

TOWN OF BASILE, LOUISIANA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2018

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VIGE, TUJAGUE & NOEL
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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, 2018, 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, 2018 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.

Emphasis of Matter

The accompanying financial statements have been prepared assuming that the Town will continue as a going concern. As discussed in Note 22 to the financial statements, the Town has a fund balance deficiency that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 22. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

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 November 8, 2018, 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

Vige, Tujague & Noël
Eunice, Louisiana
November 8, 2018

BASIC FINANCIAL STATEMENTS

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

TOWN OF BASILE, LOUISIANA
Statement of Net Position
June 30, 2018

	2018		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 43,684	\$ 11,211	\$ 54,895
Receivables, net	36,344	63,828	100,172
Other assets	-	2,476	2,476
Total current assets	<u>80,028</u>	<u>77,515</u>	<u>157,543</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	356	157,898	158,254
Capital assets, net	1,334,180	2,769,707	4,103,887
Total noncurrent assets	<u>1,334,536</u>	<u>2,927,605</u>	<u>4,262,141</u>
Total assets	<u>1,414,564</u>	<u>3,005,120</u>	<u>4,419,684</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>81,128</u>	<u>28,505</u>	<u>109,633</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	37,575	25,464	63,039
Current portion of bonds payable	37,000	24,898	61,898
Total current liabilities	<u>74,575</u>	<u>50,362</u>	<u>124,937</u>
Noncurrent liabilities:			
Compensated absences	11,461	-	11,461
Customers deposits payable	-	104,502	104,502
Bonds payable	381,350	574,463	955,813
Net pension liability	195,795	68,793	264,588
Total noncurrent liabilities	<u>588,606</u>	<u>747,758</u>	<u>1,336,364</u>
Total liabilities	<u>663,181</u>	<u>798,120</u>	<u>1,461,301</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>18,718</u>	<u>4,577</u>	<u>23,295</u>
NET POSITION			
Invested in capital assets, net of related debt	915,830	2,065,844	2,981,674
Restricted for debt service	-	157,898	157,898
Unrestricted	<u>(102,037)</u>	<u>7,186</u>	<u>(94,851)</u>
Total net position	<u>\$ 813,793</u>	<u>\$ 2,230,928</u>	<u>\$ 3,044,721</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, 2018

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	\$ 308,716	\$ 100,679	\$ -	\$ -	\$ (208,037)	\$ -	\$ (208,037)
Public safety:							
Police	505,201	66,532	-	-	(438,669)	-	(438,669)
Fire	7,128	-	-	-	(7,128)	-	(7,128)
Streets	194,785	5,382	-	-	(189,403)	-	(189,403)
Parks and recreation	16,153	2,554	-	-	(13,599)	-	(13,599)
Interest on long-term debt	17,707	-	-	-	(17,707)	-	(17,707)
Total governmental activities	<u>1,049,690</u>	<u>175,147</u>	<u>-</u>	<u>-</u>	<u>(874,543)</u>	<u>-</u>	<u>(874,543)</u>
Business-type activities:							
Gas	168,498	187,099	-	-	-	18,601	18,601
Water	251,675	365,752	-	-	-	114,077	114,077
Sewer	150,100	188,751	1,580	-	-	40,231	40,231
Total business-type activities	<u>570,273</u>	<u>741,602</u>	<u>1,580</u>	<u>-</u>	<u>-</u>	<u>172,909</u>	<u>172,909</u>
Total	<u>\$ 1,619,963</u>	<u>\$ 916,749</u>	<u>\$ 1,580</u>	<u>\$ -</u>	<u>(874,543)</u>	<u>172,909</u>	<u>(701,634)</u>

General revenues:

Taxes –			
Property taxes, levied for general purposes	188,294	-	188,294
Sales and use taxes, levied for general purposes	201,260	-	201,260
Franchise and chain store taxes	60,931	-	60,931
Interest and investment earnings	-	286	286
Miscellaneous	3,236	-	3,236
Nonemployer pension contribution	5,634	1,979	7,613
Transfers	324,817	(324,817)	-
Total general revenues and transfers	<u>784,172</u>	<u>(322,552)</u>	<u>461,620</u>
Changes in net assets	(90,371)	(149,643)	(240,014)
Net position - June 30, 2017	904,164	2,380,571	3,284,735
Net position - June 30, 2018	<u>\$ 813,793</u>	<u>\$ 2,230,928</u>	<u>\$ 3,044,721</u>

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, 2018

	General Fund	Special Tax Fund	Sales Tax Fund	Other Funds	Total
ASSETS					
Cash	\$ 15,344	\$ 1,336	\$ 16,107	\$ 10,897	\$ 43,684
Receivables					
Taxes	1,268	-	-	-	1,268
Other	20,098	-	-	-	20,098
Restricted assets					
Cash-demand accounts	356	-	-	-	356
Total assets	\$ 37,066	\$ 1,336	\$ 16,107	\$ 10,897	\$ 65,406
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 20,725	\$ -	\$ -	\$ -	\$ 20,725
Accrued liabilities	16,850	-	-	-	16,850
Total liabilities	37,575	-	-	-	37,575
Fund balances:					
Assigned	-	1,336	16,107	10,897	28,340
Unassigned	(509)	-	-	-	(509)
Total fund balance	(509)	1,336	16,107	10,897	27,831
Total liabilities and fund balance	\$ 37,066	\$ 1,336	\$ 16,107	\$ 10,897	\$ 65,406

