

TOWN OF BASILE, LOUISIANA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2017

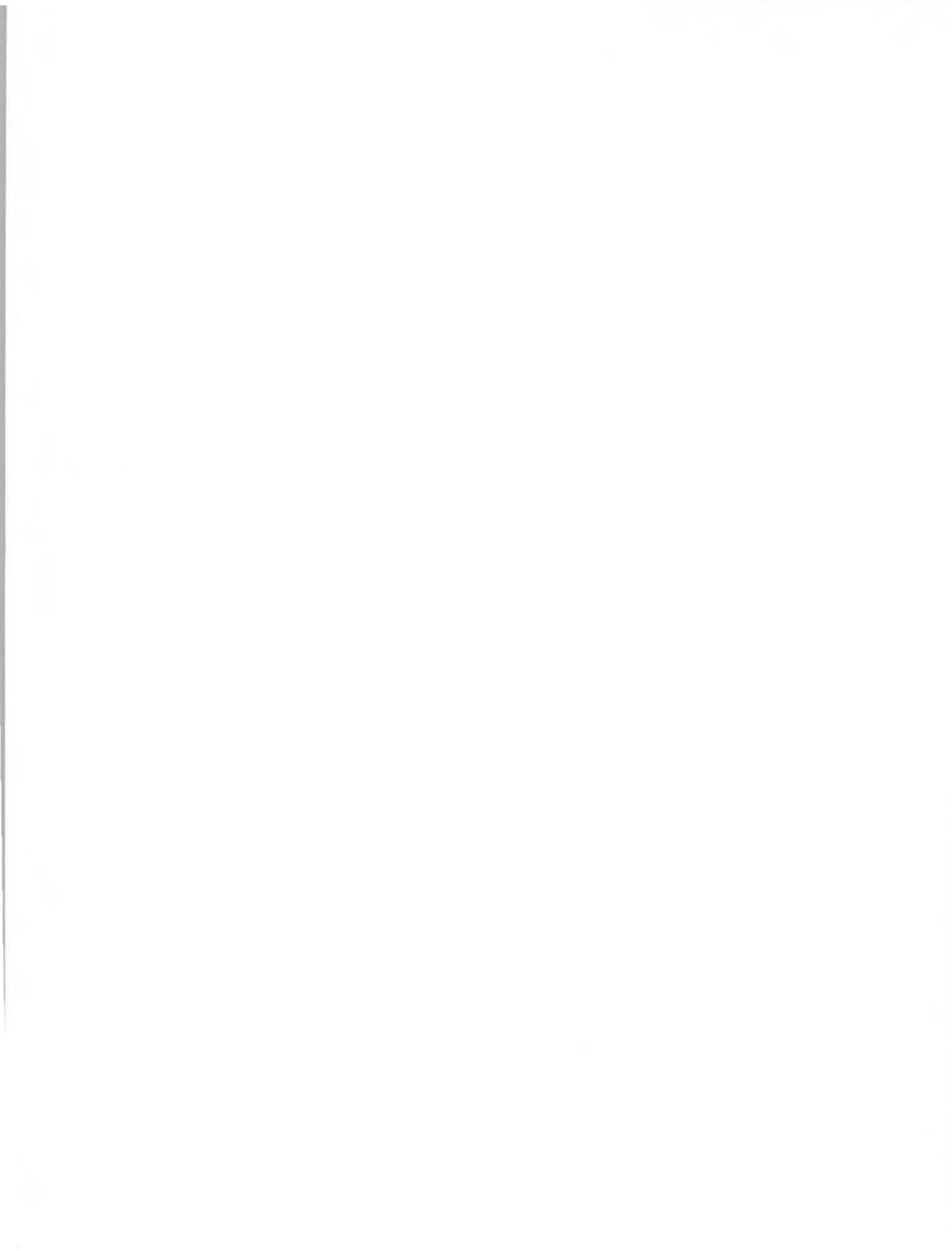


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VIGE, TUJAGUE NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

151 N. 2ND STREET
P. O. BOX 1006
EUNICE, LOUISIANA 70535

SHIRLEY VIGE, JR., C.P.A.
FRANK G. TUJAGUE, C.P.A.
DOMINIQUE M. NOEL, C.P.A.

TELEPHONE:
337-457-9324
FAX:
337-457-8743

Independent Auditor's Report

The Honorable Mark Denette, Mayor,
and Members of the Board of Alderman
Town of Basile, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Basile, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Basile, Louisiana, as of June 30, 2017 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Basile, Louisiana's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head, as listed in the table of contents, as required by the State of Louisiana, is presented for purposes of additional analysis and is not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and the schedule of compensation, benefits, and other payments to agency head 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 combining and individual nonmajor fund financial statements and the schedule of compensation, benefits, and other payments to agency head are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2017, on our consideration of the Town of Basile, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Basile, Louisiana's internal control over financial reporting and compliance.



Vige, Tujague & Noël

Eunice, Louisiana

September 28, 2017

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

TOWN OF BASILE, LOUISIANA
Statement of Net Position
June 30, 2017

	2017		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 96,061	\$ 19,159	\$ 115,220
Receivables, net	36,096	60,762	96,858
Other assets	-	13,729	13,729
Total current assets	<u>132,157</u>	<u>93,650</u>	<u>225,807</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	548	196,933	197,481
Capital assets, net	1,399,310	2,891,620	4,290,930
Total noncurrent assets	<u>1,399,858</u>	<u>3,088,553</u>	<u>4,488,411</u>
Total assets	<u>1,532,015</u>	<u>3,182,203</u>	<u>4,714,218</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>87,043</u>	<u>37,304</u>	<u>124,347</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	22,186	24,251	46,437
Current portion of bonds payable	28,000	23,805	51,805
Total current liabilities	<u>50,186</u>	<u>48,056</u>	<u>98,242</u>
Noncurrent liabilities:			
Compensated absences	25,588	-	25,588
Customers deposits payable	-	97,369	97,369
Bonds payable	418,173	598,819	1,016,992
Net pension liability	209,883	89,950	299,833
Total noncurrent liabilities	<u>653,644</u>	<u>786,138</u>	<u>1,439,782</u>
Total liabilities	<u>703,830</u>	<u>834,194</u>	<u>1,538,024</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>11,064</u>	<u>4,742</u>	<u>15,806</u>
NET POSITION			
Invested in capital assets, net of related debt	953,137	2,171,627	3,124,764
Restricted for debt service	-	196,933	196,933
Unrestricted	<u>(48,973)</u>	<u>12,011</u>	<u>(36,962)</u>
Total net position	<u>\$ 904,164</u>	<u>\$ 2,380,571</u>	<u>\$ 3,284,735</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BASILE, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2017

Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 371,521	\$ 96,434	\$ -	\$ -	\$ (275,087)	\$ -	\$ (275,087)
Public safety:							
Police	502,105	98,809	1,254	37,289	(364,753)	-	(364,753)
Fire	6,729	-	-	-	(6,729)	-	(6,729)
Streets	163,530	7,480	-	-	(156,050)	-	(156,050)
Parks and recreation	26,455	1,700	-	-	(24,755)	-	(24,755)
Interest on long-term debt	39,478	-	-	-	(39,478)	-	(39,478)
Total governmental activities	1,109,818	204,423	1,254	37,289	(866,852)	-	(866,852)
Business-type activities:							
Gas	134,423	172,576	-	-	-	38,153	38,153
Water	284,635	369,098	19,807	-	-	104,270	104,270
Sewer	154,579	191,677	10,736	-	-	47,834	47,834
Total business-type activities	573,637	733,351	30,543	-	-	190,257	190,257
Total	\$ 1,683,455	\$ 937,774	\$ 31,797	\$ 37,289	(866,852)	190,257	(676,595)

General revenues:

Taxes –			
Property taxes, levied for general purposes	189,619	-	189,619
Sales and use taxes, levied for general purposes	204,654	-	204,654
Franchise and chain store taxes	55,067	-	55,067
Interest and investment earnings	-	153	153
Miscellaneous	37,140	-	37,140
Nonemployer pension contribution	8,907	2,672	11,579
Transfers	344,418	(344,418)	-
Total general revenues and transfers	839,805	(341,593)	498,212
Changes in net assets	(27,047)	(151,336)	(178,383)
Net position - June 30, 2016	931,211	2,531,907	3,463,118
Net position - June 30, 2017	\$ 904,164	\$ 2,380,571	\$ 3,284,735

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

TOWN OF BASILE, LOUISIANA
 Balance Sheet
 Governmental Funds
 June 30, 2017

	General Fund	Debt Service Fund	Sales Tax Fund	Other Funds	Total
ASSETS					
Cash	\$ 40,558	\$ -	\$ 37,623	\$ 17,880	\$ 96,061
Receivables					
Taxes	1,503	-	-	-	1,503
Other	19,454	-	-	-	19,454
Restricted assets					
Cash-demand accounts	548	-	-	-	548
Total assets	\$ 62,063	\$ -	\$ 37,623	\$ 17,880	\$ 117,566
 LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 7,688	\$ -	\$ -	\$ -	\$ 7,688
Accrued liabilities	14,498	-	-	-	14,498
Total liabilities	22,186	-	-	-	22,186
 Fund balances:					
Restricted, debt service	-	-	-	-	-
Assigned	-	-	37,623	17,880	55,503
Unassigned	39,877	-	-	-	39,877
Total fund balance	39,877	-	37,623	17,880	95,380
 Total liabilities and fund balance	\$ 62,063	\$ -	\$ 37,623	\$ 17,880	\$ 117,566

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BASILE, LOUISIANA
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2017

