

Town of Bernice, Louisiana

*Financial Report
For The Year Ended December 31, 2023*



Town of Bernice, Louisiana
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For The Year Ended December 31, 2023

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CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474
West Monroe, LA 71294-2474

Phone (318) 323-1717
Fax (318) 322-5121

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bernice, Louisiana (the Town), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of net pension liability, and the schedule of employer's contributions on pages 4-7 and 31-35, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the

basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of compensation, benefits, and other payments to the agency head, Balance Sheet – LCDBG Funds, the Schedule of Revenue, Expenditures and Fund Balance – LCDBG Funds, and Justice System Funding Schedules for Collecting/Disbursing Entities are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The Justice System Funding Schedules are presented to satisfy the requirements of Act 87 of the 2020 Regular Legislative Session. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2024, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
June 25, 2024

Town of Bernice, Louisiana
Management's Discussion and Analysis
For The Year Ended December 31, 2023

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, 2023. Please read it in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

The Town's net position increased \$972,593.

Program and general revenues amounted to \$2,497,374.

Expenses for the year amounted to \$1,524,781.

Capital Asset additions amounted to \$1,381,435.

Overview of the Financial Statements

This annual report consists of three parts:

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

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

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

Town of Bernice, Louisiana
Management's Discussion and Analysis
For The Year Ended December 31, 2023

Financial Analysis of the Funds

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

	Net Position					
	Governmental Activities		Business Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
<u>Assets</u>						
Current & Other	\$ 778,155	\$ 724,859	\$ 1,102,346	\$ 1,138,331	\$ 1,880,501	\$ 1,863,190
Capital Assets, net	2,388,972	2,098,880	3,769,534	2,952,060	6,158,506	5,050,940
Total Assets	<u>\$ 3,167,127</u>	<u>\$ 2,823,739</u>	<u>\$ 4,871,880</u>	<u>\$ 4,090,391</u>	<u>\$ 8,039,007</u>	<u>\$ 6,914,130</u>
<u>Liabilities</u>	\$ 187,114	\$ 112,476	\$ 1,958,508	\$ 1,880,863	\$ 2,145,622	\$ 1,993,339
<u>Net Position</u>						
Invested in Capital Assets, net of debt	2,388,972	2,098,880	2,458,952	1,581,831	4,847,924	3,680,711
Restricted	-	-	300,657	264,227	300,657	264,227
Unrestricted	591,041	612,383	153,763	363,470	744,804	975,853
Total Net Position	<u>\$ 2,980,013</u>	<u>\$ 2,711,263</u>	<u>\$ 2,913,372</u>	<u>\$ 2,209,528</u>	<u>\$ 5,893,385</u>	<u>\$ 4,920,791</u>

The largest portion of the Town's net position (82% and 75%) are invested in capital assets. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

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

The unrestricted net position (13% and 20%) can be used to finance the day-to-day operations of the Town without restraints.

Town of Bernice, Louisiana
Management's Discussion and Analysis
For The Year Ended December 31, 2023

Change in Net Position

	Governmental Activities		Business Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
REVENUES:						
Program Revenues						
Charges for Services	\$ 123,313	\$ 150,057	\$ 778,931	\$ 634,887	\$ 902,244	\$ 784,944
Grants and Contributions	165,013	168,000	928,327	442,388	1,093,340	610,388
General Revenues						
Taxes	383,260	379,761	-	-	383,260	379,761
Licenses	60,328	52,814	-	-	60,328	52,814
Other	56,190	20,088	2,012	49	58,202	20,137
Total Revenues	788,104	770,720	1,709,270	1,077,324	2,497,374	1,848,044
EXPENSES:						
General Government	388,011	380,232	-	-	388,011	380,232
Public Safety	255,725	182,351	-	-	255,725	182,351
Streets	60,765	65,685	-	-	60,765	65,685
Sanitation	57,236	62,120	-	-	57,236	62,120
Water and Sewer	-	-	763,044	948,289	763,044	948,289
Total Expenses	761,737	690,388	763,044	948,289	1,524,781	1,638,677
Transfers In (Out)	242,383	-	(242,383)	-	-	-
Increase (Decrease) in Net Position	268,750	80,332	703,843	129,035	972,593	209,367
Net Position, Beginning of Year	2,711,263	2,630,931	2,209,529	2,080,493	4,920,792	4,711,424
Net Position, End of Year	\$ 2,980,013	\$ 2,711,263	\$ 2,913,372	\$ 2,209,528	\$ 5,893,385	\$ 4,920,791

Governmental activities increased the Town's net position by \$268,750 for the year 2023. Key elements and highlights are:

- 1) Depreciation of the capital assets accounted for \$106,914 of the expenses.

The proprietary funds, water and sewer had a net operating income of \$946,226 for the year 2023. Key elements and highlights are:

- 1) Depreciation of the capital assets accounted for \$166,955 of the expenses.
- 2) The Town received \$928,327 in federal funding through the U.S. Department of Housing and Urban Development as well as an increase in water rates during late 2022 increased charges for services revenue.

Town of Bernice, Louisiana
Management's Discussion and Analysis
For The Year Ended December 31, 2023

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 2023 was amended December 12, 2023.

Capital Assets

The Town invested \$397,006 in capital assets for the year 2023.

Economic Factors and Next Year's Budget

The Town has prepared its 2024 budget for the General Fund and Special Revenue Funds on the assumption that revenues and expenditures will remain fairly constant next year.