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, 2018

Total fund balances for governmental funds at June 30, 2018		\$ 27,831
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 \$780,080 accumulated depreciation	745,995	
Equipment & other, net of \$605,342 accumulated depreciation	<u>540,455</u>	1,334,180
Sales tax which were not measurable at year end and not considered available as current financial resources at year end		14,978
Amounts related to pension recognition are not due and payable in the current period and, therefore, are not reported in the funds		(133,385)
Long-term liabilities at June 30, 2018		
Bond issue costs, net of \$177 amortization	33,650	
Compensated absences	(11,461)	
Bond payable	<u>(452,000)</u>	<u>(429,811)</u>
Total net position of governmental activities at June 30, 2018		<u>\$ 813,793</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, 2018

	General Fund	Special Tax Fund	Sales Tax Fund	Other Funds	Totals
Revenues:					
Taxes	\$ 152,119	\$ 97,106	\$ 201,421	\$ -	\$ 450,646
Licenses and permits	55,857	-	-	-	55,857
Intergovernmental	44,822	-	-	-	44,822
Fines and forfeits	59,298	-	-	-	59,298
Miscellaneous	18,406	-	-	-	18,406
Total revenues	<u>330,502</u>	<u>97,106</u>	<u>201,421</u>	<u>-</u>	<u>629,029</u>
Expenditures:					
Current-					
General government	286,028	-	1,900	-	287,928
Public safety:					
Police	488,029	-	-	-	488,029
Fire	5,000	-	-	-	5,000
Streets and drainage	175,606	-	-	-	175,606
Parks	11,865	-	-	-	11,865
Capital outlay	7,260	-	-	-	7,260
Debt service					
Principal retirement	-	-	-	28,000	28,000
Interest charges	-	-	-	17,707	17,707
Total expenditures	<u>973,788</u>	<u>-</u>	<u>1,900</u>	<u>45,707</u>	<u>1,021,395</u>
Excess (deficiency) of revenues over expenditures	<u>(643,286)</u>	<u>97,106</u>	<u>199,521</u>	<u>(45,707)</u>	<u>(392,366)</u>
Other financing sources (uses)					
Operating transfers in	602,900	-	-	45,707	648,607
Operating transfers out	-	(99,658)	(221,037)	(3,095)	(323,790)
Total other financing sources (uses)	<u>602,900</u>	<u>(99,658)</u>	<u>(221,037)</u>	<u>42,612</u>	<u>324,817</u>
Net changes in fund balances	(40,386)	(2,552)	(21,516)	(3,095)	(67,549)
Fund balances, beginning	<u>39,877</u>	<u>3,888</u>	<u>37,623</u>	<u>13,992</u>	<u>95,380</u>
Fund balances, ending	<u>\$ (509)</u>	<u>\$ 1,336</u>	<u>\$ 16,107</u>	<u>\$ 10,897</u>	<u>\$ 27,831</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, 2018

Total net changes in fund balances at June 30, 2018 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ (67,549)
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	\$ 7,260	
Depreciation expense for the year ended June 30, 2018	<u>(72,390)</u>	(65,130)
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.		28,000
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.		
Amortization expense for the year		(177)
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		14,127
Net effect of pension liability recognition		519
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		<u>(161)</u>
Total changes in net assets at June 30, 2018 per Statement of Activities		<u><u>\$ (90,371)</u></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, 2018
With Comparative Totals for June 30, 2017

ASSETS	<u>2018</u>	<u>2017</u>
Cash	\$ 11,211	\$ 19,159
Receivables:		
Accounts receivable	63,828	60,762
Restricted assets		
Cash – demand accounts	137,898	176,933
Interest-bearing deposits, at cost	20,000	20,000
Land	12,008	12,008
Utility property plant and equipment	6,066,361	6,066,361
Accumulated depreciation	(3,308,662)	(3,186,749)
Other assets	2,476	13,729
Total assets	<u>3,005,120</u>	<u>3,182,203</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	<u>28,505</u>	<u>37,304</u>
LIABILITIES		
Current liabilities:		
Accounts payable	22,677	21,475
Accrued liabilities	2,787	2,776
Payable from restricted assets - Current portion of revenue bonds	<u>24,898</u>	<u>23,805</u>
Total current liabilities	<u>50,362</u>	<u>48,056</u>
Noncurrent liabilities:		
Payable from restricted assets- Customers' deposits	104,502	97,369
Revenue bonds payable	574,463	598,819
Net Pension Liability	<u>68,793</u>	<u>89,950</u>
Total noncurrent liabilities	<u>747,758</u>	<u>786,138</u>
Total liabilities	<u>798,120</u>	<u>834,194</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	<u>4,577</u>	<u>4,742</u>
NET POSITION		
Investment in capital assets, net of related debt	2,053,836	2,159,619
Restricted for debt service	157,898	196,933
Unrestricted	<u>19,194</u>	<u>24,019</u>
Total net position	<u>\$ 2,230,928</u>	<u>\$ 2,380,571</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, 2018
With Comparative Totals For the Year Ended June 30, 2017