Total fund balances for governmental funds at June 30, 2017		\$ 95,380
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 47,730	
Buildings, net of \$742,110 accumulated depreciation	776,705	
Equipment & other, net of \$570,922 accumulated depreciation	<u>574,875</u>	1,399,310
Sales tax which were not measurable at year end and not considered available as current financial resources at year end		15,139
Prepaid interest on bond		-
Amounts related to pension recognition are not due and payable in the current period and, therefore, are not reported in the funds		(133,904)
Long-term liabilities at June 30, 2017		
Bond issue costs, net of \$177 amortization	33,827	
Compensated absences	(25,588)	
Bond payable	<u>(480,000)</u>	<u>(471,761)</u>
Total net position of governmental activities at June 30, 2017		<u>\$ 904,164</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BASILE, LOUISIANA
Statement of Revenues, Expenditures, and
Changes in Fund Balances –
Governmental Funds
Year Ended June 30, 2017

	General Fund	Debt Service Fund	Sales Tax Fund	Other Funds	Totals
Revenues:					
Taxes	\$ 146,573	\$ -	\$ 203,265	\$ 98,113	\$ 447,951
Licenses and permits	55,018	-	-	-	55,018
Intergovernmental	41,416	-	-	-	41,416
Fines and forfeits	98,809	-	-	-	98,809
Miscellaneous	84,863	-	-	-	84,863
Total revenues	<u>426,679</u>	<u>-</u>	<u>203,265</u>	<u>98,113</u>	<u>728,057</u>
Expenditures:					
Current-					
General government	272,439	15	1,971	908	275,333
Public safety:					
Police	482,604	-	-	-	482,604
Fire	4,601	-	-	-	4,601
Streets and drainage	143,685	-	-	-	143,685
Parks	22,167	-	-	-	22,167
Capital outlay	48,261	-	-	-	48,261
Debt service					
Principal retirement	-	525,000	-	-	525,000
Interest charges	-	21,084	-	-	21,084
Total expenditures	<u>973,757</u>	<u>546,099</u>	<u>1,971</u>	<u>908</u>	<u>1,522,735</u>
Excess (deficiency) of revenues over expenditures	<u>(547,078)</u>	<u>(546,099)</u>	<u>201,294</u>	<u>97,205</u>	<u>(794,678)</u>
Other financing sources (uses)					
Bond proceeds	-	480,000	-	-	480,000
Bond issue cost	-	(34,004)	-	-	(34,004)
Operating transfers in	575,418	65,828	-	-	641,246
Operating transfers out	-	-	(193,200)	(103,628)	(296,828)
Total other financing sources (uses)	<u>575,418</u>	<u>511,824</u>	<u>(193,200)</u>	<u>(103,628)</u>	<u>790,414</u>
Net changes in fund balances	28,340	(34,275)	8,094	(6,423)	(4,264)
Fund balances, beginning	<u>11,537</u>	<u>34,275</u>	<u>29,529</u>	<u>24,303</u>	<u>99,644</u>
Fund balances, ending	<u>\$ 39,877</u>	<u>\$ -</u>	<u>\$ 37,623</u>	<u>\$ 17,880</u>	<u>\$ 95,380</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BASILE, LOUISIANA
 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2017

Total net changes in fund balances at June 30, 2017 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ (4,264)
The change in net assets reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 48,261	
Depreciation expense for the year ended June 30, 2017	<u>(74,016)</u>	(27,124)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.		525,000
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		
Proceeds from the issuance of debt	<u>(480,000)</u>	(480,000)
Bond issue cost are included in the change in net position as they are amortized over the life of the debt. They are included in Fund Balance when due.		
Bond issue cost	34,004	
Amortization expense for the year	(177)	
Write off of refunded bond amortization	<u>(39,918)</u>	(6,091)
Expenses included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balance		
Compensated Absences	(7,527)	
Prepaid Interest	<u>(18,394)</u>	(25,921)
Net effect of pension liability recognition		(10,036)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		<u>1,389</u>
Total changes in net assets at June 30, 2017 per Statement of Activities		<u>\$ (27,047)</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BASILE, LOUISIANA
Proprietary Funds
Statement of Net Position
June 30, 2017
With Comparative Totals for June 30, 2016

ASSETS	<u>2017</u>	<u>2016</u>
Cash	\$ 19,159	\$ 45,368
Receivables:		
Accounts receivable	60,762	61,387
Restricted assets		
Cash – demand accounts	176,933	192,237
Interest-bearing deposits, at cost	20,000	20,000
Land	12,008	12,008
Utility property plant and equipment	6,066,361	6,083,111
Accumulated depreciation	(3,186,749)	(3,080,022)
Other assets	13,729	5,074
Total assets	<u>3,182,203</u>	<u>3,339,163</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	<u>37,304</u>	<u>24,258</u>
LIABILITIES		
Current liabilities:		
Accounts payable	21,475	13,620
Accrued liabilities	2,776	2,399
Payable from restricted assets -		
Current portion of revenue bonds	<u>23,805</u>	<u>22,759</u>
Total current liabilities	<u>48,056</u>	<u>38,778</u>
Noncurrent liabilities:		
Payable from restricted assets-		
Customers' deposits	97,369	93,209
Revenue bonds payable	598,819	622,183
Net Pension Liability	<u>89,950</u>	<u>69,334</u>
Total noncurrent liabilities	<u>786,138</u>	<u>784,726</u>
Total liabilities	<u>834,194</u>	<u>823,504</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	<u>4,742</u>	<u>8,010</u>
NET POSITION		
Investment in capital assets, net of related debt	2,159,619	2,195,604
Restricted for debt service	196,933	212,237
Unrestricted	24,019	124,066
Total net position	<u>\$ 2,380,571</u>	<u>\$ 2,531,907</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BASILE, LOUISIANA
Proprietary Fund
Statement of Revenues, Expenses, and Changes
in Fund Net Position
For the Year Ended June 30, 2017
With Comparative Totals For the Year Ended June 30, 2016

	<u>2017</u>	<u>2016</u>
Operating revenues:		
Charges for services –		
Gas sales	\$ 164,544	\$ 188,772
Water sales	357,698	392,785
Sewer service charges	185,199	219,947
Connection charges	11,268	11,307
Delinquent charges	14,439	12,651
Miscellaneous revenues	203	89,643
Total operating revenues	<u>733,351</u>	<u>915,105</u>
Operating expenses:		
Gas department	95,201	97,619
Water department	175,580	177,518
Sewer department	68,556	75,031
General and administrative	81,548	70,969
Depreciation	123,477	125,692
Total operating expenses	<u>544,362</u>	<u>546,829</u>
Operating income	<u>188,989</u>	<u>368,276</u>
Nonoperating revenues (expenses):		
Interest income	153	140
Interest expense	(28,839)	(29,838)
Grant revenue	30,543	-
Nonemployer pension contribution	2,672	2,452
Miscellaneous	(436)	(436)
Total nonoperating revenues (expenses)	<u>4,093</u>	<u>(27,682)</u>
Income before operating transfers	<u>193,082</u>	<u>340,594</u>
Operating transfers in (out):		
Operating transfers in	204,500	223,300
Operating transfers out	(548,918)	(575,370)
Total operating transfers	<u>(344,418)</u>	<u>(352,070)</u>
Change in net position	(151,336)	(11,476)
Net position, beginning	<u>2,531,907</u>	<u>2,543,383</u>
Net position, ending	<u>\$ 2,380,571</u>	<u>\$ 2,531,907</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BASILE, LOUISIANA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017
With Comparative Totals for the Year Ended June 30, 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Receipts from customers	\$ 731,101	\$ 838,506
Payments to suppliers	(333,785)	(326,705)
Payments to employees	(80,113)	(94,644)
Other receipts	203	89,643
Net cash provided (used) by operating activities	<u>317,406</u>	<u>506,800</u>
Cash flows from noncapital financing activities:		
Cash received from other funds	204,500	223,300
Nonemployer pension contribution	2,672	2,452
Cash paid to other funds	<u>(548,918)</u>	<u>(575,370)</u>
Net cash provided (used) by noncapital financing activities	<u>(341,746)</u>	<u>(349,618)</u>
Cash flows from capital and related financing activities:		
Principal paid on revenue bonds payable	(22,318)	(21,755)
Interest and fiscal charges paid on revenue bonds and notes payable	(28,839)	(29,838)
Other non operating costs	(436)	(436)
Proceeds from meter deposits (net)	4,160	(9,575)
Proceeds from grants	30,543	-
Acquisition of property, plant and equipment	-	(5,337)
Net cash provided (used) by capital and related financing activities	<u>(16,890)</u>	<u>(66,941)</u>
Cash flows from investing activities:		
Interest on investments	<u>153</u>	<u>140</u>
Net cash provided by investing activities	<u>153</u>	<u>140</u>
Net increase (decrease) in cash and cash equivalents	(41,077)	90,381
Cash and cash equivalents, beginning of period	<u>257,605</u>	<u>167,224</u>
Cash and cash equivalents, end of period	<u>\$ 216,528</u>	<u>\$ 257,605</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BASILE, LOUISIANA
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended June 30, 2017
With Comparative Totals for the Year Ended June 30, 2016

	<u>2017</u>	<u>2016</u>
Reconciliation of operating income to net cash used by operating activities:		
Operating income	\$ 188,989	\$ 368,276
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	123,477	125,692
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	625	15,496
(Increase) decrease in inventory	(8,655)	748
(Increase) decrease in bond issuance costs	436	436
Increase (decrease) in accounts payable	7,855	(6,292)
Increase (decrease) in accrued liabilities	377	818
Increase (decrease) in net pension liability	4,302	1,626
Net cash provided (used) by operating activities	<u>\$ 317,406</u>	<u>\$ 506,800</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period –		
Cash – unrestricted	\$ 45,368	\$ 14,208
Cash – restricted	<u>212,237</u>	<u>153,016</u>
Total cash and cash equivalents	<u>257,605</u>	<u>167,224</u>
Cash and cash equivalents, end of period –		
Cash – unrestricted	19,159	45,368
Cash – restricted	<u>196,933</u>	<u>212,237</u>
Total cash and cash equivalents	<u>216,092</u>	<u>257,605</u>
Net increase (decrease)	<u>\$ (41,513)</u>	<u>\$ 90,381</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The Town of Basile, located in southwest Louisiana, was incorporated on March 10, 1991, under the provisions of the Lawrason Act. The town operates under a Mayor-Board of Aldermen form of government which is five Aldermen and one Mayor elected by the citizens and compensated for their services. The town has a population of approximately 2000 and has 31 employees.