Request Information

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

Lana Patton
Town Clerk

Town of Bernice, Louisiana
Statement of Net Position
December 31, 2023

Assets	Governmental Activities	Business-Type Activities	Total
Cash and Cash Equivalents	\$ 571,302	\$ 206,787	\$ 778,089
Accounts Receivable	5,280	70,765	76,045
Grants Receivable	81,858	207,768	289,626
Property Tax Receivable	16,691	-	16,691
Due From Other Funds	38,382	309,073	347,455
Prepaid Insurance	8,470	-	8,470
Inventory Supplies	-	7,296	7,296
Restricted Assets			
Cash	-	300,657	300,657
Capital Assets, net	2,388,972	3,769,534	6,158,506
Total Assets	\$ 3,110,955	\$ 4,871,880	\$ 7,982,835
Deferred Outflows of Resources			
Pension Related	\$ 56,172	\$ -	\$ 56,172
Total Assets and Deferred Outflows of Resources	\$ 3,167,127	\$ 4,871,880	\$ 8,039,007
Liabilities and Net Position			
Liabilities			
Accounts Payable	\$ 105,345	\$ 230,682	\$ 336,027
Accrued Expenses	4,491	5,311	9,802
Due to Other Funds	-	347,455	347,455
Long-Term Liabilities			
Customer Deposits Payable	-	64,478	64,478
Due Within One Year	5,662	62,484	68,146
Due In More Than One Year	5,663	1,248,098	1,253,761
Net Pension Liability	65,925	-	65,925
Total Liabilities	187,086	1,958,508	2,145,594
Deferred Inflows of Resources			
Pension Related	28	-	28
Total Liabilities and Deferred Outflows of Resources	187,114	1,958,508	2,145,622
Net Position			
Invested in Capital Assets, Net of Related Debt	2,388,972	2,458,952	4,847,924
Restricted For:			
Debt Service	-	300,657	300,657
Unrestricted	591,041	153,763	744,804
Total Net Position	2,980,013	2,913,372	5,893,385
Total Liabilities and Net Position	\$ 3,167,127	\$ 4,871,880	\$ 8,039,007

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

	Program Revenues			
	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 388,011	\$ -	\$ 165,013	\$ -
Public Safety	255,725	17,159	-	-
Streets	60,765	-	-	-
Sanitation	57,236	106,154	-	-
Total Governmental Activities	<u>\$ 761,737</u>	<u>\$ 123,313</u>	<u>\$ 165,013</u>	<u>\$ -</u>
Business-Type Activities:				
Water and Sewer	<u>\$ 763,044</u>	<u>\$ 778,931</u>	<u>\$ 928,327</u>	<u>\$ -</u>
Total Business-Type Activities	<u>\$ 763,044</u>	<u>\$ 778,931</u>	<u>\$ 928,327</u>	<u>\$ -</u>
Total Primary Government	<u><u>\$ 1,524,781</u></u>	<u><u>\$ 902,244</u></u>	<u><u>\$ 1,093,340</u></u>	<u><u>\$ -</u></u>

General Revenues:

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

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

Town of Bernice, Louisiana
Statement of Activities
December 31, 2023

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (222,998)	\$ -	\$ (222,998)
(238,566)	-	(238,566)
(60,765)	-	(60,765)
48,918	-	48,918
\$ (473,411)	\$ -	\$ (473,411)
\$ -	\$ 944,214	\$ 944,214
\$ -	\$ 944,214	\$ 944,214
\$ (473,411)	\$ 944,214	\$ 470,803
27,946	-	27,946
875	-	875
43,636	-	43,636
310,803	-	310,803
60,328	-	60,328
10,795	2,012	12,807
242,383	(242,383)	-
45,395	-	45,395
742,161	(240,371)	501,790
268,750	703,843	972,593
2,711,263	2,209,529	4,920,792
\$ 2,980,013	\$ 2,913,372	\$ 5,893,385

Town of Bernice, Louisiana
Balance Sheet
Governmental Funds
December 31, 2023

	General Fund	Sales Tax Fund	Railroad Grant Fund	Total Governmental Funds
Assets				
Assets				
Cash and Cash Equivalents	\$ 159,285	\$ 384,894	\$ 27,123	\$ 571,302
Accounts Receivable	5,280	-	-	5,280
Grants Receivable	81,858	-	-	81,858
Property Tax Receivable	16,691	-	-	16,691
Due From Other Funds	38,382	-	-	38,382
Prepaid Insurance	8,470	-	-	8,470
Total Assets	\$ 309,966	\$ 384,894	\$ 27,123	\$ 721,983

Liabilities and Fund Balances

Liabilities

Accounts Payable	\$ 105,345	\$ -	\$ -	\$ 105,345
Due To Other Funds	-	-	-	-
Accrued Expenses	\$ 4,491	-	-	4,491
Total Liabilities	109,836	-	-	109,836

Fund Balances

Nonspendable	8,469	-	-	8,469
Assigned	-	384,894	-	384,894
Restricted	-	-	-	-
Committed	-	-	27,123	27,123
Unassigned	191,661	-	-	191,661
Total Fund Balances	200,130	384,894	27,123	612,147

Total Liabilities and Fund Balances

	\$ 309,966	\$ 384,894	\$ 27,123	\$ 721,983
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Total Fund Balances \$ 612,147

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

Deferred Outflows - Pension Related	56,172
Deferred Inflows - Pension Related	(28)

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds	2,388,972
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Long-Term debt and notes payable are not due and payable in the current period and, therefore, are not reported in the governmental funds

Net Pension Liability	(65,925)
State of Louisiana Loan	(11,325)
	(77,250)

Net Position of Governmental Activities	\$ 2,980,013
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The accompanying notes are an integral part of this financial statement.

Town of Bernice, Louisiana
Statements of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds
For the Year Ended December 31, 2023

	General Fund	Sales Tax Fund	Railroad Grant Fund	Total Governmental Funds
Revenues				
Taxes				
Ad Valorem	\$ 27,946	\$ -	\$ -	\$ 27,946
Tobacco and Beverage	876	-	-	876
Franchise	43,636	-	-	43,636
Sales & Use	-	310,803	-	310,803
Licenses and Permits	60,328	-	-	60,328
Fines	17,159	-	-	17,159
Charges for Services	106,154	-	-	106,154
Interest Income	4,173	6,622	-	10,795
Grant Income	165,013	-	-	165,013
Other Revenues	45,395	-	-	45,395
Total Revenues	470,680	317,425	-	788,105
Expenditures				
General Government	294,382	-	-	294,382
Public Safety	245,755	4,801	-	250,556
Streets	42,868	-	-	42,868
Sanitation	57,236	-	-	57,236
Capital Outlay	397,006	-	-	397,006
Total Expenditures	1,037,247	4,801	-	1,042,048
Excess of Revenues over Expenditures	(566,567)	312,624	-	(253,943)
Other Financing Sources (Uses)				
Operating Transfers - In	422,382	-	-	422,382
Operating Transfers - Out	-	(180,000)	-	(180,000)
Total Other Financing Sources (Uses)	422,382	(180,000)	-	242,382
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(144,185)	132,624	-	(11,561)
Fund Balances, Beginning of Year	344,315	252,270	27,123	623,708
Fund Balances, End of Year	\$ 200,130	\$ 384,894	\$ 27,123	\$ 612,147
Net Change in Fund Balances - Total Governmental Funds				\$ (11,561)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>				
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.				-
Change in Net Pension Liability (including Deferrals)				(9,781)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets are depreciated over their useful life as depreciation expense.				
Expenditures for Capital Outlay - Capitalized				397,006
Less: Current Year Depreciation				(106,914)
Change in Net Position in Governmental Activities				\$ 268,750

