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TOWN OF BERNICE, LOUISIANA
ANNUAL FINANCIAL STATEMENT
WITH INDEPENDENT AUDITOR'S REPORT
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2004
WITH SUPPLEMENTAL INFORMATION SCHEDULES

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 7-6-05

TOWN OF BERNICE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2004
WITH SUPPLEMENTAL INFORMATION SCHEDULES

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INDEPENDENT AUDITOR'S REPORT

The Honorable Minor Patton, 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, 2004, 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, 2004, 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.

As described in Note 2, the Town of Bernice, Louisiana, has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as of December 31, 2004.

In accordance with Government Auditing Standards, we have also issued our report dated May 27, 2005, 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. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 26 through 29, 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 and Hassell

Marcus, Robinson and Hassell
May 27, 2005

REQUIRED SUPPLEMENTAL INFORMATION

PART I

TOWN OF BERNICE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004

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, 2004. Please read it in conjunction with the Town's financial statements, which follow this section.

This is the first year the Town has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34. Because this new reporting model changes significantly not only the presentation of financial data, but also the manner in which the information is recorded, prior year comparative information for this reporting period's MD & A has not been included. In future years a comparative analysis of government-wide data will be presented.

Financial Highlights

The Town's net assets increased \$16,347.

Program and general revenues amounted to \$897,801.

Expenses for the year amounted to \$881,454.

Capital Asset additions amounted to \$212,256.

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.

Financial Analysis of the Funds

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current and Other Assets	\$ 355,973	\$ 249,890	\$ 605,863
Capital Assets, net	<u>2,629,680</u>	<u>1,360,156</u>	<u>3,989,836</u>
Total Assets	2,985,653	1,610,046	4,595,699
Total Liabilities	<u>300,444</u>	<u>815,726</u>	<u>1,116,170</u>
Net Assets	<u>2,685,209</u>	<u>794,320</u>	<u>3,479,529</u>

TOWN OF BERNICE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Invested in Capital Assets, net of debt	2,529,069	729,518	3,258,587
Restricted	0	69,841	69,841
Unrestricted	<u>156,140</u>	<u>(5,039)</u>	<u>151,101</u>
	<u>2,685,209</u>	<u>794,320</u>	<u>3,479,529</u>

The largest portion of the Town's net assets (94%) 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 (2%) represent resources that are restricted to debt retirement.

The unrestricted net assets (4%) can be used to finance the day-to-day operations of the Town without restraints.

	Change in Net Assets		
	<u>Governmental</u> <u>Activities</u>	<u>Business</u> <u>Type</u> <u>Activities</u>	<u>Total</u> <u>Primary</u> <u>Government</u>
Revenues			
Program Revenues:			
Charges for Services	\$102,250	\$292,818	\$395,068
Operating Grants and Contributions	5,655	0	5,655
Capital Grants and Contributions	154,576	0	154,576
General Revenues:			
Taxes	286,885	0	286,885
Licenses	51,632	0	51,632
Other	<u>2,401</u>	<u>1,584</u>	<u>3,985</u>
Total Revenues	<u>603,399</u>	<u>294,402</u>	<u>897,801</u>
Program Expenses			
General Government	261,098	0	261,098
Public Safety	184,372	0	184,372
Streets	41,075	0	41,075
Sanitation	19,008	0	19,008
Water and Sewer	<u>0</u>	<u>375,901</u>	<u>375,901</u>
Total Expenses	<u>505,553</u>	<u>375,901</u>	<u>881,454</u>
Increase (Decrease) in Net Assets	97,846	(81,499)	16,347
Net Assets - Beginning	<u>2,587,363</u>	<u>875,819</u>	<u>3,463,182</u>
Net Assets - Ending	<u>\$2,685,209</u>	<u>\$794,320</u>	<u>\$3,479,529</u>

Governmental activities increased the Town's net assets by \$97,846. Key elements and highlights are:

- 1) The Town received \$85,326 in State grants for the railroad extension.
- 2) The Town received \$15,000 in State grants and \$28,000 in private donations for the renovation of the Todd Building.
- 3) The Town received \$26,250 from Farmer's Home in a rural development grant to purchase police equipment.

TOWN OF BERNICE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004

Business - Type Activities

The proprietary fund, the water and sewer, experienced an operating loss of \$81,499 for the year. Depreciation of the capital assets accounted for \$77,986. Major repairs for a man-hole cave in totaled approximately \$20,000.