The accounting and reporting practices of the Town of Basile conform to generally accepted accounting principles of the United States of America as applicable to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units, published by the American Institute of Certified Public Accountants.

The following is a summary of certain significant accounting policies:

A. Financial reporting Entity

This report includes all funds which are controlled by or dependent on the town executive and legislative branches (the Mayor and Board of Alderman). Control by or dependence on the Town was determined on the basis of financial accountability, budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility. The town has no component units or fiduciary funds.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the Town of Basile, the primary government, as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Town of Basile are organized on the basis of funds each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses as appropriate.

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

Government resources are allocated to and accounted for in individual funds based upon the purposes for which spending activities are controlled. The various funds are grouped in the financial statements in this report, into four generic fund types and two broad fund categories. 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 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined

The major funds of the Town are described below:

Governmental Funds –

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Additionally, the Town reports the following fund types:

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Proprietary Fund

Enterprise Fund

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

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

Proprietary funds are reported in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting. This standard requires that all applicable GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989 be applied to proprietary activities unless they (FASB Statements and Interpretations, ARB Opinions, and ARBs) conflict with or contradict GASB pronouncements.

GASB Statement No. 20 also states that for proprietary activities management may elect to apply all FASB Statement and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Proprietary activities under control of the City will not elect to apply FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by GASB.

C. Measurement Focus/Basis of Accounting

Measurement focus is term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

Governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Sales taxes are considered "measurable" when collected by the collection agency and are recognized as revenue at that time. Ad valorem taxes are recognized as revenue in the year in which they are billed. Fees and non tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Available means collectible within the current period or soon enough thereafter to pay current liabilities, usually 60 days.

Those revenues susceptible to accrual are property taxes, grant revenues and interest revenue.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that accumulated unpaid vacation and sick pay are not accrued and principal and interest on general long-term debt are recognized when due. Purchases of various operating supplies are regarded as expenditures at the time purchased.

The proprietary fund is accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when incurred.

Bad debts are written off when accounts became worthless.

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These transactions are recorded when the transfers occur.

Program revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues.

Allocation of indirect expenses

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town has elected not to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements, retroactively. All capital assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are stated at their estimated fair value on the date donated. Estimated amounts are immaterial in relation to total

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

G. Cash and Cash Equivalents

Cash includes amounts in demand deposit, interest – bearing demand, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less when purchased. Under state law, the municipality may deposit funds in demand deposits, interest – bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

H. Interest-bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market.

I. Statement of Cash Flows

For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

J. Short Term Interfund Receivables / Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items.

L. Vacation and Sick Leave

The costs of leave privileges, computed in accordance with GASB Codification, is recognized as a current year expenditure in the governmental funds when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded in the government-wide financial statements.

Vacation must be taken in the year accrued and cannot be carried over. A maximum of three weeks of sick leave may be carried over for one year and is payable at retirement of employee only. The liability the Town might have in this regard at June 30, 2017, totals \$25,588.

M. Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits. At June 30, 2017, there was \$176,933 restricted for debt service.

N. Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of the revenue bonds payable and utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

O. Equity Classifications

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consist of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund financial statements, governmental funds report aggregate amount for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the town council – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the town council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the town’s “intent” to be used for specific purposes, but are neither restricted nor committed. The town council and town manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers the amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town has provided otherwise in its commitment or assignment actions.

P. Revenues, Expenditures, and Expenses

Operating (Nonoperating) Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character
Proprietary Fund – By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Q. Capitalization of Interest Expense

It is the policy of the Town of Basile to capitalize material amounts of interest resulting from borrowing in the course of the construction of fixed assets. At June 30, 2017 the amount of interest capitalized for construction of assets in the Utility Fund totaled zero.

R. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. The allowance for doubtful accounts in the utility fund is estimated at \$ 0 since each account has a security deposit.

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

(6) Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 47,730	\$ -	\$ -	\$ 47,730
Other capital assets:				
Buildings	1,481,526	37,289	-	1,518,815
Equipment/Other	1,196,229	10,972	(61,404)	1,145,797
Totals	2,725,485	48,261	(61,404)	2,712,342
Less accumulated depreciation				
Buildings	705,072	37,038	-	742,110
Equipment/Other	593,979	36,978	(60,035)	570,922
Total accumulated depreciation	1,299,051	74,016	(60,035)	1,313,032
Governmental activities, capital assets, net	\$ 1,426,434	\$ (25,755)	\$ (1,369)	\$ 1,399,310
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 12,008	\$ -	\$ -	\$ 12,008
Other capital assets:				
Water system	2,143,475	-	-	2,143,475
Gas system	842,244	-	(16,750)	825,494
Furniture and equipment	43,986	-	-	43,986
Sewer system	3,053,406	-	-	3,053,406
Totals	6,095,119	-	(16,750)	6,078,369
Less accumulated depreciation				
Water system	936,442	43,899	-	980,341
Gas system	510,123	13,942	(16,750)	507,315
Furniture and equipment	43,987	-	-	43,987
Sewer system	1,589,470	65,636	-	1,655,106
Total accumulated depreciation	3,080,022	123,477	(16,750)	3,186,749
Business type activities, capital assets, net	\$ 3,015,097	\$ (123,477)	\$ -	\$ 2,891,620

Depreciation expense was charged to governmental activities as follows:

General governmental	\$ 29,623
Police	18,132
Fire	2,128
Streets	19,845
Recreation	4,288
Total depreciation expense	\$ 74,016

Depreciation expense was charged to business-type activities as follows:

Gas	\$ 13,942
Water	43,899
Sewer	65,636
Total depreciation expense	\$ 123,477

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

(7) Changes in Long-Term Debt

The following is a summary of debt transactions in the proprietary fund of the Town of Basile, Louisiana for the year ended June 30, 2017:

	Payable at July 1, 2016	Additions	Retirements	Payable at June 30, 2017
Revenue bonds	\$ 644,942	\$ -	\$ 22,318	\$ 622,624

Bonds payable at June 30, 2017 is comprised of the following individual issues:

Revenue bonds:

\$670,000 Water Revenue Bonds dated 3/27/95; due in monthly installments of \$3,044.52, which includes interest through March 27, 2035; interest at 4 1/2% per annum, secured by water revenue.	\$ 446,943
\$276,400 Water Revenue Bonds dated 3/27/95; due in monthly installments of \$1,254.86, which include interest through March 27, 2035; interest at 4 1/2% per annum, secured by water revenue.	<u>183,423</u>
Total Bonds Payable	630,366
Less Unamortized Debt Issuance Cost	<u>7,742</u>
	622,624
Less Current Portion	<u>23,805</u>
Bonds Payable	<u><u>\$ 598,819</u></u>

Interest expense totaled \$28,839 and is included in business type activities as a water department expense.

The annual requirements to amortize all debt outstanding as of June 30, 2017, including interest payments of \$281,623, are as follows:

Year Ending June 30,	Total	Principal Payments	Interest Payments
2018	51,593	23,805	27,788
2019	51,593	24,898	26,695
2020	51,593	26,042	25,551
2021	51,593	27,239	24,354
2022	51,593	28,490	23,103
2023-2027	257,965	163,327	94,638
2028-2032	257,965	204,452	53,513
2033-2035	138,094	132,113	5,981
	<u>\$ 911,989</u>	<u>\$ 630,366</u>	<u>\$ 281,623</u>

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

The following is a summary of debt transactions in the debt service fund of the Town of Basile, Louisiana for the year ended June 30, 2017:

	Payable at July 1, 2016	Additions	Retirements	Payable at June 30, 2017
Revenue bonds	\$ 525,000	\$ 480,000	\$ 525,000	\$ 480,000

Bonds payable at June 30, 2017 is comprised of the following individual issues:

Revenue bonds (secured by proceeds of a property tax millage of up to 19.95 for street improvement):

\$480,000 Series 2017A Revenue Refunding Bond dated 04/13/2017; Retired annually in various installment amounts; bearing interest at 4.00% per annum, final maturity at 03/15/2028,	\$ 480,000
Total Bonds Payable	480,000
Less Unamortized Debt Insurance Costs	33,827
	446,173
Less Current Portion	28,000
Net Bonds Payable	\$ 418,173

Interest expense totaled \$39,478 and is included in governmental activities.

The annual requirements to amortize all debt outstanding as of June 30, 2017, including interest payments of \$123,427 are as follows:

Year Ending June 30,	Total	Principal Payments	Interest Payments
2018	45,707	28,000	17,707
2019	55,080	37,000	18,080
2020	55,600	39,000	16,600
2021	55,040	40,000	15,040
2022	55,440	42,000	13,440
2023-2027	280,400	240,000	40,400
2028	56,160	54,000	2,160
	\$ 603,427	\$ 480,000	\$ 123,427

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

(8) Dedication of Proceeds and Flow of Funds

A. Dedication of Proceeds and Flow of Funds – 1% Sales and Use Tax Dated 7/21/80

Proceeds of this 1% sales and use tax levied by the Town of Basile (2016 – 2017 collections-\$101,633) are dedicated for any lawful corporate expenditure, including the funding into bonds.

B. Dedication of Proceeds and Flow of Funds – 1% Sales and Use Tax Dated 4/12/75

Proceeds of this 1% sales and use tax levied by the Town of Basile (2016 – 2017 collections-\$101,633) are dedicated to the following purposes:

Constructing, acquiring, extending, improving, and/or maintaining drainage facilities, streets, street lighting facilities, bridges, sidewalks, waterworks, sewers and sewerage disposal works, recreational facilities, public parks, public buildings and fire department stations and equipment, including fire engines and payment of salaries for fire department personnel; and maintaining and operating the municipal police department and garbage collection and disposal facilities, including the purchase of equipment therefore; acquiring industrial plant sites and purchasing or constructing within the municipality or adjoining areas or areas outside of the corporate limits of the municipality, but within the Parish of Evangeline, industrial plant buildings and other necessary property, appurtenances or equipment, therefore, or for any one or more of said purposes; and such tax to be subject to funding into bonds.