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

Town of Bernice, Louisiana
Statements of Net Position
Proprietary Funds
December 31, 2023

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Consolidated Water and Sewer Funds</u>
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 50,694	\$ 156,093	\$ 206,787
Accounts Receivable	70,765	-	70,765
Grants Receivable	207,768		207,768
Due From Other Funds	-	309,073	309,073
Inventory Supplies	7,296	-	7,296
Total Current Assets	<u>336,523</u>	<u>465,166</u>	<u>801,689</u>
Noncurrent Assets:			
Restricted Cash and Investments	91,057	209,600	300,657
Capital Assets, Net	1,737,052	2,032,482	3,769,534
Total Noncurrent Assets	<u>1,828,109</u>	<u>2,242,082</u>	<u>4,070,191</u>
Total Assets	<u>\$ 2,164,632</u>	<u>\$ 2,707,248</u>	<u>\$ 4,871,880</u>
Liabilities and Net Position			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 221,340	\$ 9,342	\$ 230,682
Accrued Expenses	3,611	1,700	5,311
Due To Other Funds	347,455	-	347,455
Notes Payable - La Dept of H & H - Current	8,000	-	8,000
Notes Payable FMHA - Current	34,430	20,054	54,484
Total Current Liabilities	<u>614,836</u>	<u>31,096</u>	<u>645,932</u>
Noncurrent Liabilities			
Customer Deposits Payable	64,478	-	64,478
Notes Payable - La Dept of H & H	92,000	-	92,000
Notes Payable FMHA	202,623	953,475	1,156,098
Total Noncurrent Liabilities	<u>359,101</u>	<u>953,475</u>	<u>1,312,576</u>
Total Liabilities	<u>973,937</u>	<u>984,571</u>	<u>1,958,508</u>
Net Position			
Invested in Capital Assets, Net of Related Debt	1,399,999	1,058,953	2,458,952
Restricted for Debt Service	91,057	209,600	300,657
Unrestricted	(300,361)	454,124	153,763
Total Net Position	<u>1,190,695</u>	<u>1,722,677</u>	<u>2,913,372</u>
Total Liabilities and Net Position	<u>\$ 2,164,632</u>	<u>\$ 2,707,248</u>	<u>\$ 4,871,880</u>

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

Town of Bernice, Louisiana
Statement of Revenues, Expenses and Changes
in Net Position - Proprietary Funds
For the Year Ended December 31, 2023

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Consolidated Water and Sewer Funds</u>
<u>Operating Revenues</u>			
Water Revenue	\$ 490,732	\$ -	\$ 490,732
Sewer Revenue	-	280,019	280,019
Grant Income	928,327	-	928,327
Reconnect and Water Tap Fees	2,125	-	2,125
Late Fees and Miscellaneous	6,055	-	6,055
Total Operating Revenues	<u>1,427,239</u>	<u>280,019</u>	<u>1,707,258</u>
<u>Operating Expenses</u>			
Audit Expense	11,500	14,500	26,000
Billing Department	13,073	-	13,073
Depreciation	99,254	67,701	166,955
Insurance	39,362	23,983	63,345
Interest	20,097	36,867	56,964
Miscellaneous	41,402	17,635	59,037
Repairs	62,648	52,372	115,020
Retirement	1,800	-	1,800
Salaries	102,423	-	102,423
Sewer Tests	-	5,919	5,919
Supplies	50,805	7,931	58,736
Taxes - Payroll	7,835	-	7,835
Utilities	17,111	37,265	54,376
Consulting Fees	22,324	-	22,324
Vehicle	9,061	176	9,237
Total Operating Expenses	<u>498,695</u>	<u>264,349</u>	<u>763,044</u>
Total Operating Income /(Loss)	<u>928,544</u>	<u>15,670</u>	<u>944,214</u>
<u>Non Operating Revenues/(Expenses)</u>			
Transfers In	101,346	-	101,346
Transfers Out	-	(343,729)	(343,729)
Interest Income	1,981	31	2,012
Total Non Operating Revenues/(Expenses)	<u>103,327</u>	<u>(343,698)</u>	<u>(240,371)</u>
Change in Net Position	\$ 1,031,871	\$ (328,028)	\$ 703,843
Net Position, Beginning of Year	<u>158,824</u>	<u>2,050,705</u>	<u>2,209,529</u>
Net Position, End of Year	<u><u>\$ 1,190,695</u></u>	<u><u>\$ 1,722,677</u></u>	<u><u>\$ 2,913,372</u></u>

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

Town of Bernice, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	<u>Water and Sewer Fund</u>
<u>Cash Flows From Operating Activities</u>	
Cash Received from Customers	\$ 765,662
Cash Payments to Suppliers for Goods and Services	(332,755)
Cash Payments to Employees for Services	(113,025)
Other Receipts (Payments)	849,095
Other Receipts (Payments)	(370,919)
Net Cash Provided (Used) by Operating Activities	<u>798,058</u>
<u>Cash Flows From Capital and Related Financing Activities</u>	
Purchase of Capital Assets	(984,429)
Principal Paid on Note Payable - FMHA	(52,647)
Principal Paid on Note Payable - La Dept. of Health & Hospitals	(7,000)
Net Cash Provided (Used) in Capital and Related Financing Activities	<u>(1,044,076)</u>
<u>Cash Flows From Investing Activities</u>	
Interest Income	2,012
Net Cash Provided (Used) by Investing Activities	<u>2,012</u>
Net Increase/(Decrease) in Cash And Cash Equivalents	<u>(244,006)</u>
Cash And Cash Equivalents, Beginning of Year	751,450
Cash And Cash Equivalents, End of Year	<u><u>\$ 507,444</u></u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities	
Operating Income/(Loss)	\$ 944,214
<i>Adjustments to Reconcile Net Loss to Net Cash Provided (Used) by Operating Activities:</i>	
Depreciation	166,955
Increase in Accounts Receivable	(18,068)
Increase in Grants Receivable	(207,768)
Increase in Accounts Payable	200,458
Decrease in Accrued Expenses	(1,381)
Transfers In/Out, net	(242,383)
Increase in Meter Deposits	4,800
Decrease in Due to Other Funds, net	(48,769)
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ 798,058</u></u>

The accompanying notes are an integral part of this financial statement

Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

Component Units

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

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

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

Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

C. Measurement focus and basis of accounting

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

The government-wide financial statements and fund financial statements for the proprietary fund are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recorded when earned, including unbilled utility services which are accrued. Expenses are recognized at the time the liability is incurred.

Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

D. Budget Information

The Town of Bernice prepared operating budgets for the year ended December 31, 2023. 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 13, 2022, and the budgets were adopted by the mayor and council members. The budgets presented anticipated revenues and expenditures on a basis consistent with generally accepted accounting principles. The budgets were amended December 12, 2023. Appropriations lapse at year end and must be re-appropriated for the following year to be expended.

E. Deposits and Investments

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

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

F. Capital Assets

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

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

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

Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

G. Compensated Absences

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

H. Equity Classifications – Government-wide Statements

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

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

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

I. Fund Equity of Fund Financial Statements

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

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

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

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

Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

J. Estimates

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

K. Bad Debts

Uncollectible accounts receivable are charged directly against earnings when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles. Management feels the receivables recorded are collectible and no bad debt allowance is necessary.

2. AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in October or November and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Union Parish.

For the year ended December 31, 2023, taxes were levied on property with assessed valuations totaling \$5,109,000 and were dedicated as follows:

General corporate purpose	5.47 mills
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Total taxes levied were \$27,946. Taxes receivable at December 31, 2023, consisted of the following:

Taxes Receivable	<u>\$16,691</u>
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Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2023

3. CASH AND CASH EQUIVALENTS

At December 31, 2023, the Town of Bernice has cash and cash equivalents (book balances) totaling \$778,089 unrestricted and \$300,657 restricted as follows:

Demand Deposits	\$ 955,083
Petty Cash	100
Time Deposits	<u>123,563</u>
Total	<u>\$1,078,746</u>

These deposits are stated at cost, which approximates market. The Town does not have a policy for custodial credit risk; however, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2023, the Town of Bernice has \$1,164,839 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$664,839 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town of Bernice that the fiscal agent has failed to pay deposited funds upon demand.

4. RECEIVABLES

	<u>General Fund</u>		<u>Proprietary Fund</u>		<u>Total</u>
Ad Valorem					
Taxes	\$ 16,691	\$	-	\$	16,691
Fines	5,280		-		5,280
Grants	81,858		207,768		289,626
Fees	<u>-</u>		<u>70,765</u>		<u>70,765</u>
Totals	<u>\$ 103,829</u>	\$	<u>278,533</u>	\$	<u>382,362</u>

5. INTERFUND RECEIVABLES, PAYABLES

		<u>Interfund Receivables</u>		<u>Interfund Payables</u>
General Fund	\$	38,382	\$	-
Water Fund		-		347,455
Sewer Fund		<u>309,073</u>		-
Totals	<u>\$</u>	<u>347,455</u>	<u>\$</u>	<u>347,455</u>

6. RESTRICTED ASSETS – PROPRIETARY FUND

Restricted assets of the proprietary funds were comprised of the following at December 31, 2023:

Cash for Debt Service	<u>\$300,657</u>
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Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2023

7. CAPITAL ASSETS

	Balance		Additions		Deletions		Balance
	<u>12/31/2022</u>						<u>12/31/2023</u>
<u>Governmental Activities</u>							
Land	\$ 259,385	\$	-	\$	-	\$	259,385
Building and Improvements	842,655		397,006		-		1,239,661
Improvements Other Than Buildings	2,306,156		-		-		2,306,156
Infrastructure	715,888		-		-		715,888
Machinery and Equipment	117,008		-		-		117,008
Vehicles	392,475		-		-		392,475
Total	<u>4,633,567</u>		<u>397,006</u>		<u>-</u>		<u>5,030,573</u>
Less: Accumulated Depreciation							
Buildings and Improvements	462,986		22,732		-		485,718
Improvements Other Than Buildings	1,233,596		61,116		-		1,294,712
Infrastructure	353,176		17,897		-		371,073
Machinery and Equipment	117,008		-		-		117,008
Vehicles	367,921		5,169		-		373,090
Total	<u>2,534,687</u>		<u>106,914</u>		<u>-</u>		<u>2,641,601</u>
Governmental Activities, Capital Assets, net	<u>\$ 2,098,880</u>	\$	<u>290,092</u>	\$	<u>-</u>	\$	<u>2,388,972</u>
	Balance		Additions		Deletions		Balance
	<u>12/31/2022</u>						<u>12/31/2023</u>
<u>Business Type Activities</u>							
Land	\$ 13,162	\$	-	\$	-	\$	13,162
Water and Sewer System	3,661,168		900,470		-		4,561,638
Computer Equipment	7,998		-		-		7,998
Machinery and Equipment	663,957		83,959		-		747,916
Sewer Rehab	2,708,021		-		-		2,708,021
Total	<u>7,054,306</u>		<u>984,429</u>		<u>-</u>		<u>8,038,735</u>
Less: Accumulated Depreciation							
Water and Sewer System	3,020,272		56,146		-		3,076,418
Computer Equipment	7,998		-		-		7,998
Machinery and Equipment	466,136		43,109		-		509,245
Sewer Rehab	607,840		67,700		-		675,540
Total	<u>4,102,246</u>		<u>166,955</u>		<u>-</u>		<u>4,269,201</u>
Business Type Activities, Capital Assets, net	<u>\$ 2,952,060</u>	\$	<u>817,474</u>	\$	<u>-</u>	\$	<u>3,769,534</u>

Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2023

7. CAPITAL ASSETS (continued)

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

<u>Governmental Activities</u>	
General Government	\$ 83,848
Public Safety	5,169
Streets	<u>17,897</u>
Total Depreciation - Governmental Activities	<u>\$ 106,914</u>
 <u>Business Type Activities</u>	
Water and Sewer	\$ 166,955
Total Depreciation - Business type Activities	<u>\$ 166,955</u>

8. INVENTORIES

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

9. RETIREMENT PLANS

All employees of the Town of Bernice, Louisiana, are members of the Social Security System. The Town contributed \$27,394 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 2023 totaled \$4,241.