	<u>2018</u>	<u>2017</u>
Operating revenues:		
Charges for services --		
Gas sales	\$ 180,037	\$ 164,544
Water sales	355,730	357,698
Sewer service charges	183,056	185,199
Connection charges	8,841	11,268
Delinquent charges	13,835	14,439
Miscellaneous revenues	<u>103</u>	<u>203</u>
Total operating revenues	<u>741,602</u>	<u>733,351</u>
 Operating expenses:		
Gas department	131,846	95,201
Water department	147,214	175,580
Sewer department	67,714	68,556
General and administrative	73,257	81,548
Depreciation	<u>121,913</u>	<u>123,477</u>
Total operating expenses	<u>541,944</u>	<u>544,362</u>
 Operating income	<u>199,658</u>	<u>188,989</u>
 Nonoperating revenues (expenses):		
Interest income	286	153
Interest expense	(27,893)	(28,839)
Grant revenue	1,580	30,543
Nonemployer pension contribution	1,979	2,672
Miscellaneous	<u>(436)</u>	<u>(436)</u>
Total nonoperating revenues (expenses)	<u>(24,484)</u>	<u>4,093</u>
 Income before operating transfers	<u>175,174</u>	<u>193,082</u>
 Operating transfers in (out):		
Operating transfers in	257,537	204,500
Operating transfers out	<u>(582,354)</u>	<u>(548,918)</u>
Total operating transfers	<u>(324,817)</u>	<u>(344,418)</u>
 Change in net position	(149,643)	(151,336)
 Net position, beginning	<u>2,380,571</u>	<u>2,531,907</u>
 Net position, ending	<u>\$ 2,230,928</u>	<u>\$ 2,380,571</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, 2018
With Comparative Totals for the Year Ended June 30, 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Receipts from customers	\$ 736,454	\$ 731,101
Payments to suppliers	(332,156)	(334,221)
Payments to employees	(85,953)	(80,113)
Other receipts	103	203
Net cash provided (used) by operating activities	<u>318,448</u>	<u>316,970</u>
Cash flows from noncapital financing activities:		
Cash received from other funds	257,537	204,500
Nonemployer pension contribution	1,979	2,672
Cash paid to other funds	<u>(582,354)</u>	<u>(548,918)</u>
Net cash provided (used) by noncapital financing activities	<u>(322,838)</u>	<u>(341,746)</u>
Cash flows from capital and related financing activities:		
Principal paid on revenue bonds payable	(23,263)	(22,318)
Interest and fiscal charges paid on revenue bonds and notes payable	(27,893)	(28,839)
Other non operating costs	(436)	(436)
Proceeds from meter deposits (net)	7,133	4,160
Proceeds from grants	<u>1,580</u>	<u>30,543</u>
Net cash provided (used) by capital and related financing activities	<u>(42,879)</u>	<u>(16,890)</u>
Cash flows from investing activities:		
Interest on investments	<u>286</u>	<u>153</u>
Net cash provided by investing activities	<u>286</u>	<u>153</u>
Net increase (decrease) in cash and cash equivalents	(46,983)	(41,513)
Cash and cash equivalents, beginning of period	<u>216,092</u>	<u>257,605</u>
Cash and cash equivalents, end of period	<u>\$ 169,109</u>	<u>\$ 216,092</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, 2018
With Comparative Totals for the Year Ended June 30, 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of operating income to net cash used by operating activities:		
Operating income	\$ 199,658	\$ 188,989
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	121,913	123,477
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	(3,066)	625
(Increase) decrease in inventory	11,253	(8,655)
Increase (decrease) in accounts payable	1,203	7,855
Increase (decrease) in accrued liabilities	10	377
Increase (decrease) in net pension liability	(12,523)	4,302
Net cash provided (used) by operating activities	<u>\$ 318,448</u>	<u>\$ 316,970</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	\$ 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>
Cash and cash equivalents, end of period –		
Cash – unrestricted	11,211	19,159
Cash – restricted	<u>157,898</u>	<u>196,933</u>
Total cash and cash equivalents	<u>169,109</u>	<u>216,092</u>
Net increase (decrease)	<u>\$ (46,983)</u>	<u>\$ (41,513)</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)

fixed assets. The town maintains a threshold level of \$5,000 or more for capitalizing capital assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Equipment	5 years
Vehicles	7 years
Utility system and improvements	25-50 years

E. Budgets and Budgetary Accounting

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, 2018.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town as an extension of formal budgetary integration in the funds.

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, 2018, 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, 2018, totals \$11,461.

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, 2018, there was \$137,898 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, 2018 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)

S. Inventories

Inventories in the proprietary fund consist of gas held for the Town's use. Inventories are recorded at cost, which approximates market, using the first-in, first-out method. The cost is recorded as an expenditure at the time inventory is consumed rather than when purchased and is included in other assets, in the amount of \$2,476.

T. Recently Issued and Adopted Accounting Pronouncements

For the year ended June 30, 2015, the following statements were implemented: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB Statement No. 68*. These statements changed the accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. The following GASB statement was also effective but did not impact the financial statements of the Town of Basile: GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*.

