Mayor  
Members of the Board of Alderman  
Town of Bernice  
Bernice, Louisiana

We have audited the financial statements of the Town of Bernice, as of and for the year ended December 31, 2007, and have issued our report thereon dated June 24, 2008. 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.

### Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses (Item 2007-1) to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

#### Compliance

As part of obtaining reasonable assurance about whether the Town of Bernice's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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.

*This report is intended solely for the information of management, and use of the Board of Directors, 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. Under Louisiana Revised Statute 24:513, this report is to be distributed by the Legislative Auditor as a public document.*

*Marcus, Robinson & Hassell*

Marcus, Robinson and Hassell  
June 24, 2008

TOWN OF BERNICE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

We have audited the financial statements of the governmental activities, the business type entities, and each major fund of the Town of Bernice, as of and for the year ended December 31, 2007, which collectively comprise the basic financial statements and have issued our report thereon dated June 14, 2008. 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, 2007 resulted in an unqualified opinion.

Section I - Summary of the Auditor's Results

1. 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

Federal Awards

Not Applicable

Section II - Financial Statement Findings

2007-1 - 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

Not Applicable

TOWN OF BERNICE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2007

Section I - Internal Control and Compliance Material to Financial Statements

<u>Findings</u>	<u>Response</u>
2006-1 - Management does not have sufficient capable expertise to prepare financial statements and related footnote disclosures.	Unresolved - See Finding 2007-1

Section II - Management Letter

No management letter was issued.