10. LONG-TERM DEBT – PROPRIETARY FUND

Water Revenue Bond:

Water System Construction. Interest rate is 6%. Payment of interest only was due on October 23, 1990 and 1991. Principal and interest is due October 23, 1992 to 2029. The original bond issuance is for \$735,600.

Debt Payable January 1, 2023	\$ 270,381
Debt Issued	-
Debt Retired	<u>33,328</u>
Debt Payable December 31, 2023	237,053
Less: Current Maturities	<u>34,430</u>
Long-term Debt	<u>\$ 202,623</u>

Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	34,430	15,111	49,541
2025	36,498	13,043	49,541
2026	38,688	10,853	49,541
2027-2029	<u>127,437</u>	<u>21,186</u>	<u>148,623</u>
Total	\$ <u>237,053</u>	\$ <u>60,193</u>	\$ <u>297,246</u>

Sewer Revenue Bond:

Sewer improvement construction dated December 14, 2011, interest rate 3.75%, original bond issuance \$1,151,000. Bond is payable over a forty (40) year period, with a payment falling due on December 14, 2012, and with amortized payments of principal and interest in the amount of \$4,685 each beginning on January 14, 2013 and continuing on the fourteenth (14th) day of each month thereafter.

Debt Payable January 1, 2023	\$ 992,848
Debt Issued	-
Debt Retired	<u>19,319</u>
Debt Payable December 31, 2023	973,529
Less: Current Maturities	<u>20,054</u>
Long-term Debt	\$ <u>953,475</u>

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	20,054	36,166	56,220
2025-2029	112,348	168,752	281,100
2030-2034	135,479	145,621	281,100
2035-2039	163,369	117,731	281,100
2040-2044	197,005	84,095	281,100
2045-2049	237,562	43,538	281,100
2050-2051	<u>107,712</u>	<u>4,256</u>	<u>111,968</u>
Total	\$ <u>973,529</u>	\$ <u>600,159</u>	\$ <u>1,573,688</u>

Water Tank Renovation Bond

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

Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

Debt Payable January 1, 2023	\$ 107,000
Debt Issued	-
Debt Retired	<u>7,000</u>
Debt Payable December 31, 2023	100,000
Less: Current Maturities	<u>8,000</u>
Long-term Debt	<u>\$ 92,000</u>

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	8,000	2,950	10,950
2025	8,000	2,714	10,714
2026-2029	34,000	8,467	42,467
2030-2034	<u>50,000</u>	<u>4,543</u>	<u>54,543</u>
Total	\$ <u>100,000</u>	\$ <u>18,674</u>	\$ <u>118,674</u>

11. GENERAL FUND LONG-TERM DEBT

The general long-term debt is a loan from the State of Louisiana for Utility Relocation Assistance Funds as promulgated in accordance with R.S. 48:381. The funds were advanced for payment of the Town's portion of the cost of State Project No. 023-11-0035 and Project No. 023-11-0034, Route U.S. 167. During 2014, the Town began paying back its portion of cost for the project which was calculated at \$56,623. The Town is repaying the balance in ten equal yearly installments of \$5,662. As of December 31, 2023, \$11,325 remains due and will be repaid in 2 equal yearly installments through the year ending December 31, 2025.

12. PENSION PLAN – MPERS

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM

All full-time police officers engaged in law enforcement are required to participate in the Municipal Police Employees' Retirement System (MPERS), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. Members who started prior to January 1, 2013, can retire at or after age 55 with 12 years of creditable service, at or after age 50 with 20 years of creditable service, or at any age with 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3 percent of the member's average final compensation multiplied by his years of creditable service, not to exceed 100 percent of his average final compensation.

Average final compensation is the average annual earned compensation of a member for any period of 36 successive or joined months of service that produces the highest average.

Members who started on or after January 1, 2013, retire under one of two plans, Hazardous Duty or Non Hazardous Duty. Under Hazardous Duty, at or after age 55 with 12 years of creditable service, or at any age with 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of the member's average final compensation, not to

Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2023

12. PENSION PLAN – MPERS (continued)

exceed 100 percent of his average final compensation. Under Non Hazardous Duty, at or after age 60 with 10 years of creditable service, 25 years of credible service at age 55, or at any age with 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 1/2 percent of the member's average final compensation, not to exceed 100 percent of his average final compensation

For these members, average final compensation is the average annual earned compensation of a member for any period of 60 successive or joined months of service that produces the highest average.

The system also provides death and disability benefits. Benefits are established by state statute

Funding Policy - State statute requires covered employees to contribute 10 percent of their salaries to the system. The Town was required to contribute 31.25 and 33.925 percent of covered employees' salaries. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The Town's contributions to the System for the years ending December 31, 2023, 2022, and 2021 were \$11,296, \$0 and \$0, respectively, equal to the required contributions for the year.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 8401 United Plaza Blvd., Baton Rouge, Louisiana 70809-7017, or by calling (225) 929-7411.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2023, the Town reported a liability of \$65,925 for its proportionate share of the net pension liability for the MPERS plan. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the MPERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the Town's proportion was 0.00624%, which was an increase of .00624% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Town recognized pension expense of \$22,992 net of employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$12,719.

At December 31, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2023

12. PENSION PLAN – MPERS (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,644	\$ (28)
Changes of assumptions	1,100	-
Net difference between projected and actual earnings on pension plan investments	7,117	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	38,157	-
Employer contributions subsequent to the measurement date	5,154	-
Total	\$ 56,172	\$ (28)

The Town reported a total of \$5,154 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2023, which will be recognized as a reduction in net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year	MPERS
2024	\$16,957
2025	14,571
2026	19,816
2027	(354)
	\$50,990

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2023, is as follows:

Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2023

12. PENSION PLAN – MPERS (continued)

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return/Inflation Rate	6.75%, net of investment expense, 2.50% inflation
Projected salary increases	4.70 to 12.30% based on years of service
Mortality	For employees, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used For disabled lives, the Pub-2010 Public Retirement Plan Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014, through June 30, 2019, and the review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table which appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combines with a standard table to produce current levels of mortality.

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 7.9% for the year ended June 30, 2023.

Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2023

12. PENSION PLAN – MPERS (continued)

The best estimates of the arithmetic nominal rates of return for each major asset class included in the system’s target allocation as of June 30, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	52.00%	3.29%
Fixed Income	34.00%	1.12%
Alternative Investments	14.00%	0.95%
Other	0.00%	0.00%
Total	100%	5.36%
Inflation		2.54%
Expected Arithmetic Nominal Return		7.90%

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Town’s proportionate share of the net pension liability (NPL) using the discount rate of each Retirement System as well as what the Town’s proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
MPERS			
Rates	5.75%	6.75%	7.75%
TOB Share- NPL	\$ 92,762	\$ 65,925	\$ 43,507

Town of Bernice, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2023

13. DEDICATION OF PROCEEDS AND FLOW OF FUNDS – 1% Sales and Use Tax

The 1% sales tax was increased to 2% effective October 1, 1988. The proceeds of this tax are to be dedicated and used for the purpose of acquiring, constructing, improving, maintaining, and operating fire protection facilities, purchasing fire trucks, ambulance, rescue vehicles, or other fire fighting, ambulance and/or rescue equipment; or for one or more of said purposes including the supplementing of the general revenues, said tax to be subject to funding into funds by the Town for the purpose of making capital improvement to the extent and in the manner permitted by the laws of Louisiana should such become necessary.

14. TOWN OF BERNICE, LOUISIANA, ELECTED OFFICIALS

<u>Name</u>	<u>Position</u>	<u>Salary</u>	<u>Expires</u>
Mildred Ferguson	Mayor	\$ 28,295	12/31/26
Terrance Ivory	Chief of Police	40,200	12/31/26
Oliver Gene Terral	Alderman District 1	3,125	12/31/26
Lanell George Clubs	Alderman District 2	2,500	12/31/26
Karen Hall	Alderman District 3	2,500	12/31/26
Joanna Ward	Alderman District 4	2,500	12/31/26
Amy Pesnell	Alderman District 5	2,500	12/31/26
Total		\$ <u>81,620</u>	

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 25, 2024, the date that the financial statements were available to be issued, and determined that no events occurred that require disclosure.

Town of Bernice, Louisiana
Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	GAAP Basis	Favorable (Unfavorable)
Revenues				
Taxes				
Ad Valorem	\$ 23,000	\$ 22,000	\$ 27,946	\$ 5,946
Tobacco and Beverage	-	-	876	876
Franchise	35,000	45,000	43,636	(1,364)
Licenses and Permits	50,000	58,685	60,328	1,643
Fines	60,000	25,000	17,159	(7,841)
Charges for Services	107,000	106,000	106,154	154
Interest Income	64	3,000	4,173	1,173
Grant Income	-	407,174	165,013	(242,161)
Other Revenues	4,500	3,500	45,395	41,895
Total Revenues	279,564	670,359	470,680	(199,679)
Expenditures				
General Government	272,750	306,450	294,382	12,068
Public Safety	145,000	150,000	245,755	(95,755)
Streets	42,000	45,000	42,868	2,132
Sanitation	55,000	50,000	57,236	(7,236)
Capital Outlay	-	387,396	397,006	(9,610)
Total Expenditures	514,750	938,846	1,037,247	(98,401)
Excess of Revenues over Expenditures	(235,186)	(268,487)	(566,567)	(298,080)
Other Financing Sources (Uses)				
Operating Transfers - In	280,000	249,370	422,382	173,012
Operating Transfers - Out	-	-	-	-
Total Other Financing Sources (Uses)	280,000	249,370	422,382	173,012
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	44,814	(19,117)	(144,185)	(125,068)
Fund Balances, Beginning of Year	344,315	344,315	344,315	-
Fund Balances, End of Year	\$ 389,129	\$ 325,198	\$ 200,130	\$ (125,068)

See independent auditors' report.

Town of Bernice, Louisiana
Budgetary Comparison Schedule - Sales Tax Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	GAAP Basis	Favorable (Unfavorable)
Revenues				
Taxes				
Sales & Use	\$ 280,000	\$ 300,000	\$ 310,803	\$ 10,803
Interest Income	64	3,000	6,622	3,622
Total Revenues	280,064	303,000	317,425	14,425
Expenditures				
General Government	-	-	-	-
Public Safety	4,800	4,800	4,800	-
Total Expenditures	4,800	4,800	4,800	-
Excess of Revenues over Expenditures	275,264	298,200	312,625	14,425
Other Financing Sources (Uses)				
Operating Transfers Out	(220,000)	(249,390)	(180,000)	69,390
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	55,264	48,810	132,625	83,815
Fund Balances, Beginning of Year	252,270	252,270	252,270	-
Fund Balances, End of Year	\$ 307,534	\$ 301,080	\$ 384,895	\$ 83,815

See independent auditors' report.

Town of Bernice, Louisiana
Notes to Budgetary Comparison Schedule
For the Year Ended December 31, 2023

Budgetary Comparison Schedule:

1. Basis of Presentation

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

2. Budget Amendments and Revisions

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

Town of Bernice, Louisiana
Schedule of Proportionate Share of Net Pension Liability
Municipal Police Employees' Retirement System
For the Year Ended December 31, 2023

<u>Year Ended June 30,</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2023	0.0062%	\$ 65,925	\$ 34,845	189.20%	71.30%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with YE December 31, 2023.

* The amounts presented have a measurement date of the previous fiscal year end.

Town of Bernice, Louisiana
Schedule of the Employer's Contributions
Municipal Police Employees' Retirement System
For the Year Ended December 31, 2023

Year Ended <u>December 31,</u>	Contractually Required <u>Contribution¹</u>	Contributions in Relation to Contractually Required <u>Contribution²</u>	Contribution Deficiency <u>(Excess)</u>	Employer's Covered Employee <u>Payroll³</u>	Contributions as a % of Covered Employee <u>Payroll</u>
2023	\$ 11,296	\$ 11,296	\$ -	\$ 34,845	32.42%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with YE December 31, 2023.

For reference only:

¹ *Employer contribution rate multiplied by employer's covered employee payroll*

² *Actual employer contributions remitted to the Muniicpal Police Employees' Retirement System*

³ *Employer's covered employee payroll amount for the year ended noted.*

Town of Bernice, Louisiana
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended December 31, 2023

Agency Head:

Mildred Ferguson, Mayor

Purpose:

Salary	\$ 18,000
Benefits - Retirement	540
Benefits - Insurance	-
Car Allowance	4,800
Reimbursements	4,765
Travel	190
Total Compensation, Benefits and Other Payments	<u><u>\$ 28,295</u></u>

See independent auditors' report.