General Fund Budgetary Highlights

The Town did not amend its General Fund budget during the year. At year-end, actual revenues were \$123,536 more than budgeted and actual expenditures were \$129,731 more than budgeted.

Capital Assets

The Town invested \$212,256 in capital assets for the year. This included \$61,192 in renovations to the Todd Building and \$39,270 in the walking trail. The Todd Building now serves as the Town's civic center and also will generate rental revenue. We have been approved and will receive \$50,000 in a state grant for the walking trail in 2005.

The 2004 investment of \$212,256 was funded in part by grants of \$126,576 and private donations of \$28,000.

Economic Factors and Next Year's Budget

The Town has prepared its 2005 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.

The revenues for the Water and Sewer should increase due to an entire year of increased rates. The year 2004 reflected only eight months of the new water and sewer rates approved in March 2004.

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

May 27, 2005

GOVERNMENT WIDE FINANCIAL STATEMENTS

TOWN OF BERNICE, LOUISIANA
STATEMENTS OF NET ASSETS
DECEMBER 31, 2004

	Governmental Activities	Business Type Activities	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	142,506	24,979	167,485
Accounts Receivable	2,941	39,051	41,992
Property Tax Receivable	10,698	0	10,698
Due From State	62,107	0	62,107
Due From Other Funds	133,753	110,716	244,469
Prepaid Insurance	3,902	0	3,902
Interest Receivable	66	254	320
Restricted Assets			
Cash	0	69,841	69,841
Inventory Supplies	0	5,049	5,049
Capital Assets, net	<u>2,629,680</u>	<u>1,360,156</u>	<u>3,989,836</u>
<u>TOTAL ASSETS</u>	<u>2,985,653</u>	<u>1,610,046</u>	<u>4,595,699</u>
<u>LIABILITIES</u>			
Accounts Payable	81,421	11,402	92,823
Accrued Expenses	7,696	11,997	19,693
Due to Other Funds	110,716	133,753	244,469
Long-Term Liabilities:			
Customer Deposits Payable	0	27,939	27,939
Due Within One Year	0	12,544	12,544
Due in More Than One Year	<u>100,611</u>	<u>618,081</u>	<u>718,702</u>
<u>TOTAL LIABILITIES</u>	<u>300,444</u>	<u>815,726</u>	<u>1,116,170</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, net of Related Debt	2,529,069	729,518	3,258,587
Restricted For:			
Debt Service	0	69,841	69,841
Unrestricted	<u>156,140</u>	<u>(5,039)</u>	<u>151,101</u>
<u>TOTAL NET ASSETS</u>	<u>2,685,209</u>	<u>794,320</u>	<u>3,479,529</u>

See Notes to Financial Statements

TOWN OF BERNICE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

	<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	261,098	12,600	540	128,326
Public Safety	184,372	27,921	5,115	26,250
Streets	41,075	0	0	0
Sanitation	<u>19,008</u>	<u>61,729</u>	<u>0</u>	<u>0</u>
<u>TOTAL GOVERNMENTAL ACTIVITIES</u>	505,553	102,250	5,655	154,576
<u>BUSINESS TYPE ACTIVITIES:</u>				
Water and Sewer	<u>375,901</u>	<u>292,818</u>	<u>0</u>	<u>0</u>
<u>TOTAL PRIMARY GOVERNMENT</u>	881,454	395,068	5,655	154,576

GENERAL REVENUES:

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

TOTAL GENERAL FUND

CHANGE IN NET ASSETS

NET ASSETS, BEGINNING, RESTATED

NET ASSETS, ENDING

Net (Expenses) Revenues and Changes in Net Assets

<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Total</u>
(119,632)	0	(119,632)
(125,086)	0	(125,086)
(41,075)	0	(41,075)
<u>42,721</u>	<u>0</u>	<u>42,721</u>
(243,072)	0	(243,072)
<u>0</u>	<u>(83,083)</u>	<u>(83,083)</u>
(243,072)	(83,083)	(326,155)
27,214	0	27,214
649	0	649
40,405	0	40,405
218,617	0	218,617
51,632	0	51,632
2,246	1,584	3,830
<u>155</u>	<u>0</u>	<u>155</u>
<u>340,918</u>	<u>1,584</u>	<u>342,502</u>
97,846	(81,499)	16,347
<u>2,587,363</u>	<u>875,819</u>	<u>3,463,182</u>
<u>2,685,209</u>	<u>794,320</u>	<u>3,479,529</u>