(9) Flow of Funds; Restrictions on Use – Utilities Revenues

Water Utility Bonds:

Under the terms of the bond indenture on outstanding Water Utility Bonds, dated March 27, 1995, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Utility System are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Out of the revenue there shall be set aside from time to time into an Operation and Maintenance Fund, amounts sufficient to provide for the payment of the reasonable and necessary expense of operating and maintaining the system.

Each month, there will be set aside into a fund called the Water Revenue Bond and Interest (Sinking) Fund, an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments. The Town pays this directly to RECD monthly.

There shall be also set aside into a Bond Reserve Fund, an amount of \$215 per month until there shall have been accumulated in the Reserve Account an amount equal to the maximum principal and interest requirements in any one maturity year. Such amounts may be used only for the payments of maturing bonds and

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

(9) Flow of Funds; Restrictions on Use – Utilities Revenues (continued)

interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.

Funds will also be set aside into a Depreciation and Contingency Fund at the rate of \$458 per month. Money in this fund may be used for the making of extensions, additions, improvements, renewals, and replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operating expense. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

The Town of Basile was in compliance with all significant limitations and restrictions for this bond indenture at June 30, 2017.

(10) Utility Customer Deposits

The accounts of the Town include a liability for utility customer deposits of \$97,369. As of June 30, 2017, the Town has a certificate of deposit with a balance of \$20,000 specifically set aside for customer meter deposits.

(11) Employee Retirement

All employees of the Town of Basile belong to the Social Security Retirement System. The Town and its employees contribute a percentage of each employee's salary to the System (7.65% contributed by the Town, 7.65% by the employee). The Town's contribution during the year ended June 30, 2017, amounted to \$52,226.

Pension Plans

Plan Descriptions

In addition to the federal social security system, substantially all employees of the Town of Basile are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual, publicly-available financial reports that include financial statements and required supplementary information for the systems. The report for MERS may be obtained at www.mersla.com and www.lampers.org, respectively.

Plan Description- MERS

MERS was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana and is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Town of Basile are members of Plan B. All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in MERS.

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

Benefits Provided:

Retirement Benefits- MERS

Any member of Plan B hired before January 1, 2013 may retire at any age with 30 years of creditable service or at age 60 with at least 10 years of creditable service. Any member of Plan B hired on or after January 1, 2013 may retire at age 67 with at least 7 years of creditable service, at age 62 with at least 10 years of creditable service, or at age 55 with at least 30 years of creditable service. Members hired on or after January 1, 2013 are also eligible to retire at any age with at least 25 years of creditable service, but their benefit will be actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any of the previously-mentioned provisions, if the member had continued in service to that age. Members are entitled to a retirement benefit, payable monthly for life, equal to 2% of the member's final compensation (defined below) multiplied by the member's years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination.

Final compensation is the employee's average salary over the 36 consecutive or joined months that produce the highest average for a member whose first employment made him or her eligible for membership in the system on or before June 30, 2006. Final compensation is the employee's average salary over the 60 consecutive or joined months that produce the highest average for a member whose first employment made him or her eligible for membership in the system after June 30, 2006. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination.

Deferred Retirement Options

In lieu of terminating employment and accepting a service retirement allowance, any member of MERS who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. A MERS member may participate in DROP only once. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment, are credited to the MERS member's individual DROP account. Interest is earned when the member has completed DROP participation. Upon termination of employment prior to or at the end of the participation period, the member may receive a lump sum from the account or a true annuity based on the account balance. If employment is not terminated at the end of the three year DROP participation period, payments into the DROP account cease and the person resumes active contributing membership in MERS.

Disability Benefits

A member of MERS Plan B is eligible to retire and receive a disability benefit if he or she has at least 10 years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. The monthly maximum retirement benefit under Plan B of MERS is the lesser of an amount equal to two percent of member's final compensation multiplied by years of service (not less than 30% of member's final compensation) or an amount equal to what the member's normal retirement benefit would be based on final compensation at time of disability, but assuming continuous service until member's earliest normal retirement age.

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

Survivor's Benefit

The surviving spouse (defined as someone married to the deceased member for at least 12 months immediately preceding the member's death) of a MERS Plan B member (not eligible for retirement at the time of death) will receive a survivor benefit, provided that the member had 5 or more years of creditable service. The surviving spouse will be paid either a monthly benefit equal to 30% of member's final compensation, payable when surviving spouse attains the age of 60 or becomes disabled, or a monthly benefit equal to actuarial equivalent of the benefit described previously (not less than 15% of member's final compensation), payable upon the death of the member. A MERS Plan B member who is eligible for normal retirement at the time of death will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse upon the date of death. Benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Cost of Living Increases

MERS is authorized under state law to grant an annual cost of living adjustment to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit and may only be granted if sufficient funds are available. The cost of living increase must be paid from investment income in excess of normal requirements.

Contributions:

The MERS employer contribution rates are established annually under La R.S 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the system's actuary. For the year ending June 30, 2017 the employer contribution rate for MERS Plan B was 11.0%. Employer contributions to MERS was \$24,968, for the year ended June 30, 2017. Employees participating in MERS are required to contribute 5.00%.

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. MERS receives ad valorem taxes and state revenue sharing funds. The Town of Basile recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2017, the Town of Basile recognized revenue as a result of support received from non-employer contributing entities of \$8,907 for its participation in MERS.

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

At June 30, 2017, the Town of Basile reported a liability for MERS of \$299,833, for its proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2016 and the total pension liabilities used to calculate the net pension liability were determined by actuarial valuations as of that date. The Town of Basile's proportion of the net pension liability for the retirement system was based on a projection of the Town of Basile's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Town of Basile's proportion for MERS was 0.361720%. This reflects an increase for MERS 0.021672% from its proportion measured as of June 30, 2015.

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

For the year ended June 30, 2016, the Town of Basile recognized pension expense, for which there were no forfeitures, as follows:

	<u>Pension Expense</u>	<u>Net Pension Liability</u>
MERS	\$48,210	\$299,833

At June 30, 2016, the Town of Basile reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

MERS:	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,459	\$ (4,332)
Changes in assumptions	14,942	-
Net difference between projected and actual earnings on pension plan investments	73,492	(746)
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,693	(10,728)
Employer contributions subsequent to measurement date	24,761	
Total	\$ 124,347	\$ (15,806)

During the year ended June 30, 2016, employer contributions totaling \$24,761 were made subsequent to the measurement date for MERS. These contributions are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	<u>MERS</u>
2017	\$ 18,832
2018	27,208
2019	27,308
2020	11,306
Total	\$ 84,654

Actuarial Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The components of the net pension liability of MERS employers as of June 30, 2016 are as follows:

	<u>MERS Plan B</u>
Total Pension Liability	\$ 817,821
Plan Fiduciary Net Position	517,988
Total Net Pension Liability	\$ 299,833

The Town of Basile's allocation is 0.361720% of the Total Net Pension Liability for MERS.

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

The total pension liabilities for MERS in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	MERS
Actuarial cost method	Entry Age Normal
Expected remaining service lives	4 years for Plan B
Investment rate of return	7.5%, net of investment expense
Inflation rate	2.88%
Projected salary increases	5.00%
Cost of living adjustments	None
Mortality	RP-2000 Employee Table for active members; RP-2000 Healthy annuitants; RP-2000 Disabled Lives Mortality Tables for disabled annuitants

The MERS actuarial assumptions used were based on the results of an experience study for the period July 1, 2009 through June 30, 2014.

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 the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return for MERS is 7.5% for the year ended June 30, 2016.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for MERS as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Equity	50%	2.60%
Fixed Income	35%	1.80%
Alternatives	15%	0.80%
Other	0%	0.00%
Total	100%	5.20%
Inflation		2.50%
Expected Nominal Return		7.70%

Discount Rates

The discount rate used to measure the total pension liability for MERS was 7.50%. 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 PERSAC taking into consideration the recommendation of the actuary. Based on those assumptions, the net position of MERS 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.

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rates

The following table presents the Town of Basile's proportionate share of the net pension liability using the discount rate of 7.50% for MERS, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.50% for MERS) or one percentage-point higher (8.50% for MERS) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
MERS	\$ 387,873	\$ 299,833	\$ 224,717

Payable to the Pension Plan

At June 30, 2016, payable to MERS was \$2,364 for June 2017 employee and employer legally-required contributions.

(12) Natural Gas Contract

The Town of Basile, under contract is required to purchase its natural gas from Louisiana Mutual Gas Corporation unless or until terminated either by seller or buyer upon twelve months prior written notice. The Town purchased natural gas for the year ended June 30, 2017 in the amount of \$16,841 of which \$7,136 was owed for purchases for the month of June 30, 2017.

(13) Segment Information for the Enterprise Fund

The Town of Basile maintains one Enterprise fund with three departments which provide gas, water, and sewer services. Segment information for the year ended June 30, 2017, was as follows:

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Total Enterprise Fund</u>
Operating revenues	\$ 172,576	\$ 369,098	\$ 191,677	\$ 733,351
Operating expenses	134,423	255,360	154,579	544,362
Operating income	<u>\$ 38,153</u>	<u>\$ 113,738</u>	<u>\$ 37,098</u>	<u>\$ 188,989</u>

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

(14) Compensation of Town Officials

A detail of compensation paid to the mayor and Board of Alderman for the year ended June 30, 2017, follows:

Mark Denette, Mayor	19,271
Aldermen:	
Frank Ceasar	1,672
Robert Deshotel	3,344
Hunter Ortego	3,395
Bron Dubroc	2,854
Carmen Langley	3,395
Darrell Reed	541
Latoya Howze	911
	<u>\$ 35,383</u>

(15) Federally Assisted Funds

The town participated in federally assisted programs. These programs are audited in accordance with Government Auditing Standards.