Town of Bernice, Louisiana
LCDBG Funds
Balance Sheet
December 31, 2023

Assets

Cash	\$ 13
Due From Other Governments:	<u>289,626</u>
<u>Total Assets</u>	<u>\$ 289,639</u>

Liabilities and Fund Balance

Liabilities

Accounts Payable	\$ 289,626
Due To Other Funds	<u>-</u>
Total Liabilities	289,626

Fund Balance

Restricted	<u>13</u>
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<u>Total Liabilities and Fund Balance</u>	<u>\$ 289,639</u>
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See independent auditors' report.

Town of Bernice, Louisiana
LCDBG Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2023

<u>Revenues</u>	
LCDBG Program	\$ 1,052,424
Miscellaneous Revenues	-
Total Revenues	1,052,424
<u>Expenditures</u>	
Administrative Services	33,670
Engineering Services	1,018,754
Total Expenditures	1,052,424
<u>Deficiency of Revenues Over Expenditures</u>	-
<u>Fund Balance - Beginning</u>	13
<u>FUND BALANCE - ENDING</u>	\$ 13

See independent auditors' report.

Town of Bernice
Collecting/Disbursing Entity Schedule
As Required By Act 87 of 2020 Regular Legislative Session
For the Year Ended December 31, 2023

	First Six Month Period Ended <u>6/30/2023</u>	Second Six Month Period Ended <u>12/31/2023</u>
Cash Basis Presentation		
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ -	\$ -
Add: Collections		
Criminal Court Costs/Fees	1,465	2,855
Criminal Fines - Contempt	8,851	16,102
Criminal Fines - Other	138	225
Restitution	950	1,400
Service/Collection Fees	367	571
Total Collections	<u>11,771</u>	<u>21,153</u>
Less: Disbursements To Governments & Nonprofits:		
Union Parish Crime Stoppers, Criminal Fines - Other	98	188
Treasurer, State of Louisiana - CMIS, Criminal Fines - Other	49	94
Louisiana Commission on Law Enforcement, Criminal Fines - Other	96	197
Department of Health and Human Services, Traumatic Health and Spinal Cord Injury Trust Fund, Criminal Fines - Other	185	350
Louisiana Supreme Court, Criminal Fines - Other	25	47
North Louisiana Criminalistics Lab Commission, Criminal Fines - Other	30	30
Less: Amounts Retained by Collecting Agency		
Amounts Self Disbursed for Criminal Fines - Other	10,921	19,676
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Other Disbursements to Individuals	367	571
Total Disbursements/Retainage	<u>\$ 11,771</u>	<u>\$ 21,153</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	\$ -	\$ -

See independent auditors' report.

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:
P. O. Box 2474
West Monroe, LA 71294-2474

Phone (318) 323-1717
Fax (318) 322-5121

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the Town of Bernice, Louisiana (the Town), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 25, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-002 that we consider to be material weaknesses.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-001.

Town of Bernice, Louisiana's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

West Monroe, Louisiana
June 25, 2024

Cameron, Hines & Company (APAC)

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:
P. O. Box 2474
West Monroe, LA 71294-2474

Phone (318) 323-1717
Fax (318) 322-5121

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Town of Bernice, Louisiana's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Town of Bernice, Louisiana's major federal programs for the year ended December 31, 2023. The Town of Bernice, Louisiana's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, The Town of Bernice, Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of The Town of Bernice, Louisiana and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of The Town of Bernice, Louisiana's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Town of Bernice, Louisiana's federal programs.

Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Bernice, Louisiana's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about The Town of Bernice, Louisiana's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Town of Bernice, Louisiana's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Town of Bernice, Louisiana's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Town of Bernice, Louisiana's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal

To the Honorable Mayor and Board of Alderman
Town of Bernice, Louisiana
Page 3

program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002 to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Bernice, Louisiana's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Town of Bernice, Louisiana's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

West Monroe, Louisiana
June 25, 2024

Cameron Hines & Company (APAC)

Town of Bernice, Louisiana
Schedule of Findings and Questioned Costs
For The Year Ended December 31, 2023

Honorable Mayor and Board of Aldermen of
Bernice, Louisiana

We have audited the financial statements of the governmental activities and each major fund of the Town of Bernice, as of and for the year ended December 31, 2023, which collectively comprise the basic financial statements and have issued our report thereon dated June 25, 2024. 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, 2023, resulted in an unmodified opinion.

Section I- Summary of Auditors' Results

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

Internal Control

Material Weakness X yes ___ no

Significant Deficiencies not considered to be
Material Weaknesses ___ yes X no

Compliance

Noncompliance Material to Financial Statements X yes ___ no

B. Federal Awards

Material Weakness Identified X yes ___ no

Significant Deficiencies not considered to be
Material Weaknesses ___ yes X no

Type of Opinion on Compliance for Major Programs

Unmodified X Qualified _____

Disclaimer _____ Adverse _____

Are there findings required to be reported in accordance with Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), subpart F? Yes

C. Identification of Major Programs:

Name of Federal Program (or cluster):

U.S. Department of Housing and Urban Development
– Community Development Block Grants

AL Number 14.228

Town of Bernice, Louisiana
Schedule of Findings and Questioned Costs
For The Year Ended December 31, 2023

Dollar threshold used to distinguish between Type A and Type B Programs.
\$750,000

Is the auditee a “low-risk” auditee, as defined by Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), subpart F? No

Section II - Financial Statement Findings

2023-001 Unfavorable Budget Variance

Condition:

The Town’s actual revenues were lower than budgeted revenues, and actual expenditures for the year exceeded budgeted expenditures, both by greater than five percent.

Criteria:

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

Cause:

The Town did not amend its budget for the variances on revenues and expenditures.

Potential Effect:

The Town is not in compliance with state budget law.

Recommendation:

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

Response:

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

2023-002 Unrecorded Transactions

See detail for this finding in Section III.

Section III - Federal Award Findings and Questioned Costs

2023-002 Unrecorded Transactions

Condition:

The Town failed to record transactions related to federal grants received.

Town of Bernice, Louisiana
Schedule of Findings and Questioned Costs
For The Year Ended December 31, 2023

Criteria:

The Town should make the auditors aware of all transactions made within the Town's grant bank account.

Cause:

Grant funds were deposited into the grant bank account, and checks were written from the account. However, these transactions were not recorded in the Town's financial system.

Questioned Costs:

None identified.

Potential Effect:

Grant revenue and expenditures could be inaccurately reflected in the financial statements.