(2) Deposits with Financial Institutions

Under state law, the town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of state banks organized under the Louisiana law and national banks having principal offices in Louisiana. At June 30, 2018, the Town has cash and interest bearing deposits totaling, \$226,582 as follows:

Demand deposits	\$ 181,121
Certificate of deposit	<u>20,000</u>
Total	<u>\$ 201,121</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balance) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balance) at June 30, 2018, are secured as follows.

Bank balances	<u>\$ 226,582</u>
Federal deposit	\$ 250,000
Pledged securities	<u>-</u>
Total	<u>250,000</u>
Excess/(Shortage)	<u>\$ 23,418</u>

Pledged securities in Category 3 include uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Town's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statue 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

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

(3) Ad Valorem Taxes

Ad Valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November or December. Billed taxes become delinquent on January 1, of the following year. Revenues from ad valorem taxes are budgeted in the year billed. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Evangeline Parish. Most taxes are collected by February of the ensuing year.

For the year ended June 30, 2018, taxes of 32.48 mills were levied on property with assessed valuations totaling \$5,262,450. 14.32 mills were dedicated to general corporate purposes and 18.16 mills were dedicated to revenue funds for the purpose of 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.

Total taxes levied were \$179,956. Taxes receivable at June 30, 2018, were \$1,268 and allowances for uncollectibles were \$0.

(4) Restricted Assets General And Proprietary Fund Type

Restricted Assets were applicable to the following at June 30, 2018.

	2018
General Fund:	
Police Station Renovation	\$ 200
Law Enforcement	156
Proprietary Fund:	
Utility Deposits – Time Certificate of Deposit	20,000
LCDBG Sewer Rehab	82
Revenue Bond Contingency Account – Cash	27,583
Water Reserve Fund	51,937
Water Depreciation & Contingency	51,808
Gas Contingency Fund	6,488
Total Restricted Assets	\$ 158,254

(5) On-Behalf Payments

The Town received on-behalf payments from the State of Louisiana, in the amount of \$34,984, in the form of police supplemental pay.

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

(6) Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 47,730	\$ -	\$ -	\$ 47,730
Other capital assets:				
Buildings	1,518,815	7,260	-	1,526,075
Equipment/Other	1,145,797	-	-	1,145,797
Totals	2,712,342	7,260	-	2,719,602
Less accumulated depreciation				
Buildings	742,110	37,970	-	780,080
Equipment/Other	570,922	34,420	-	605,342
Total accumulated depreciation	1,313,032	72,390	-	1,385,422
Governmental activities, capital assets, net	\$ 1,399,310	\$ (65,130)	\$ -	\$ 1,334,180
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	825,494	-	-	825,494
Furniture and equipment	43,986	-	-	43,986
Sewer system	3,053,406	-	-	3,053,406
Totals	6,078,369	-	-	6,078,369
Less accumulated depreciation				
Water system	980,341	43,899	-	1,024,240
Gas system	507,315	13,942	-	521,257
Furniture and equipment	43,987	-	-	43,987
Sewer system	1,655,106	64,072	-	1,719,178
Total accumulated depreciation	3,186,749	121,913	-	3,308,662
Business type activities, capital assets, net	\$ 2,891,620	\$ (121,913)	\$ -	\$ 2,769,707

Depreciation expense was charged to governmental activities as follows:

General governmental	\$ 29,623
Police	17,172
Fire	2,128
Streets	19,179
Recreation	4,288
Total depreciation expense	\$ 72,390

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

Gas	\$ 13,942
Water	43,899
Sewer	64,072
Total depreciation expense	\$ 121,913

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, 2018:

	Payable at July 1, 2017	Additions	Retirements	Payable at June 30, 2018
Revenue bonds	\$ 622,624	\$ -	\$ 23,263	\$ 599,361

Bonds payable at June 30, 2018 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. \$ 430,090

\$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. 176,577

Total Bonds Payable	606,667
Less Unamortized Debt Issuance Cost	7,306
	599,361

Less Current Portion	24,898
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Bonds Payable	\$ 574,463
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Interest expense totaled \$27,893 and is included in business type activities as a water department expense.

The annual requirements to amortize all debt outstanding as of June 30, 2018, including interest payments of \$253,954, are as follows:

Year Ending June 30,	Total	Principal Payments	Interest Payments
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	51,593	29,799	21,794
2024-2028	257,965	170,830	87,135
2029-2033	257,965	213,845	44,120
2034-2035	86,726	85,524	1,202
	\$ 860,621	\$ 606,667	\$ 253,954

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, 2018:

	Payable at July 1, 2017	Additions	Retirements	Payable at June 30, 2018
Revenue bonds	\$ 480,000	\$ -	\$ 28,000	\$ 452,000

Bonds payable at June 30, 2018 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,	\$ 452,000
Total Bonds Payable	452,000
Less Unamortized Debt Issuance Costs	33,650
	418,350
Less Current Portion	37,000
Net Bonds Payable	\$ 381,350

Interest expense totaled \$17,707 and is included in governmental activities.