See Notes to Financial Statements

FUND FINANCIAL STATEMENTS

TOWN OF BERNICE, LOUISIANA
BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	<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>Other</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	14,903	127,583	20	0	142,506
Accounts Receivable	2,941	0	0	0	2,941
Property Tax Receivable	10,698	0	0	0	10,698
Due from State	0	0	62,107	0	62,107
Due from Other Funds	133,753	0	0	0	133,753
Prepaid Insurance	3,902	0	0	0	3,902
Interest Receivable	<u>0</u>	<u>66</u>	<u>0</u>	<u>0</u>	<u>66</u>
<u>TOTAL ASSETS</u>	<u>166,197</u>	<u>127,649</u>	<u>62,127</u>	<u>0</u>	<u>355,973</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities					
Accounts Payable	19,314	0	62,107	0	81,421
Accrued Expenses	7,696	0	0	0	7,696
Due to Other Funds	<u>110,716</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>110,716</u>
<u>TOTAL LIABILITIES</u>	137,726	0	62,107	0	199,833
<u>FUND BALANCES</u>					
Unreserved	<u>28,471</u>	<u>127,649</u>	<u>20</u>	<u>0</u>	<u>156,140</u>
<u>TOTAL FUND BALANCES</u>	<u>28,471</u>	<u>127,649</u>	<u>20</u>	<u>0</u>	<u>156,140</u>
<u>TOTAL LIABILITIES AND FUND</u>					
<u>BALANCE</u>	<u>166,197</u>	<u>127,649</u>	<u>62,127</u>	<u>0</u>	<u>355,973</u>

See Notes to Financial Statements

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

Total Fund Balance - Governmental Funds	\$156,140
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.	2,629,680
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>2,685,209</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, 2004

	<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>Other</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>REVENUES</u>					
Taxes					
Ad Valorem	27,214	0	0	0	27,214
Tobacco and Beverage	649	0	0	0	649
Franchise	40,405	0	0	0	40,405
Sales & Use	0	218,617	0	0	218,617
Licenses and Permits	51,632	0	0	0	51,632
Fines	27,921	0	0	0	27,921
Intergovernmental	46,591	0	85,326	314	132,231
Charges for Services	61,729	0	0	0	61,729
Interest Income	0	2,246	0	0	2,246
Other Revenues					
Rent	12,600	0	0	0	12,600
Donations - Todd Building	28,000	0	0	0	28,000
Miscellaneous	155	0	0	0	155
<u>TOTAL REVENUES</u>	<u>296,896</u>	<u>220,863</u>	<u>85,326</u>	<u>314</u>	<u>603,399</u>
<u>EXPENDITURES</u>					
General Government	216,448	25	0	314	216,787
Public Safety	131,721	4,800	0	0	136,521
Streets	28,481	0	0	0	28,481
Sanitation	15,074	0	0	0	15,074
Capital Outlay	135,462	0	85,326	314	220,788
<u>TOTAL EXPENDITURES</u>	<u>527,186</u>	<u>4,825</u>	<u>85,326</u>	<u>314</u>	<u>617,651</u>
<u>EXCESS OF REVENUES OVER</u>					
<u>(UNDER) EXPENDITURES</u>	(230,290)	216,038	0	0	(14,252)
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating Transfers In	237,525	0	20	0	237,545
Operating Transfers Out	(20)	(237,525)	0	0	(237,545)
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>237,505</u>	<u>237,525</u>	<u>20</u>	<u>0</u>	<u>0</u>
<u>EXCESS OF REVENUES AND OTHER</u>					
<u>SOURCES OVER (UNDER)</u>					
<u>EXPENDITURES</u>	7,215	(21,487)	20	0	(14,252)
<u>FUND BALANCE - BEGINNING</u>	<u>21,256</u>	<u>149,136</u>	<u>0</u>	<u>0</u>	<u>170,392</u>
<u>FUND BALANCE - ENDING</u>	<u>28,471</u>	<u>127,649</u>	<u>20</u>	<u>0</u>	<u>156,140</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, 2004

Net Change in Fund Balances - Governmental Funds	\$ (14,252)
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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	212,256
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Less: Current Year Depreciation	<u>(100,158)</u>
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Change in Net Assets - Governmental Activities	<u>97,846</u>
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See Notes to Financial Statements