(16) Concentration of Risks

Concentration of risks with respect to the town is subject to the conditions of the limited geographical area of the town.

(17) Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned or the Town will not be able to recover collateral securities in the possession of an outside party. The Town's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMO 30.270 with the Town or trustee institution. The value of the securities must amount to the total of the Town's cash not insured by the Federal Deposit Insurance Corporation.

As of June 30, 2017, the Town's bank balances were fully secured or collateralized with securities held by the Town or by its agent in the Town's name.

(18) Estimates

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

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements (Continued)

(19) Interfund Activities

Transfers to/from other funds at June 30, 2017, consist of the following:

From the Utility Fund to the General Fund for operations	\$ 529,918
From the Sales Tax Fund to the General Fund	21,700
From the Sales Tax Fund to the Utility Fund for operations	171,500
From the Capital Projects Fund to the General Fund	4,800
From the Special Sales Tax Fund to the Utility Fund	33,000
From the Special Tax Fund to the Debt Service Fund	<u>65,828</u>
Total	<u>\$ 826,746</u>

In general, transfers are used to (1) move revenues from the fund that collects the money to the fund that expends the money, (2) move receipts restricted or earmarked for debt services from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in a fund to provide operating advances to other funds in accordance with budgetary authorizations.

(20) Evaluation of Subsequent Events

The Town has evaluated subsequent events through September 28, 2017, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BASILE, LOUISIANA
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2017

	Budget		Actual	Variance –
	Original	Final		Favorable (Unfavorable)
Revenues:				
Taxes	\$ 180,000	\$ 165,000	\$ 146,573	\$ (18,427)
Licenses and permits	55,000	50,000	55,018	5,018
Intergovernmental	9,000	11,000	41,416	30,416
Fines and forfeits	40,000	80,000	98,809	18,809
Miscellaneous	85,500	63,500	84,863	21,363
Total revenues	<u>369,500</u>	<u>369,500</u>	<u>426,679</u>	<u>57,179</u>
Expenditures:				
Current –				
General government	336,500	329,000	272,439	56,561
Public safety:				
Police	373,000	373,000	482,604	(109,604)
Fire	5,600	5,500	4,601	899
Streets and drainage	180,000	175,000	143,685	31,315
Parks	7,500	7,000	22,167	(15,167)
Capital outlay	5,000	5,000	48,261	(43,261)
Total expenditures	<u>907,600</u>	<u>894,500</u>	<u>973,757</u>	<u>(79,257)</u>
Excess (deficiency) of revenues over expenditures	<u>(538,100)</u>	<u>(525,000)</u>	<u>(547,078)</u>	<u>(22,078)</u>
Other financing sources (uses):				
Operating transfers in	610,000	605,000	575,418	(29,582)
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>610,000</u>	<u>605,000</u>	<u>575,418</u>	<u>(29,582)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	71,900	80,000	28,340	(51,660)
Fund balances, beginning	<u>11,908</u>	<u>11,537</u>	<u>11,537</u>	<u>-</u>
Fund balances, ending	<u>\$ 83,808</u>	<u>\$ 91,537</u>	<u>\$ 39,877</u>	<u>\$ (51,660)</u>

See accompanying notes to Required Supplementary Information.

TOWN OF BASILE, LOUISIANA
Special Revenue Fund - Sales Tax Fund
Budgetary Comparison Schedule
Year Ended June 30, 2017

	Budget		Actual	Variance – Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 190,000	\$ 180,000	\$ 203,265	\$ 23,265
Total revenues	<u>190,000</u>	<u>180,000</u>	<u>203,265</u>	<u>23,265</u>
Expenditures:				
Office supplies	-	-	42	(42)
Legal and professional	-	-	1,929	(1,929)
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>1,971</u>	<u>(1,971)</u>
Excess (deficiency) of revenues over expenditures	<u>190,000</u>	<u>180,000</u>	<u>201,294</u>	<u>21,294</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	<u>(190,000)</u>	<u>(175,500)</u>	<u>(193,200)</u>	<u>(17,700)</u>
Total other financing sources (uses)	<u>(190,000)</u>	<u>(175,500)</u>	<u>(193,200)</u>	<u>(17,700)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	4,500	8,094	3,594
Fund balances, beginning	<u>63,022</u>	<u>29,529</u>	<u>29,529</u>	<u>-</u>
Fund balances, ending	<u>\$ 63,022</u>	<u>\$ 34,029</u>	<u>\$ 37,623</u>	<u>\$ 3,594</u>

See accompanying notes to Required Supplementary Information.

TOWN OF BASILE, LOUISIANA
Notes to Required Supplementary Information

Note 1. Legal Compliance - Budgets

A. The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Town Clerk prepares a proposed budget and submits same to Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.

2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.

5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.

6. All budgetary appropriations lapse at the end of each fiscal year.

7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles of the United States of America. Budgeted amounts are as originally adopted or as amended from time to time by the Board of Aldermen. The budget was amended prior to the fiscal year and June 30, 2017.

B. The General Fund actual expenses exceeded budgeted expenses by an amount greater than 5%. The Sales Tax Fund actual expenses exceeded the budgeted expenses by an immaterial amount, which was greater than 5%.

Note 2. Stewardship, Compliance and Accountability

Excess of Expenditures over Appropriations. The following individual fund had actual expenditures in excess of appropriations for the year ended June 30, 2017:

	Budget		Actual	Variance – Favorable (Unfavorable)
	Original	Final		
Sales Tax Fund	\$ -	\$ -	\$ 1,971	\$ (1,971)
General Fund	\$ 907,600	\$ 894,500	\$ 973,757	\$ (79,257)

TOWN OF BASILE, LOUISIANA
Schedule of Employer's Proportionate Share of Net Pension Liability
Year Ended June 30, 2017

Fiscal Year (MERS)	Employer Proportionate of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of It's Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	0.361720	\$ 299,833	\$ 226,978	-13.21%	63.34%
2016	0.340048	231,113	265,752	86.96%	68.71%
2015	0.354325	166,354	244,665	67.90%	76.94%
2014	0.040527	222,677	259,779	85.70%	71.92%
2013	-	-	272,716	-	-
2012	-	-	297,050	-	-
2011	-	-	263,761	-	-
2010	-	-	260,548	-	-
2009	-	-	222,711	-	-
2008	-	-	197,422	-	-

Pension Plan

Changes of Assumptions – Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. There were not changes of benefit terms for the year ended June 30, 2017.

TOWN OF BASILE, LOUISIANA
Schedule of Employer's Pension Contributions
Year Ended June 30, 2017

Fiscal Year (MERS)	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percent of Covered Employee Payroll
2017	\$ 24,968	\$ 24,968	\$ -	\$ 226,978	11.00%
2016	25,236	25,236	-	265,752	9.50%
2015	23,243	23,243	-	244,665	9.50%
2014	22,579	22,579	-	259,779	8.69%
2013	21,817	21,817	-	272,716	8.00%
2012	23,764	23,764	-	297,050	8.00%
2011	17,804	17,804	-	263,761	6.75%
2010	17,587	17,587	-	260,548	6.75%
2009	15,033	15,033	-	222,711	6.75%
2008	13,326	13,326	-	197,422	6.75%

Pension Plan

Changes of Assumptions – Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. There were not changes of benefit terms for the year ended June 30, 2017.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF BASILE, LOUISIANA
 General Fund
 Budgetary Comparison Schedule of Revenues
 Year Ended June 30, 2017

	Budget		Actual	Variance – Favorable (Unfavorable)
	Original	Final		
Taxes:				
Ad valorem	\$ 110,000	\$ 100,000	\$ 91,506	\$ (8,494)
Franchise	70,000	65,000	55,067	(9,933)
Total taxes	<u>180,000</u>	<u>165,000</u>	<u>146,573</u>	<u>(18,427)</u>
Licenses and permits - occupational	<u>55,000</u>	<u>50,000</u>	<u>55,018</u>	<u>5,018</u>
Intergovernmental:				
State of Louisiana -				
Beer tax	4,000	4,000	3,380	(620)
Video poker	5,000	7,000	7,469	469
Supplemental pay	-	-	30,567	30,567
Total intergovernmental	<u>9,000</u>	<u>11,000</u>	<u>41,416</u>	<u>30,416</u>
Fines and forfeits	<u>40,000</u>	<u>80,000</u>	<u>98,809</u>	<u>18,809</u>
Miscellaneous:				
Grant	10,000	5,000	38,543	33,543
Other	75,500	58,500	46,320	(12,180)
Total miscellaneous	<u>85,500</u>	<u>63,500</u>	<u>84,863</u>	<u>21,363</u>
Total revenues	<u>\$ 369,500</u>	<u>\$ 369,500</u>	<u>\$ 426,679</u>	<u>\$ 57,179</u>

TOWN OF BASILE, LOUISIANA
General Fund
Budgetary Comparison Schedule of Expenditures
Year Ended June 30, 2017