The annual requirements to amortize all debt outstanding as of June 30, 2018, including interest payments of \$105,720 are as follows:

Year Ending June 30,	Total	Principal Payments	Interest Payments
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	55,760	44,000	11,760
2024-2028	280,800	250,000	30,800
	\$ 557,720	\$ 452,000	\$ 105,720

The Town is required that in order that the principal of and the interest on the Bonds will be paid in accordance with their terms and for the other objects and purposes hereinafter provided, the Issuer covenants that all of the avails or proceeds derived from the levy and collection of the Tax shall continue to be deposited daily as the same may be collected, in the Special Tax Fund. The Special Tax Fund shall constitute a dedicated fund of the Issuer, from which appropriations and expenditures by the Issuer shall be made solely for the purposes designated in the proposition authorizing the levy of the Tax. Out of the funds on deposit in the Special Tax Fund, the Issuer shall first pay all reasonable and necessary costs and expenses of collection and administration of the Tax. After payment of such costs and expenses the remaining moneys in the Special Tax Fund (the "Net Tax Collections") shall be administered and used in the following order of priority and for the following express purposes:

The maintenance of the Sinking Fund, heretofore established, sufficient in amount to pay promptly and fully the principal of and the interest on the Bonds and any Additional Parity Bonds, as they severally become due and payable, by transferring from the Special Tax Fund to the Sinking Fund, annually in advance on the 1st day of each March of each year, a sum, which together with any

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

existing amounts in the Sinking Fund as of such date, shall be equal to the total debt service required to pay principal and interest as the same respectively become due in such year.

“Tax” means the special tax of nineteen and ninety-five one-hundredths (19.95) mills on the dollar assessed valuation of all property situated within the limits of the Issuer for a period of twenty (20) years, beginning with the year 2008 and ending with the year 2028 for the purpose of acquisition, construction, improvement, maintenance and operation of public improvements and all activities incidental thereto.

(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 (2017 – 2018 collections-\$100,714) 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 (2017 – 2018 collections-\$100,714) 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.

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

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 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, 2018.

(10) Utility Customer Deposits

The accounts of the Town include a liability for utility customer deposits of \$104,502. As of June 30, 2018, 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, 2018, amounted to \$49,118.

Pension Plans

Plan Descriptions

In addition to the federal social security system, substantially all employees (43) 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

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

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.

The System is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was established and provided for by R.S. 11:1731 of the Louisiana Revised Statutes (LRS).

Benefits Provided:

Retirement Benefits- MERS

Generally, the monthly amount of retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Any city marshal or deputy city marshal shall receive an additional regular benefit computed on supplemental marshal's earnings. See Plan booklet for further details.

Any member of Plan B who commenced participation in the System prior to January 1, 2013 can retire providing he meets one of the following criteria:

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.
3. Any age with ten (10) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Any member of Plan B Tier 2 shall be eligible for retirement if he meets one of the following requirements:

1. Seven (7) years or more of service, at age sixty-seven or thereafter.
2. Ten (10) years or more of service, at age sixty-two, or thereafter.
3. Thirty (30) years or more of service, at age fifty-five or thereafter.
4. Twenty-five (25) years of service credit at any age, exclusive of military service and unused annual sick leave.

The monthly amount of the retirement allowance for any member of Plan B Tier 2 shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

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

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.

Survivor's Benefit

Upon death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

1. Surviving spouse who is married no less than twelve (12) months immediately preceding death of member, shall be paid a monthly benefit equal to thirty percent of the member's final compensation, payable when the surviving spouse attains the age of sixty years or becomes disabled and payable for as long as the surviving spouse lives, or
2. A monthly benefit equal to the actuarial equivalent of the benefit described above, but not less than fifteen percent of the member's final compensation, payable upon the death of the member and payable for as long as the surviving spouse lives. Selecting this benefit precludes the survivor from eligibility for the thirty percent benefit payable when the surviving spouse attains the age of sixty years.

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such 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.

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

Deferred Benefits

Both Plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

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, 2018 the employer contribution rate for MERS Plan B was 11.0%. Employer contributions to MERS was \$35,261, 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, 2018, the Town of Basile recognized revenue as a result of support received from non-employer contributing entities of \$7,613 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 \$264,588, for its proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2017 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, 2017, the Town of Basile's proportion for MERS was 0.3058%. This reflects a decrease for MERS of 0.05592% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, 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	\$31,834	\$264,588

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

At June 30, 2018, 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	\$ 1,386	\$ (5,743)
Changes in assumptions	11,651	-
Net difference between projected and actual earnings on pension plan investments	55,747	9,042
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,588	(26,594)
Employer contributions subsequent to measurement date	35,261	-
Total	<u>\$ 109,633</u>	<u>\$ (23,295)</u>

During the year ended June 30, 2018, employer contributions totaling \$35,261 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, 2019. 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>
2018	\$ 9,868
2019	20,720
2020	6,774
2021	5,064
Total	<u>\$ 42,426</u>

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, 2017 are as follows:

	<u>2017</u>	<u>2016</u>
	<u>MERS Plan B</u>	<u>MERS Plan B</u>
Total Pension Liability	\$ 724,719	\$ 817,821
Plan Fiduciary Net Position	460,131	517,988
Total Net Pension Liability	<u>\$ 264,588</u>	<u>\$ 299,833</u>

The Town of Basile's allocation is 0.3058% 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, 2017 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	7.4%, net of investment expense
Inflation rate	2.775%
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 7.4% for the year ended June 30, 2017.