TOWN OF BERNICE, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
DECEMBER 31, 2004

	<u>Water and Sewer Fund</u>
<u>ASSETS</u>	
<u>Current Assets</u>	
Cash and Cash Equivalents	24,979
Accounts Receivable	39,051
Due from Other Funds	110,716
Interest Receivable	254
Inventory Supplies	<u>5,049</u>
<u>TOTAL CURRENT ASSETS</u>	<u>180,049</u>
 <u>Non-Current Assets</u>	
Restricted Cash	69,841
Capital Assets, Net	<u>1,360,156</u>
<u>TOTAL NON-CURRENT ASSETS</u>	<u>1,429,997</u>
 <u>TOTAL ASSETS</u>	 <u>1,610,046</u>
 <u>LIABILITIES</u>	
<u>Current Liabilities</u>	
Accounts Payable	11,402
Accrued Expenses	11,997
Due to Other Funds	133,753
Note Payable FMHA - Current	<u>12,544</u>
<u>TOTAL CURRENT LIABILITIES</u>	<u>169,696</u>
 <u>NON-CURRENT LIABILITIES</u>	
Customer Deposits Payable	27,939
Note Payable FMHA - Net of Current Portion	<u>618,091</u>
<u>TOTAL NON-CURRENT LIABILITIES</u>	<u>646,030</u>
 <u>TOTAL LIABILITIES</u>	 <u>815,726</u>
 <u>NET ASSETS</u>	
Invested in Capital Assets, net of related debt	729,518
Restricted for:	
Debt Service	69,841
Unrestricted	<u>(5,039)</u>
<u>TOTAL NET ASSETS</u>	<u>794,320</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, 2004

	<u>Water and Sewer Fund</u>
<u>OPERATING REVENUES</u>	
Water Sales	187,942
Sewer Fees	84,564
Reconnect and Water Tap Fees	1,450
Late Fees and Miscellaneous	<u>18,862</u>
<u>TOTAL OPERATING REVENUES</u>	292,818
 <u>OPERATING EXPENSES</u>	
Bad Debts	8,686
Billing Department	7,154
Depreciation	77,986
Insurance	15,486
Interest	38,402
Miscellaneous	6,351
Repairs	36,536
Retirement	1,952
Salaries	103,484
Sewer Tests	2,791
Supplies	20,828
Taxes - Payroll	7,917
Utilities	45,149
Vehicle	<u>3,179</u>
<u>TOTAL OPERATING EXPENSES</u>	375,901
 <u>OPERATING LOSS</u>	 (83,083)
 <u>NON-OPERATING REVENUES</u>	
Interest Income	1,584
 <u>CHANGE IN NET ASSETS</u>	 (81,499)
 <u>NET ASSETS, BEGINNING</u>	 <u>875,819</u>
 <u>NET ASSETS, ENDING</u>	 <u>794,320</u>

See Notes to Financial Statements

THE TOWN OF BERNICE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Water and Sewer Fund</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash Received from Customers	284,386
Cash Payments to Suppliers for Goods and Services	(170,414)
Cash Payments to Employees for Services	(103,484)
Other Receipts (Payments)	<u>(7,662)</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	2,826
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Principal Paid on Revenue Bond Maturities	<u>(11,947)</u>
<u>NET USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</u>	<u>(11,947)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest on Income	<u>1,584</u>
<u>NET CASH PROVIDED BY INVESTING ACTIVITIES</u>	<u>1,584</u>
<u>NET DECREASE IN CASH AND CASH EQUIVALENTS</u>	<u>(7,537)</u>
<u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	<u>102,357</u>
<u>CASH AND CASH EQUIVALENTS - ENDING</u>	<u>94,820</u>

See Notes to Financial Statements

TOWN OF BERNICE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Water and Sewer Fund</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</u>	
Operating (Loss)	(83,083)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	77,986
Change in Assets and Liabilities:	
Increase in Accounts Receivable	(8,432)
Increase in Due from Other Funds	(35,414)
Increase in Interest Receivable	(93)
Increase in Inventory	(2,551)
Increase in Accounts Payable	5,925
Increase in Accrued Expenses	2,088
Increase in Meter Deposits	(166)
Increase in Due to Other Funds	<u>46,566</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>2,826</u>

See Notes to Financial Statements

TOWN OF BERNICE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

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 Aldermen form of government. The Board of Aldermen of the Town of Bernice is comprised of five aldermen, elected for four year terms, who are compensated as shown in this report. The Town serves approximately 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 of 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, 2004

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, 2004

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, 2004

D. Budget Information

The Town of Bernice prepared operating budgets for the year ended December 31, 2004. 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 9, 2003, 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.