	Budget		Actual	Variance –
	Original	Final		Favorable (Unfavorable)
General government:				
Advertising and legal notices	\$ 9,000	\$ 9,000	\$ 6,860	\$ 2,140
Dues and subscriptions	1,000	1,000	739	261
Education and travel	7,000	5,000	494	4,506
Group insurance	-	-	2,285	(2,285)
Insurance	125,000	120,000	70,254	49,746
Miscellaneous	22,500	16,000	9,860	6,140
Office expenses	12,000	12,000	11,919	81
Payroll taxes and retirement	13,000	13,000	18,677	(5,677)
Professional fees	20,000	20,000	19,316	684
Salaries	109,000	115,000	117,412	(2,412)
Utilities and telephone	18,000	18,000	14,623	3,377
Total general government	<u>336,500</u>	<u>329,000</u>	<u>272,439</u>	<u>56,561</u>
Public safety:				
Police department -				
Education and travel	4,000	4,000	3,877	123
Gas, oil and maintenance	19,000	19,000	21,570	(2,570)
Group insurance	-	-	1,894	(1,894)
Miscellaneous	-	-	3,203	(3,203)
Payroll taxes and retirement	30,000	30,000	32,027	(2,027)
Repairs and maintenance supplies	25,000	25,000	23,971	1,029
Salaries	270,000	270,000	373,424	(103,424)
Uniforms	1,500	1,500	611	889
Utilities and telephone	23,500	23,500	22,027	1,473
Total police department	<u>373,000</u>	<u>373,000</u>	<u>482,604</u>	<u>(109,604)</u>
Fire department –				
General operations	4,600	4,500	3,793	707
Gas, oil and maintenance	1,000	1,000	808	192
Total fire department	<u>5,600</u>	<u>5,500</u>	<u>4,601</u>	<u>899</u>
Total public safety	<u>378,600</u>	<u>378,500</u>	<u>487,205</u>	<u>(108,705)</u>
Streets and drainage:				
Miscellaneous	-	-	1,323	(1,323)
Gas, oil and maintenance	16,500	16,500	11,494	5,006
Salaries	85,000	85,000	64,548	20,452
Supplies	3,000	3,000	181	2,819
Repairs and maintenance	35,000	30,000	21,173	8,827
Payroll taxes and retirement	8,500	8,500	10,166	(1,666)
Street lighting	32,000	32,000	34,800	(2,800)
Total streets and drainage	<u>180,000</u>	<u>175,000</u>	<u>143,685</u>	<u>31,315</u>
Park Expense	<u>7,500</u>	<u>7,000</u>	<u>22,167</u>	<u>(15,167)</u>
Capital outlay:				
Equipment & buildings	5,000	5,000	48,261	(43,261)
Total expenditures	<u>\$ 907,600</u>	<u>\$ 894,500</u>	<u>\$ 973,757</u>	<u>\$ (79,257)</u>

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF BASILE, LOUISIANA
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2017

	Capital Project Fund	Special Tax Fund	2017 Totals
ASSETS			
Cash and cash equivalents	\$ 13,992	\$ 3,888	\$ 17,880
Total assets	\$ 13,992	\$ 3,888	\$ 17,880
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Total liabilities	-	-	-
Fund balances:			
Restricted, debt service	-	-	-
Assigned	13,992	3,888	17,880
Unassigned	-	-	-
Total fund balances	13,992	3,888	17,880
Total liabilities and fund balances	\$ 13,992	\$ 3,888	\$ 17,880

TOWN OF BASILE, LOUISIANA
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes in
 Fund Balances
 Year Ended June 30, 2017

	<u>Capital Project Fund</u>	<u>Special Tax Fund</u>	<u>2017 Totals</u>
Revenues:			
Taxes	<u>\$ -</u>	<u>\$ 98,113</u>	<u>\$ 98,113</u>
Total revenues	<u>-</u>	<u>98,113</u>	<u>98,113</u>
 LIABILITIES AND FUND BALANCE			
Expenditures:			
Current-			
General Government	908	-	908
Debt service-			
Principal retirement	-	-	-
Interest paid	-	-	-
Other	-	-	-
Total expenditures	<u>908</u>	<u>-</u>	<u>908</u>
Excess (deficiency) of revenues over expenditures	<u>(908)</u>	<u>98,113</u>	<u>97,205</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	<u>(4,800)</u>	<u>(98,828)</u>	<u>(103,628)</u>
Total other financing sources (uses)	<u>(4,800)</u>	<u>(98,828)</u>	<u>(103,628)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(5,708)	(715)	(6,423)
Fund balances, beginning	<u>19,700</u>	<u>4,603</u>	<u>24,303</u>
Fund balances, ending	<u>\$ 13,992</u>	<u>\$ 3,888</u>	<u>\$ 17,880</u>

NONMAJOR CAPITAL PROJECT FUNDS

Capital project funds are used to account for specific revenues that are assigned to expenditures for particular purpose.

Capital Project Fund

To account for receipts and expenditures associated with the construction of capital projects.

TOWN OF BASILE, LOUISIANA
 Nonmajor Governmental Funds - Capital Projects Fund
 Balance Sheet
 June 30, 2017

	2017
ASSETS	
Cash	\$ 13,992
Investments	-
Total assets	\$ 13,992
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accrued liabilities	\$ -
Due to other funds	-
Total liabilities	-
Fund balances:	
Assigned	13,992
Unassigned	-
Total fund balances	13,992
Total liabilities and fund balances	\$ 13,992

TOWN OF BASILE, LOUISIANA
 Nonmajor Governmental Funds - Capital Projects Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Year Ended June 30, 2017

	2017
Revenues:	
Taxes	\$ -
Total revenues	-
Expenditures:	
Miscellaneous	908
Total expenditures	908
Excess (deficiency) of revenues over expenditures	(908)
Other financing sources (uses):	
Operating transfers in	-
Operating transfers out	(4,800)
Total other financing sources (uses)	(4,800)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(5,708)
Fund balances, beginning	19,700
Fund balances, ending	\$ 13,992

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purpose.

Special Tax Fund

To account for receipts and expenditures associated with advalorem taxes collected for payment of Series 2009A Revenue Bonds.

TOWN OF BASILE, LOUISIANA
 Nonmajor Governmental Funds -Special Tax Fund
 Balance Sheet
 June 30, 2017

	2017
ASSETS	
Cash	\$ 3,888
Investments	-
Total assets	\$ 3,888
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accrued liabilities	\$ -
Due to other funds	-
Total liabilities	-
Fund balances:	
Assigned	3,888
Unassigned	-
Total fund balances	3,888
Total liabilities and fund balances	\$ 3,888

TOWN OF BASILE, LOUISIANA
 Nonmajor Governmental Funds - Special Tax Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Year Ended June 30, 2017

	2017
Revenues:	
Faxes	\$ 98,113
Total revenues	98,113
Expenditures:	
Miscellaneous	\$ -
Total expenditures	-
Excess (deficiency) of revenues over expenditures	98,113
Other financing sources (uses):	
Operating transfers in	-
Operating transfers out	(98,828)
Total other financing sources (uses)	(98,828)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(715)
Fund balances, beginning	4,603
Fund balances, ending	\$ 3,888

TOWN OF BASILE, LOUISIANA
Enterprise Fund
Utility Fund
Comparative Departmental Analysis of Operating Revenues and Expenses
Year Ended June 30, 2017

	Totals	Gas	Water	Sewer	General and Administrative
Operating revenues:					
Customer service charges	\$ 707,441	\$ 164,544	\$ 357,698	\$ 185,199	\$ -
Connection charges	11,268	3,493	4,958	2,817	-
Delinquent charges	14,439	4,476	6,353	3,610	-
Miscellaneous	203	63	89	51	-
Total operating revenues	<u>733,351</u>	<u>172,576</u>	<u>369,098</u>	<u>191,677</u>	<u>-</u>
Operating expenses:					
Salaries	67,666	39,781	27,885	-	-
Payroll taxes and retirement	19,798	11,751	8,047	-	-
Insurance	32,755	-	-	-	32,755
Repairs, maintenance and supplies	94,323	21,063	29,012	44,248	-
Gas and water purchased	125,762	16,841	108,921	-	-
Depreciation	123,477	13,942	43,899	65,636	-
Office expense	3,041	-	-	-	3,041
Telephone and utilities	30,083	4,060	1,715	24,308	-
Auto expenses and travel	-	-	-	-	-
Dues	1,301	-	-	-	1,301
Professional fees	5,400	-	-	-	5,400
Bad debts	2,740	-	-	-	2,740
Miscellaneous	38,016	1,705	-	-	36,311
Allocation of general and administrative expenses	-	25,280	35,881	20,387	(81,548)
Total operating expenses	<u>544,362</u>	<u>134,423</u>	<u>255,360</u>	<u>154,579</u>	<u>-</u>
Net operating income	<u>188,989</u>	<u>\$ 38,153</u>	<u>\$ 113,738</u>	<u>\$ 37,098</u>	<u>\$ -</u>
Nonoperating revenues (expenses):					
Interest income	153				
Interest expense	(28,839)				
Grant revenue	30,543				
Nonemployer pension contribution	2,672				
Miscellaneous	(436)				
Gain on sale of fixed asset	-				
Total nonoperating expenses	<u>4,093</u>				
Income (loss) before operating transfers	<u>193,082</u>				
Operating transfers in (out):					
Operating transfers in	204,500				
Operating transfers out	(548,918)				
Total operating transfers	<u>(344,418)</u>				
Net income (loss)	(151,336)				
Net position, beginning	<u>2,531,907</u>				
Net position, ending	<u>\$ 2,380,571</u>				

**COMPLIANCE, INTERNAL CONTROL
AND
OTHER INFORMATION**

VIGE, TUJAGUE NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

151 N. 2ND STREET
P. O. BOX 1006
EUNICE, LOUISIANA 70535

SHIRLEY VIGE, JR., C.P.A.
FRANK G. TUJAGUE, C.P.A.
DOMINIQUE M. NOEL, C.P.A.

TELEPHONE:
337-457-9324
FAX:
337-457-8743

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

The Honorable Mark Denette
and Members of the Board of Alderman
Town of Basile, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Basile, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Town of Basile, Louisiana's basic financial statements and have issued our report thereon dated September 28, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Basile, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Basile, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Basile, Louisiana'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items #2017-1 through #2017-6 that we consider to be significant deficiencies.

Compliance and Other Matters

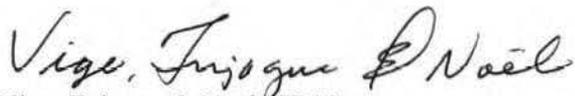
As part of obtaining reasonable assurance about whether Town of Basile, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 responses as items #2017-1 through #2017-6.