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%	2.30%
Fixed Income	35%	1.30%
Alternatives	15%	0.70%
Other	0%	0.00%
Total	100%	4.60%
Inflation		2.60%
Expected Nominal Return		7.20%

Discount Rates

The discount rate used to measure the total pension liability for MERS was 7.40%. 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	\$ 342,347	\$ 264,588	\$ 198,231

Payable to the Pension Plan

At June 30, 2018, payable to MERS was \$2,598 for June 2018 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, 2018 in the amount of \$43,852 of which \$261 was owed for purchases for the month of June 30, 2018.

(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, 2018, was as follows:

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Total Enterprise Fund</u>
Operating revenues	\$ 187,099	\$ 365,752	\$ 188,751	\$ 741,602
Operating expenses	168,498	223,346	150,100	541,944
Operating income	<u>\$ 18,601</u>	<u>\$ 142,406</u>	<u>\$ 38,651</u>	<u>\$ 199,658</u>

(14) Compensation of Town Officials

A detail of compensation paid to the mayor and Board of Alderman for the year ended June 30, 2018, follows:

Mark Denette, Mayor	19,661
Aldermen:	
Robert Deshotel	2,433
Hunter Ortego	3,295
Bron Dubroc	2,483
Carmen Langley	3,295
Latoya Howze	3,295
	<u>\$ 34,462</u>

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

(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, 2018, 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.

(19) Interfund Activities

Transfers to/from other funds at June 30, 2018, consist of the following:

From the Utility Fund to the General Fund for operations	\$ 582,354
From the Sales Tax Fund to the General Fund	15,500
From the Sales Tax Fund to the Utility Fund for operations	205,537
From the Capital Projects Fund to the General Fund	3,095
From the Special Tax Fund to the General Fund	1,951
From the Special Sales Tax Fund to the Utility Fund	30,000
From the Special Tax Fund to the Debt Service Fund	<u>45,707</u>
Total	<u><u>\$ 884,144</u></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.

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

(20) Evaluation of Subsequent Events

The Town has evaluated subsequent events through November 8, 2018, the date which the financial statements were available to be issued. The Town is delinquent on a bond payment to The Evangeline Bank & Trust Co., in the amount of \$9,040, which was due on September 15, 2018.

(21) Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	<u>General Fund</u>	<u>Special Fund</u>	<u>Sales Tax Fund</u>	<u>Other Funds</u>	<u>Total</u>
Fund balances:					
Assigned	\$ -	\$ 1,336	\$ 16,107	\$ 10,897	\$ 28,340
Unassigned	<u>(509)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(509)</u>
Total fund balance	<u>\$ (509)</u>	<u>\$ 1,336</u>	<u>\$ 16,107</u>	<u>\$ 10,897</u>	<u>\$ 27,831</u>

The General Fund has a unassigned fund balance deficit of \$509. This deficit is expected to be eliminated in future years by identifying and assessing additional revenue sources, expenditure reduction through employee attrition, and transfers from other funds.

(22) Going Concern

The Town has past due liabilities as of November 7, 2018, in the amount of approximately \$101,000. Current available assets to pay for these liabilities are estimated at \$23,000. In addition, the Town is delinquent on a bond payment to The Evangeline Bank & Trust Co., in the amount of \$9,040, which was due on September 15, 2018. The Town also has reoccurring deficit spending for the last few years, even after receiving \$85,000 from GEO in deposits and sewer fees in the fiscal year ending June 30, 2016.

The Town's most significant plans involve performing the following actions to mitigate these conditions:

- The Town has plans to increase gas rates.
- The Town will cut expenses.
- The Town hired American Municipal Services to collect past due fines, which were sent to the State and remain uncollected. The amount uncollected is expected to be approximately \$80,000. The Company personnel estimates, through prior experience with other clients, that they should collect 10% per year for 7.5 years, or 75%, over the 7.5 year period.
- The Town refinanced long term debt for a period of 10 years. The mayor will try to refinance based on a 20 year payout, which would save \$20,000 per year in cash flow.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BASILE, LOUISIANA
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2018

	2018			Variance – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 165,000	\$ 165,000	\$ 152,119	\$ (12,881)
Licenses and permits	50,000	50,000	55,857	5,857
Intergovernmental	11,000	11,000	44,822	33,822
Fines and forfeits	80,000	48,000	59,298	11,298
Miscellaneous	59,500	109,500	18,406	(91,094)
Total revenues	<u>365,500</u>	<u>383,500</u>	<u>330,502</u>	<u>(52,998)</u>
Expenditures:				
Current –				
General government	328,500	345,000	286,028	58,972
Public safety:				
Police	373,000	381,000	488,029	(107,029)
Fire	5,700	5,700	5,000	700
Streets and drainage	175,000	184,000	175,606	8,394
Parks	7,500	7,000	11,865	(4,865)
Capital outlay	5,000	5,000	7,260	(2,260)
Total expenditures	<u>894,700</u>	<u>927,700</u>	<u>973,788</u>	<u>(46,088)</u>
Excess (deficiency) of revenues over expenditures	<u>(529,200)</u>	<u>(544,200)</u>	<u>(643,286)</u>	<u>(99,086)</u>
Other financing sources (uses):				
Operating transfers in	605,000	605,000	602,900	(2,100)
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>605,000</u>	<u>605,000</u>	<u>602,900</u>	<u>(2,100)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	75,800	60,800	(40,386)	(101,186)
Fund balances, beginning	<u>91,537</u>	<u>39,877</u>	<u>39,877</u>	<u>-</u>
Fund balances, ending	<u>\$ 167,337</u>	<u>\$ 100,677</u>	<u>\$ (509)</u>	<u>\$ (101,186)</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, 2018