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 \$500 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, 2004

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.

K. Report Classification

Certain previously reported amounts for the year ended December 31, 2003 have been reclassified to conform to the December 31, 2004 classifications.

NOTE 2 - CHANGES IN ACCOUNTING PRINCIPLES

For the year ended December 31, 2004, the Town has implemented GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - or State and Local Governments*. GASB Statement No. 34 creates new basic financial statements for reporting on the Town's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements. The Town also implemented GASB Statement No. 38, *Certain Financial Statement Disclosures*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

TOWN OF BERNICE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

The implementation of GASB Statement No. 34 caused the opening fund balance at January 1, 2003 to be restated in terms of "net assets" as follows:

Total Fund Balances - Governmental Funds at January 1, 2003	\$ 170,392
Add: Cost of Capital Asset January 1, net of accumulated depreciation	2,517,582
Less: Long-term Obligations (Compensated Absences) at January 1, 2003	<u>(100,611)</u>
Net Assets at January 1, 2003	<u>\$2,587,363</u>

NOTE 3 - 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, 2004, taxes were levied on property with assessed valuations totaling \$5,154,190 and were dedicated as follows:

General corporate purpose	5.28 mills
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Total taxes levied were \$27,214. Taxes receivable at December 31, 2004 consisted of the following:

Taxes Receivable current roll	<u>10,698</u>
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NOTE 4 - CASH AND CASH EQUIVALENTS

At December 31, 2004, the Town of Bernice has cash and cash equivalents (book balances) totaling \$167,485 unrestricted and \$69,841 restricted as follows:

Demand Deposits	\$66,995
Petty Cash	100
Time Deposits	<u>170,231</u>
Total	<u>\$237,326</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, 2004, the Town of Bernice has \$224,688 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$588,872 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

TOWN OF BERNICE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

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 5 - RECEIVABLES

	General Fund	Special Revenue Funds	Proprietary Fund	Total
Advalorem Taxes	\$10,698	\$ 0	\$ 0	\$10,698
Fines	2,941	0	0	2,941
Fees	0	0	39,051	39,051
Intergovernmental	0	62,107	0	62,107
Total	<u>13,639</u>	<u>62,107</u>	<u>39,051</u>	<u>\$114,797</u>

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES

	Interfund Receivables	Interfund Payables
General Fund	133,753	110,716
Proprietary Fund	110,716	133,753

NOTE 7 - RESTRICTED ASSETS - PROPRIETARY FUND

Restricted assets of the proprietary fund were comprised of the following at December 31, 2004:

Cash for Debt Service	<u>\$69,841</u>
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NOTE 8 - CAPITAL ASSETS

	Balance December 31, 2003	Additions	Deletions	Balance December 31, 2004
Government Activities				
Land	\$259,385	0	0	\$259,385
Building and Improvements	751,309	61,192	0	812,501
Improvements Other Than Buildings	1,257,499	124,596	0	1,382,095
Infrastructure	503,774	0	0	503,774
Machinery and Equipment	86,847	6,630	0	93,477
Vehicles	<u>270,675</u>	<u>19,838</u>	<u>0</u>	<u>290,513</u>
Total	3,129,489	212,256	0	3,341,745