Town of Basile, Louisiana's Response to Findings

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

Purpose of this Report

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



Vige, Tujague & Noël, CPA's
Eunice, Louisiana
September 28, 2017

TOWN OF BASILE, LOUISIANA
Schedule of Findings and Responses
Year Ended June 30, 2017

We have audited the financial statements of Town of Basile as of and for the year ended June 30, 2017, and have issued our report thereon dated September 28, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2017, resulted in an unmodified opinion.

Section I. Summary of Auditor's Reports

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

Internal Control

Material Weaknesses ___ Yes x No Significant Deficiencies x Yes ___ No

Compliance

Noncompliance Material to Financial Statement ___ Yes x No

b. Federal Awards

None

Section II. Financial Statement Findings

#2017-1 – Segregation of Duties

Condition: In reviewing the internal control structure, we noted inadequate segregation of duties existed in all areas of the financial cycle.

Criteria: Segregation of conflicting duties within accounting functions is a basic internal control.

Cause: Inadequate segregation of duties exists due to the limited number of personnel performing the administrative functions. Due to lack of resources, the Town is unable to implement a segregated system of internal control.

Effect: Inadequate segregation of duties within the accounting functions.

Recommendation: Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response: The Town does not believe that it would be cost beneficial or possible with the limited resources available to create a segregated accounting environment.

#2017-2 – Budget

Condition: The Town exceeded certain budget line items by greater than 5%.

Criteria: The Local Government Budget Act (R.S. 396:1301-1314) states that total budgeted revenues should not exceed total actual revenues by greater than 5% and total actual expenditures should not exceed total budgeted expenditures by greater than 5%. When this occurs, the budget should be amended prior to year end.

Cause: The Town's accounting personnel did not have all year end adjustments in place when the budget was amended.

TOWN OF BASILE, LOUISIANA
Schedule of Findings and Responses
Year Ended June 30, 2017

- Effect: The Town's actual expenses exceed budgeted expenses by greater than 5% in the General Fund and in the Sales Tax Fund.
- Recommendation: We recommend that all year end adjustments be posted or estimated as correctly as possible to ensure that this is not a reoccurring problem.
- Response: The Town will comply with the recommendation.

#2017-3 – State Supplemental Pay

- Condition: The total state supplemental pay received by some police employees was not properly included in wages earned for tax withholding purposes.
- Criteria: State supplemental pay should be included in the wages of all participating employees for the purpose of tax reporting and withholding. The Town is responsible for including these wages in the employee's payroll.
- Cause: New officers, or those that become eligible for the payments during the fiscal year, may receive a lump sum payment for retroactive earnings. The clerk did not reconcile the supplemental pay reports prepared by the state with the Town's payroll reports.
- Effect: The total state supplemental pay was not properly included in wages for tax withholding purposes.
- Recommendation: We recommend that the Town clerk reconcile monthly state supplemental pay reports issued by the state to the Town's payroll reports to ensure that all wages are properly included.
- Response: The Town agrees with the recommendation and supplemental pay will be reconciled and properly included in employee wages.

#2017-4 – Documentation

- Condition: The Town did not provide documentation for three checks made payable to the Chief of Police, totaling \$950. Also, there were three checks written for funeral and retirement party expenses, which is prohibited by Article 7, Section 14 of the Louisiana Constitution of 1974. One check was issued for the purchase of a camera; however, the receipt total was \$30 less than the actual disbursement.
- Criteria: The Town is required to have documentation for all purchases made, including invoices or receipts and proper approval for the purchases.
- Cause: The Chief of Police was unable to provide invoices or proper documentation for expenses.
- Effect: The Town is unable to account for the use of public funds.
- Recommendation: We recommend that invoices or receipts be obtained and approved for payment prior to the issuance of a check. The Town should consult with legal representation to discuss the reimbursement of unallowed expenses to the Town.

TOWN OF BASILE, LOUISIANA
Schedule of Findings and Responses
Year Ended June 30, 2017

Response: The mayor is working with the police department to see that controls are implemented as planned. The Town will consult with legal representation about the reimbursement of these expenses.

#2017-5 – Donations

Condition: The Town used public funds to make donations for funeral expenses in the amount of \$104 and for the purchase of reception supplies for retiring employees in the amount of \$493.

Criteria: Article 7, Section 14 of the Louisiana Constitution of 1974 provides that the funds, credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

Cause: The Town made a donation to a former employee's family upon the death of the employee, by purchasing food for the family at the funeral. The Town also purchased food and supplies to hold a reception for a retiring board member and employee.

Effect: The Town is in violation of Article 7, Section 14 of the LA Constitution which expressly prohibits the use of public funds for donations or private use.

Recommendation: We recommend that the Town no longer use public funds for donations or employee receptions. The Town should consult with legal representation to discuss the reimbursement of unallowed expenses to the Town.

Response: Management was unaware that these were not allowable expenditures. The Town will not use public funds for donations or unallowable expenses in the future. The Town will consult with legal representation about the reimbursement of these expenses.

#2017-6 – Budget Presentation

Condition: The budget was not prepared in the required format and did not contain a budget message.

Criteria: The Louisiana Local Government Budget Act (R.S. 39:1305(c)(2)(a)) states that the budget must be presented in a specific format.

Cause: The budget was not properly presented.

Effect: The format required by the Louisiana Local Government Budget Act was not followed.

Recommendation: We recommend that the Town follow the format required by the Louisiana Local Government Budget Act when preparing the budget and any amendments.

Response: Management will prepare the budget in the proper format in the future.

Section III. Summary of Other Audit Results

1. The auditor's report expresses an unmodified opinion of the financial statement of Town of Basile, Louisiana.
2. There was no single audit required under OMB Circular A-133.

TOWN OF BASILE, LOUISIANA
Status of Prior Years
Schedule of Findings and Responses
Year Ended June 30, 2017

#2016-1 Segregation of Duties

Condition: Due to the small number of employees, the town did not have an adequate segregation of functions within the accounting system.

Recommendation: Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response: No response is considered necessary.

Status: This finding was repeated for June 30, 2017.

#2016-2 – Payroll Calculation Error

Condition: There was an error in the calculation of payroll for an employee, relating to state supplemental pay, resulting in an overpayment of \$3,250 as of June 30, 2015 and an additional \$2,000 as of June 30, 2016.

Recommendation: We recommend that the Town require the employee to pay back the total amount of overpaid wages.

Response: The Town agrees with the recommendation and a payment plan has been set up for the employee to pay back the total overpaid wages.

Status: This finding cleared for June 30, 2017.

#2016-3 – State Supplemental Pay

Condition: The total state supplemental pay received by some police employees was not properly included in wages earned for tax withholding purposes.

Recommendation: We recommend that the Town clerk reconcile monthly state supplemental pay reports issued by the state to the Town's payroll reports to ensure that all wages are properly included.

Response: The Town agrees with the recommendation and supplemental pay will be reconciled and properly included in employee wages.

Status: This finding was repeated for June 30, 2017.

TOWN OF BASILE, LOUISIANA
Status of Prior Years
Schedule of Findings and Responses (Continued)
Year Ended June 30, 2017

#2016-4 – Ticket Revenues

Condition: There were tickets voided or missing prior to delivery to the court. We tested a sample of 40 and found four missing or voided. Upon additional testing, we found missing ticket books and other tickets with void written across the face of the ticket.

Recommendation: We recommend that controls over tickets be implemented as planned.

Response: The mayor is working with the police department to see that controls are implemented as planned.

Status: This finding cleared for June 30, 2017.

TOWN OF BASILE, LOUISIANA
 Schedule of Mayor and Alderman
 Year Ended June 30, 2017

<u>Name</u>	<u>Office and Term</u>	<u>Address and Telephone</u>	<u>Compensation</u>
Mark Denette	Mayor 2018	P.O. Box 538 Basile, LA 70515 337-789-6276	19,271
Frank Ceasar	Alderman Resigned	P.O. Box 601 Basile, LA 70515 337-432-5507	1,672
Robert Deshotel	Alderman 2018	P.O. Box 395 Basile, LA 70515 337-789-3053	3,344
Hunter Ortego	Alderman 2018	1070 S. Berwick Ave. Basile, LA 70515 337-580-8699	3,395
Bron Dubroc	Alderman 2018	1624 N. Black Avenue Basile, LA 70515 337-207-0474	2,854
Carmen Langley	Alderwoman 2018	P.O. Box 653 Basile, LA 70515 337-224-4471	3,395
Darrell Reed	Alderman 2017	P.O. Box 484 Basile, LA 70515 337-550-5544	541
Latoya Howze	Alderwoman 2018	P.O. Box 824 Basile, LA 70515 337-305-5977	911
			<u>\$ 35,383</u>

TOWN OF BASILE, LOUISIANA
 Schedule of Meters and Rates and Accounts Receivable
 Year Ended June 30, 2017

Total Water Meters

Meters ¾"	798
Meters 2"	23
Meters 4"	3
Meters 1"	<u>2</u>
TOTAL	826

Water Rates

Effective 07/01/10 to current

Residential rates 19.35 First 2000 Gallons 4.35 Per Thousand After
 Commercial rates 21.85 First 2000 Gallons 5.85 Per Thousand After

Customer Deposits

Effective 8/11/09

Renters: 150 – Gas
 100 – Water

Homeowners: 100 – Gas
 100 – Water

Amounts Receivable (Water, Gas, Sewer)

<u>Days</u>	<u>Amounts</u>
0-30	\$ 57,537
31-60	1,430
61-90	1,795
Over -90	-
	<u>\$ 60,762</u>

Residential Users - 745
 Commercial Users – 53

TOWN OF BASILE, LOUISIANA
 Schedule of Insurance
 Year Ended June 30, 2017

<u>Insurance</u>	<u>Coverage</u>	<u>Limits</u>	<u>Policy Period</u>
Cassidy Insurance Agency	Employee Dishonesty Bond	\$300,000 \$140,000	11/16/16-11/16/17 1/03/17 - 1/03/18
Essex Insurance Company	Auto	\$1,000,000	9/13/16 - 9/13/17
LA Risk Management Agency	Commercial Premises General Medical Liability Fire	\$500,000 \$ 10,000 \$ 50,000	5/01/17- 5/01/18
LA Risk Management Agency	Police Comprehensive Liability	\$500,000	5/01/17 - 5/01/18
LA Risk Management Agency	Public Officials Errors / Omissions	\$500,000	5/01/17 - 5/01/18
LA Risk Management Agency	Workers Compensation	Statutory	1/01/17 - 1/01/18
Essex Insurance Company	Building & Equipment 80% Coinsurance	\$1,033,600	3/05/17 - 3/05/18

TOWN OF BASILE, LOUISIANA
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
Year Ended June 30, 2017

Mark Denette, Mayor
Period: 12 Months

Salary	\$19,271
Benefits – retirement	844
Reimbursements	1,769

VIGE, TUJAGUE & NOEL, CPA'S
P. O. BOX 1005
EUNICE, LA 70535

RE: Management Response

The following are our responses to your recommendations we received in the Town's Audited Financial Statement as of June 30, 2017.