	Budget		Actual	Variance – Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 190,000	\$ 180,000	\$ 201,421	\$ 21,421
Total revenues	<u>190,000</u>	<u>180,000</u>	<u>201,421</u>	<u>21,421</u>
Expenditures:				
Legal and professional	-	-	1,900	(1,900)
Total expenditures	<u>-</u>	<u>-</u>	<u>1,900</u>	<u>(1,900)</u>
Excess (deficiency) of revenues over expenditures	<u>190,000</u>	<u>180,000</u>	<u>199,521</u>	<u>19,521</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	(190,000)	(175,500)	(221,037)	(45,537)
Total other financing sources (uses)	<u>(190,000)</u>	<u>(175,500)</u>	<u>(221,037)</u>	<u>(45,537)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	4,500	(21,516)	(26,016)
Fund balances, beginning	<u>34,029</u>	<u>37,623</u>	<u>37,623</u>	<u>-</u>
Fund balances, ending	<u>\$ 34,029</u>	<u>\$ 42,123</u>	<u>\$ 16,107</u>	<u>\$ (26,016)</u>

See accompanying notes to Required Supplementary Information.

TOWN OF BASILE, LOUISIANA
Special Revenue Fund - Special Tax Fund
Budgetary Comparison Schedule
Year Ended June 30, 2018

	Budget		Actual	Variance –
	Original	Final		Favorable (Unfavorable)
Revenues:				
Taxes	\$ 95,000	\$ 95,000	\$ 97,106	\$ 2,106
Total revenues	<u>95,000</u>	<u>95,000</u>	<u>97,106</u>	<u>2,106</u>
Expenditures:				
Miscellaneous	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>95,000</u>	<u>95,000</u>	<u>97,106</u>	<u>2,106</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	(95,000)	(95,000)	(99,658)	(4,658)
Total other financing sources (uses)	<u>(95,000)</u>	<u>(95,000)</u>	<u>(99,658)</u>	<u>(4,658)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	(2,552)	(2,552)
Fund balances, beginning	<u>3,888</u>	<u>3,888</u>	<u>3,888</u>	<u>-</u>
Fund balances, ending	<u>\$ 3,888</u>	<u>\$ 3,888</u>	<u>\$ 1,336</u>	<u>\$ (2,552)</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, 2018.

B. The General Fund budgeted revenues exceeded actual revenues 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, 2018:

	Budget		Actual	Variance – Favorable (Unfavorable)
	Original	Final		
Sales Tax Fund	\$ -	\$ -	\$ 1,900	\$ (1,900)
General Fund	\$ 894,700	\$ 927,700	\$ 973,788	\$ (46,088)

TOWN OF BASILE, LOUISIANA
Schedule of Employer's Proportionate Share of Net Pension Liability
Year Ended June 30, 2018

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
2018	0.350800	\$ 264,588	\$ 320,557	82.54%	63.49%
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. These assumptions include the rate of investment return, mortality of plan members, rate of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plan.

TOWN OF BASILE, LOUISIANA
Schedule of Employer's Pension Contributions
Year Ended June 30, 2018

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
2018	\$ 35,261	\$ 35,261	-	\$ 320,557	11.00%
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%

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. These assumptions include the rate of investment return, mortality of plan members, rate of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plan.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF BASILE, LOUISIANA
 General Fund
 Budgetary Comparison Schedule of Revenues
 Year Ended June 30, 2018

	Budget		Actual	Variance – Favorable (Unfavorable)
	Original	Final		
Taxes:				
Ad valorem	\$ 100,000	\$ 100,000	\$ 91,188	\$ (8,812)
Franchise	65,000	65,000	60,931	(4,069)
Total taxes	<u>165,000</u>	<u>165,000</u>	<u>152,119</u>	<u>(12,881)</u>
Licenses and permits - occupational	<u>50,000</u>	<u>50,000</u>	<u>55,857</u>	<u>5,857</u>
Intergovernmental:				
State of Louisiana -				
Beer tax	4,000	4,000	3,146	(854)
Video poker	7,000	7,000	6,692	(308)
Supplemental pay	-	-	34,984	34,984
Total intergovernmental	<u>11,000</u>	<u>11,000</u>	<u>44,822</u>	<u>33,822</u>
Fines and forfeits	<u>80,000</u>	<u>48,000</u>	<u>59,298</u>	<u>11,298</u>
Miscellaneous:				
Grant	5,000	50,000	-	(50,000)
Other	54,500	59,500	18,406	(41,094)
Total miscellaneous	<u>59,500</u>	<u>109,500</u>	<u>18,406</u>	<u>(91,094)</u>
Total revenues	<u>\$ 365,500</u>	<u>\$ 383,500</u>	<u>\$ 330,502</u>	<u>\$ (52,998)</u>

TOWN OF BASILE, LOUISIANA
General Fund
Budgetary Comparison Schedule of Expenditures
Year Ended June 30, 2018