TOWN OF BERNICE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

	Balance December 31, <u>2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2004</u>
Less: Accumulated Depreciation				
Buildings and Improvements	142,524	19,238	0	161,762
Improvements Other than Buildings	142,027	37,445	0	179,472
Infrastructure	78,973	12,594	0	91,567
Machinery and Equipment	60,692	6,303	0	66,995
Vehicles	<u>187,691</u>	<u>24,578</u>	<u>0</u>	<u>212,269</u>
Total	611,907	100,158	0	712,065
Governmental Activities, Capital Assets, net	<u>\$2,517,582</u>	<u>112,098</u>	<u>0</u>	<u>\$2,629,680</u>
Business Type Activities:				
Land	7,162	0	0	7,162
Water and Sewer System	3,079,248	0	0	3,079,248
Computer Equipment	7,998	0	0	7,998
Machinery and Equipment	<u>193,129</u>	<u>0</u>	<u>0</u>	<u>193,129</u>
Total	3,287,537	0	0	3,287,537
Less: Accumulated Depreciation				
Water and Sewer System	1,727,968	63,682	0	1,791,650
Computer Equipment	4,399	1,600	0	5,999
Machinery and Equipment	<u>117,028</u>	<u>12,704</u>	<u>0</u>	<u>129,732</u>
	<u>1,849,395</u>	<u>77,986</u>	<u>0</u>	<u>1,927,381</u>
Business Type Activities Capital Assets, Net	<u>\$1,438,142</u>	<u>(77,986)</u>	<u>0</u>	<u>\$1,360,156</u>

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

<u>Governmental Activities</u>	
General Government	\$44,311
Public Safety	39,319
Streets	12,594
Sanitation	<u>3,934</u>
Total Depreciation - Governmental Activities	<u>\$100,158</u>
 <u>Business Type Activities</u>	
Water and Sewer	\$ 77,986
Total Depreciation - Business type Activities	<u>\$ 77,986</u>

NOTE 9 - 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.

TOWN OF BERNICE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 10 - PENSION PLANS

All employees of the Town of Bernice, Louisiana, are members of the Social Security System. The Town contributed \$21,097 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 2004 total \$4,483.

NOTE 11 - POST RETIREMENT BENEFITS

The Town provides no post retirement benefits for its employees.

NOTE 12 - 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, 2004	642,582
Debt Issued	0
Debt Retired	<u>(11,947)</u>
Debt Payable December 31, 2004	630,635
Less: Current Maturities	<u>(12,544)</u>
Long-term Debt	<u>618,091</u>

<u>YEAR ENDING</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
<u>DECEMBER 31,</u>			
2005	12,544	37,007	49,551
2006	13,171	36,380	49,551
2007	13,830	35,721	49,551
2008	14,521	35,030	49,551
2009	15,247	34,304	49,551
2010-2029	<u>561,322</u>	<u>380,147</u>	<u>941,469</u>
	<u>630,635</u>	<u>558,589</u>	<u>1,189,224</u>

NOTE 13 - 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, 2004

NOTE 14 - 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 15 - PENDING LITIGATION AND CONTINGENT LIABILITIES

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

NOTE 16 - TOWN OF BERNICE, LOUISIANA, ELECTED OFFICIALS

<u>NAME</u>	<u>POSITION</u>	<u>ADDRESS</u>	<u>SALARY</u>	<u>TERM EXPIRES</u>
Minor S. Patton	Mayor	P. O. Box 86 Bernice, LA 71222	13,800	12/31/06
Ricky Albritton	Chief-of Police	705 South Cherry Bernice, LA 71222	22,477	12/31/06
Oliver Gene Terrall	Alderman District 1	929, Pisgah Church Rd Bernice, LA 71222	1,200	12/31/06
Rhodell Montgomery	Alderman District 2	P. O. Box 273 Bernice, LA 71222	1,200	12/31/06
Teddy Sutton	Alderman District 3	113 Church St Bernice, LA 71222	1,200	12/31/06
Mildred Ferguson	Alderman District 4	P. O. Box 43 Bernice, LA 71222	1,200	12/31/06
Amy Pesnell	Alderman District 5	3017 Roberson St. Bernice, La 71222	<u>1,200</u>	12/31/06
<u>TOTAL SALARIES</u>			<u>42,277</u>	

REQUIRED SUPPLEMENTAL INFORMATION
(PART II)