Recommendation:

The Town should record all transactions that flow through the Town's grant bank account, so they may be reflected in the financial statements as a whole.

Response:

The Town Clerk will set up the appropriate new accounts in the Town's financial software system to ensure all grant activity is recorded properly and reflected in the financial statements.

Town of Bernice, Louisiana
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2023

2022-001 Unfavorable Budget Variance

Condition:

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

Recommendation:

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

Current Status:

This item is a repeat finding in 2023.

Town of Bernice, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Grants/Pass Through Grantor/Program Title	AL Number	Agency or Pass-Through Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Pass-through program from State Division of Administration, Office of Community Development:			
Community Development Block Grants	14.228	N/A	\$ 906,295
Community Development Block Grants	14.228	N/A	<u>146,126</u>
			1,052,421 *
U.S. Department of the Treasury:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>370,918</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,423,339</u></u>

*Denotes Major Federal Assistance Program

See accompanying Notes to Schedule of Expenditures of Federal Awards

Town of Bernice, Louisiana
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Town of Bernice, Louisiana. The reporting entity is defined in Note 1 to the Town's financial statements. All federal award programs received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

2. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Town's financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. Federal Indirect Cost Rate

The Town of Bernice, Louisiana did not elect to use the 10% de minimis federal indirect cost rate for the year ended December 31, 2023.

TOWN OF BERNICE, LOUISIANA

*Independent Accountants' Report on
Applying Agreed-Upon Procedures*

For the Year Ended December 31, 2023



CAMERON, HINES & COMPANY
(A Professional Accounting Corporation)

Certified Public Accountants
104 Regency Place
West Monroe, Louisiana 71291

Mailing Address:
P. O. Box 2474
West Monroe, LA 71294-2474

Phone (318) 323-1717
Fax (318) 322-5121

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Town of Bernice
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023, through December 31, 2023. The Town of Bernice's (the Town) management is responsible for those C/C areas identified in the SAUPs.

The Town has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023, through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

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

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

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

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

Findings: Twenty-four exceptions noted where the Town's policies and procedures did not address the required subcategories as listed above.

2) Board or Finance Committee³

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and

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

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

- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds⁴, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds⁵ if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.⁶

Findings: One exception noted where the Town did not reference or include, in the minutes, budget-to-actual comparisons on the required funds on a monthly or quarterly basis. One exception noted where the board/finance committee did not receive written updates of a corrective action plan pertaining to resolving the prior year's audit finding.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts⁷ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

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

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

⁶ No exception is necessary if management's opinion is that the cost of taking corrective action for findings related to improper segregation of duties or inadequate design of controls over the preparation of the financial statements being audited exceeds the benefits of correcting those findings.

⁷ Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

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

Findings: One exception noted where there was no bank reconciliation. Lists of outstanding items did not have accompanying dates, so we could not test management’s research of items outstanding more than 12 months.

4) Collections (excluding electronic funds transfers)⁸

- A. Obtain a listing of deposit sites⁹ for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management’s representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations¹⁰ and management’s representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank*

⁸ The Collections category is not required to be performed if the entity has a third-party contractor performing all collection functions (e.g., receiving collections, preparing deposits, and making deposits).

⁹ A deposit site is a physical location where a deposit is prepared and reconciled.

¹⁰ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit. For example, in a school district a collection location may be a classroom and a deposit site may be the school office. For school boards only, the practitioner should consider the deposit site and collection location to be the same if there is a central person (secretary or bookkeeper) through which collections are deposited.

statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

- i. Observe that receipts are sequentially pre-numbered.¹¹
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe that the deposit was made within one business day of receipt¹² at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

Findings: No exceptions noted.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

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

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's

¹¹ The practitioner is not required to test for completeness of revenues relative to classroom collections by teachers.

¹² As required by Louisiana Revised Statute 39:1212.

representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Findings: One exception noted where there was no evidence of segregation of duties.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards¹³. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection)¹⁴. For each transaction, observe that it is supported by (1) an

¹³ Including cards used by school staff for either school operations or student activity fund operations.

¹⁴ For example, if 3 of the 5 cards selected were fuel cards, transactions would only be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #7B were fuel cards, procedure #7C would not be applicable.

original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Findings: Three exceptions noted where there was no evidence of approval on the statement and supporting documentation.

7) Travel and Travel-Related Expense Reimbursements¹⁵ (excluding card transactions)

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

Findings: Three exceptions noted where the reimbursement was not approved.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law¹⁶ (e.g., solicited quotes or bids, advertised), if required by law;

¹⁵ Non-travel reimbursements are not required to be inspected under this category.

¹⁶ If the entity has adopted the state Procurement Code, replace “Louisiana Public Bid Law” with “Louisiana Procurement Code.”

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Findings: This procedure is not applicable to this entity.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials¹⁷ employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials¹⁸ documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

¹⁷ "Officials" would include those elected, as well as board members who are appointed.

¹⁸ Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.

Findings: Three exceptions noted where the employees' documented attendance was not approved.

10) Ethics¹⁹

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Findings: One exception noted where an employee did not have an hour of ethics training documented.

11) Debt Service²⁰

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Findings: No exceptions noted.

12) Fraud Notice²¹

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the

¹⁹ The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the procedures should be performed.

²⁰ This AUP category is generally not applicable to nonprofit entities. However, if applicable, the procedures should be performed.

²¹ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs and the notice is available for download at www.la.gov/hotline

misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings: No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency’s information technology assets have completed cybersecurity training as required by R.S. 42:1267²². The requirements are as follows:
- i. Hired before June 9, 2020 - completed the training; and
 - ii. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

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

²² While it appears to be a good practice for charter schools to ensure its employees are trained to keep their information technology assets safe from cyberattack, charter schools do not appear required to comply with 42:1267. An individual charter school, though, through specific provisions of its charter, may mandate that all employees/officials receive cybersecurity training.

14) Prevention of Sexual Harassment²³

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Findings: There was one exception noted where sexual harassment training was not documented.

Management's Response

We agree with the results of the procedures and will address the identified exceptions.

We were engaged by the Town to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

²³ While it appears to be a good practice for charter schools to ensure it has policies and training for sexual harassment, charter schools do not appear required to comply with the Prevention of Sexual Harassment Law (R.S. 42:341 et seq). An individual charter school, through the specific provisions of its charter, may mandate sexual harassment training.

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

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
June 25, 2024