2017-1 Segregation of Duties

We are aware of and have evaluated this inadequacy and concluded that the related costs versus benefits to be achieved do not justify the additional personnel it would require to establish an adequate segregation of duties. However, we will try to segregate duties as much as possible with the existing staff.

2017-2 Budget

The Town will post all year end adjustments or estimate the adjustments as correctly as possible to ensure that this is not a reoccurring problem.

2017-3 State Supplemental Pay

The Town clerk will reconcile the monthly state supplemental pay reports with the Town's payroll reports to ensure all wages are included.

2017-4 Documentation

The mayor is working with the police department to see that controls are implemented as planned. The Town will consult with legal representation about the reimbursement of these expenses.

2017-5 Donations

The Town will no longer use public funds for donations or employee receptions. The Town will consult with legal representation about the reimbursement of these expenses.

2017-6 Budget Presentation

The Town will present the budget in the proper format required by the Louisiana Local Government Budget Act.



Mark Denette, Mayor

TOWN OF BASILE, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES REPORT
YEAR ENDED JUNE 30, 2017

VIGE, TUJAGUE & NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

151 N. 2ND STREET
P. O. BOX 1006
EUNICE, LOUISIANA 70535

SHIRLEY VIGE, JR., C.P.A.
FRANK G. TUJAGUE, C.P.A.
DOMINIQUE M. NOEL, C.P.A.

TELEPHONE:
337-457-9324
FAX:
337-457-8743

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Management and Board of Aldermen of the Town of Basile, Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Town of Basile, Louisiana and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Town of Basile, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
Written policies were obtained and address the functions noted above.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

The Town does not have a cumulative collection of policies and procedures. Most policies and procedures have been adopted in the minutes of the monthly meetings throughout the years.

- c) **Disbursements**, including processing, reviewing, and approving

The Town does not have a cumulative collection of policies and procedures. Most policies and procedures have been adopted in the minutes of the monthly meetings throughout the years.

- d) **Receipts**, including receiving, recording, and preparing deposits

The Town does not have a cumulative collection of policies and procedures. Most policies and procedures have been adopted in the minutes of the monthly meetings throughout the years. The Town does have written policies and procedures for traffic tickets.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Written policies were obtained and address the functions noted above.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

The Town does not have a cumulative collection of policies and procedures. Most policies and procedures have been adopted in the minutes of the monthly meetings throughout the years.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

The Town does not have a cumulative collection of policies and procedures. Most policies and procedures have been adopted in the minutes of the monthly meetings throughout the years.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

The Town does not have a cumulative collection of policies and procedures. Most policies and procedures have been adopted in the minutes of the monthly meetings throughout the years.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

The Town does not have a cumulative collection of policies and procedures. Most policies and procedures have been adopted in the minutes of the monthly meetings throughout the years.

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Town does not have a cumulative collection of policies and procedures. Most policies and procedures have been adopted in the minutes of the monthly meetings throughout the years.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met monthly.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes included monthly budget-to-actual comparisons for the major funds.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

There was no deficit spending noted.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Obtained and reviewed the minutes of the managing board for the fiscal period noting that non-budgetary financial information was referenced.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Obtained a listing of cash collection locations and management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and reconciliations for all months in the fiscal period for all selected accounts noting that reconciliations for the General Fund Operating Account and the Utility Fund Operating Account have been prepared for all months. Reconciliations were not prepared for other cash accounts.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

The bank reconciliations prepared for all accounts examined did not have evidence of management review.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Obtained bank statements and reconciliations for all months in the fiscal period and there is no evidence of management's documentation of research for items that have been outstanding for more than 6 months.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Obtained a listing of cash collection locations and management's representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Written documentation was obtained and addresses the functions note above; however, the persons responsible for collecting cash are also responsible for depositing the cash, recording the related transaction, and reconciling the bank account, and shares a cash drawer with another employee.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Written documentation was obtained and addresses the functions noted above; however, this process is not performed by a person independent of the cash collections process.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Collection documentation was obtained and deposits were made within one day of collection.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Daily cash collections are completely supported by collection documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

The Town does not have a cumulative collection of policies and procedures. Most policies and procedures have been adopted in the minutes of the monthly meetings throughout the years. The person who collects cash also determines completeness.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Listing of disbursements and management's representation that the listing is complete was obtained.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Examined supporting documentation for each of the 25 disbursements selected and found that purchases are not initiated using a requisition or purchase order system. The initiation and approval functions are not always separate.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Examined supporting documentation for each of the 25 disbursements selected and found that purchases are not initiated using a requisition or purchase order system. The initiation and approval functions are not always separate.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Examined supporting documentation for each of the 25 disbursements and found all payments processed included an invoice/receiving report; however, not all invoices are approved by a person who did not initiate the purchase.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The Town does not have written policies and procedures addressing the functions noted above. The person responsible for processing payments can also add vendors.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The Town does not have written policies and procedures addressing the functions noted above. The person with signatory authority also can initiate and record purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Inquiry and observation noted no exceptions. The persons with signatory authority have system access to print checks.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

No signature stamp or signature machine is utilized.

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

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

A listing of active credit cards and management's representation that the listing is complete was obtained.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Monthly statements were obtained and supporting documentation was reviewed; however written approval by someone other than the cardholder is not obtained.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

There were no finance charges on the monthly statement selected.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

Each transaction was supported by an itemized receipt.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Each transaction was supported by an itemized receipt; however, there were transactions for items that were not for business/public purpose, such as flowers and reception supplies.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Not applicable.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

There were items purchased without a business/public purpose, such as flowers and reception supplies.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

We compared the entity's documentation for each transaction and noted four exceptions to the requirements of Article 7, Section 14. The Town purchased flowers, and supplies/food for a retirement reception totaling \$140.25.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Prescribed forms for expense reimbursement were obtained. No amounts listed exceed GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Expenses were paid in accordance with policy.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

No exceptions noted.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions noted.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No exceptions noted.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or

donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Expenses are approved in writing by the same person receiving the reimbursement.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Management has stated that there were no formal contracts during the fiscal year and we have obtained management's representation agreeing with this statement.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Not applicable.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

Not applicable.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Not applicable.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Not applicable.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Not applicable.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Not applicable.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Listing of employees with their related salaries and management's representation that the listing is complete was obtained.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No changes were made to hourly pay rates/salaries of those employees selected for testing during the fiscal year.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

We obtained written documentation that supervisors approved, in writing, the attendance and leave of the selected employees, with one exception, in which the employee is the department head.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

We obtained written documentation of the entities written leave records on selected employees.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

A listing of employees/officials terminated during the fiscal year and management's representation that the listing is complete was obtained. Termination payments were made in strict accordance with policy and approved by management.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions noted.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

We obtained ethics compliance documentation maintained by management to demonstrate that required ethics training was completed for employees in the testing sample.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management asserted that they have received no allegations during the fiscal year.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

State bond commission approval was obtained on the refinancing of previous debt.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

All scheduled debt service payments were made and debt reserves were maintained as required by debt covenants.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Millage collections did not exceed debt service payments by more than 10% during the fiscal period. The purpose of the millage is for the acquisition, construction, improvement, maintenance and operation of public improvements and all activities incidental thereto, subject only to the prior payment of the reasonable and necessary costs and expenses of collecting and administering the tax.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the entity did not have any misappropriation of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

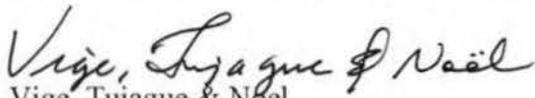
Required notice was posted on the entity's premises.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

We noted four transactions in which the Town purchased items that were not for business/public purpose, such as flowers and reception supplies, totaling \$140.25.

We were not engaged to and did not conduct an examination or review, 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.

The purpose of this report is 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.



Vige, Tujague & Noël

Eunice, Louisiana

September 28, 2017

TOWN OF BASILE, LOUISIANA

Management's Response to Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2017

Management Response to Item:

1b, 1c, 1d, 1f, 1g, 1h,
1i, 1j

The Town will compile a cumulative collection of policies and procedures to be adopted at a council meeting.

4a, 4b, 4c

The Town clerk will prepare monthly reconciliations on all cash accounts, including those with little activity. The mayor or member of the board will initial the reconciliations to provide evidence of review. The Town clerk will provide documentation of research for reconciling items that have been outstanding for more than 6 months.

6a, 6b, 7, 9a, 9b, 9c
10, 11, 12, 15a, 19d,
23b

Efforts will be made to segregate duties in these areas as much as possible with the limited number of employees involved.

16a, 16b, 16c, 33

Management was unaware that these purchases were not allowed and will ensure that all future purchases have a business/public purpose.



Mark Denette, Mayor