TOWN OF BERNICE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Budgeted Amounts <u>Original/Final</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<u>REVENUES</u>			
Taxes			
Ad Valorem	19,000	27,214	8,214
Tobacco and Beverage	500	649	149
Franchise	35,000	40,405	5,405
Licenses and Permits	45,000	51,632	6,632
Fines	20,000	27,921	7,921
Intergovernmental	860	46,591	45,731
Charges for Services	45,000	61,729	16,729
Other Revenues			
Rent	8,000	12,600	4,600
Donations - Todd Building	0	28,000	28,000
Miscellaneous	0	155	155
<u>TOTAL REVENUES</u>	<u>173,360</u>	<u>296,896</u>	<u>123,536</u>
<u>EXPENDITURES</u>			
General Government	198,155	216,448	(18,293)
Public Safety	138,000	131,721	6,279
Streets	25,000	28,481	(3,481)
Sanitation	36,300	15,074	21,226
Capital Outlay	0	135,462	(135,462)
<u>TOTAL EXPENDITURES</u>	<u>397,455</u>	<u>527,186</u>	<u>(129,731)</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(224,095)</u>	<u>(230,290)</u>	<u>(6,195)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	225,000	237,525	12,525
Operating Transfers Out	0	(20)	(20)
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>225,000</u>	<u>237,505</u>	<u>12,505</u>
<u>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES</u>	<u>905</u>	<u>7,215</u>	<u>6,310</u>
<u>FUND BALANCE - BEGINNING</u>	<u>21,256</u>	<u>21,256</u>	<u>0</u>
<u>FUND BALANCE - ENDING</u>	<u>22,161</u>	<u>28,471</u>	<u>6,310</u>

TOWN OF BERNICE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - SALES TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Budgeted Amount <u>Original/Final</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<u>REVENUES</u>			
Taxes			
Sales & Use	225,000	218,617	(6,383)
Interest Income	<u>400</u>	<u>2,246</u>	<u>1,846</u>
<u>TOTAL REVENUES</u>	<u>225,400</u>	<u>220,863</u>	<u>(4,537)</u>
<u>EXPENDITURES</u>			
General Government	0	25	(25)
Public Safety	<u>4,800</u>	<u>4,800</u>	<u>0</u>
<u>TOTAL EXPENDITURES</u>	<u>4,800</u>	<u>4,825</u>	<u>(25)</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	220,600	216,038	(4,562)
<u>OTHER FINANCING USES</u>			
Operating Transfers Out	<u>(225,000)</u>	<u>(237,525)</u>	<u>(12,525)</u>
<u>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES</u>	(4,400)	(21,487)	(17,087)
<u>FUND BALANCE, BEGINNING</u>	<u>149,136</u>	<u>149,136</u>	<u>0</u>
<u>FUND BALANCE, ENDING</u>	<u>144,736</u>	<u>127,649</u>	<u>(17,087)</u>

TOWN OF BERNICE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - RAILROAD GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Budgeted Amount <u>Original/Final</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental	<u>85,326</u>	<u>85,326</u>	<u>0</u>
TOTAL REVENUES	85,326	85,326	0
EXPENDITURES			
Capital Outlay	<u>85,326</u>	<u>85,326</u>	<u>0</u>
<u>TOTAL EXPENDITURES</u>	<u>85,326</u>	<u>85,326</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, 2004

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.

OTHER REPORTS

MARCUS, ROBINSON and HASSELL

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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Minor Patton, Mayor
Members of the Board of Aldermen
Town of Bernice, Louisiana

We have audited the financial statements of the Town of Bernice, Louisiana, as of and for the year ended December 31, 2004, and have issued our report thereon dated May 27, 2005. 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.

Compliance

As part of obtaining reasonable assurance about whether the Town of Bernice, Louisiana'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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Bernice, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Board of Aldermen 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
May 27, 2005

TOWN OF BERNICE, LOUISIANA
BERNICE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2004

PART I - SUMMARY OF THE AUDITOR'S RESULTS

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There were no reportable conditions required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.
- iii. There were no instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of Federal Awards

- iv. There were no reportable conditions required to be disclosed by OMB Circular No.A-133.
- v. The audit disclosed no audit findings which the auditor is required to report under OMB Circular No. A-133, Section .510(a).
- vi. There were no major federal programs for the year ended December 31, 2004.
- vii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section .520(b) was \$300,000.

PART II - Finding(s) relating to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards:

NONE

TOWN OF BERNICE, LOUISIANA
BERNICE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2004

There were no audit findings reported in the audit for the year ended December 31, 2003.

TOWN OF BERNICE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004

<u>Federal Grants/ Pass Through Grantor/ Program Title</u>	<u>Award Period</u>	<u>Expenditures</u>
Farmers Home - Rural Development	1-1-04/12-31-04	<u>26,250</u>

TOWN OF BERNICE, LOUISIANA
BERNICE, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Bernice, Louisiana and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the primary government financial statements.

NOTE 2 - SUB-RECIPIENTS

The Town did not provide any funding to sub-recipients.