	2018			
	Budget		Actual	Variance – Favorable (Unfavorable)
	Original	Final		
General government:				
Advertising and legal notices	\$ 9,000	\$ 8,000	\$ 5,828	\$ 2,172
Dues and subscriptions	1,000	1,000	1,076	(76)
Education and travel	5,000	4,000	3,612	388
Insurance	120,000	115,000	69,854	45,146
Miscellaneous	15,500	22,000	11,514	10,486
Office expenses	12,000	12,000	17,774	(5,774)
Payroll taxes and retirement	13,000	25,000	21,501	3,499
Professional fees	20,000	20,000	19,312	688
Salaries	115,000	120,000	119,609	391
Utilities and telephone	18,000	18,000	15,948	2,052
Total general government	<u>328,500</u>	<u>345,000</u>	<u>286,028</u>	<u>58,972</u>
Public safety:				
Police department -				
Education and travel	4,000	3,000	1,963	1,037
Gas, oil and maintenance	19,000	24,000	22,647	1,353
Miscellaneous	-	-	202	(202)
Payroll taxes and retirement	30,000	30,000	33,929	(3,929)
Repairs and maintenance supplies	25,000	28,000	25,467	2,533
Salaries	270,000	270,000	375,431	(105,431)
Uniforms	1,500	2,500	2,272	228
Utilities and telephone	23,500	23,500	26,118	(2,618)
Total police department	<u>373,000</u>	<u>381,000</u>	<u>488,029</u>	<u>(107,029)</u>
Fire department -				
General operations	4,000	4,000	4,049	(49)
Gas, oil and maintenance	1,700	1,700	951	749
Total fire department	<u>5,700</u>	<u>5,700</u>	<u>5,000</u>	<u>700</u>
Total public safety	<u>378,700</u>	<u>386,700</u>	<u>493,029</u>	<u>(106,329)</u>
Streets and drainage:				
Miscellaneous	-	-	1,260	(1,260)
Gas, oil and maintenance	16,500	16,500	15,433	1,067
Salaries	85,000	85,000	84,341	659
Supplies	3,000	3,000	634	2,366
Repairs and maintenance	30,000	27,000	21,415	5,585
Payroll taxes and retirement	8,500	18,500	15,457	3,043
Street lighting	32,000	34,000	37,066	(3,066)
Total streets and drainage	<u>175,000</u>	<u>184,000</u>	<u>175,606</u>	<u>8,394</u>
Park Expense	<u>7,500</u>	<u>7,000</u>	<u>11,865</u>	<u>(4,865)</u>
Capital outlay:				
Equipment & buildings	5,000	5,000	7,260	(2,260)
Total expenditures	<u>\$ 894,700</u>	<u>\$ 927,700</u>	<u>\$ 973,788</u>	<u>\$ (46,088)</u>

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF BASILE, LOUISIANA
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2018

	Capital Project Fund	Debt Service Fund	2018 Totals
ASSETS			
Cash and cash equivalents	\$ 10,897	\$ -	\$ 10,897
Total assets	\$ 10,897	\$ -	\$ 10,897
 LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Total liabilities	-	-	-
Fund balances:			
Restricted, debt service	-	-	-
Assigned	10,897	-	10,897
Unassigned	-	-	-
Total fund balances	10,897	-	10,897
 Total liabilities and fund balances	\$ 10,897	\$ -	\$ 10,897

TOWN OF BASILE, LOUISIANA
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes in
 Fund Balances
 Year Ended June 30, 2018

	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>2018 Totals</u>
Revenues:			
Taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
 LIABILITIES AND FUND BALANCE			
Expenditures:			
Current-			
General Government	-	-	-
Debt service-			
Principal retirement	-	28,000	28,000
Interest paid	-	17,707	17,707
Total expenditures	<u>-</u>	<u>45,707</u>	<u>45,707</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(45,707)</u>	<u>(45,707)</u>
Other financing sources (uses):			
Operating transfers in	-	45,707	45,707
Operating transfers out	<u>(3,095)</u>	<u>-</u>	<u>(3,095)</u>
Total other financing sources (uses)	<u>(3,095)</u>	<u>45,707</u>	<u>42,612</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(3,095)	-	(3,095)
Fund balances, beginning	<u>13,992</u>	<u>-</u>	<u>13,992</u>
Fund balances, ending	<u>\$ 10,897</u>	<u>\$ -</u>	<u>\$ 10,897</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, 2018

	2018
ASSETS	
Cash	\$ 10,897
Investments	-
Total assets	\$ 10,897
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accrued liabilities	\$ -
Due to other funds	-
Total liabilities	-
Fund balances:	
Assigned	10,897
Unassigned	-
Total fund balances	10,897
Total liabilities and fund balances	\$ 10,897

TOWN OF BASILE, LOUISIANA
 Nonmajor Governmental Funds - Capital Projects Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Year Ended June 30, 2018

	2018
Revenues:	
Taxes	\$ -
Total revenues	-
Expenditures:	
Miscellaneous	-
Total expenditures	-
Excess (deficiency) of revenues over expenditures	-
Other financing sources (uses):	
Operating transfers in	-
Operating transfers out	(3,095)
Total other financing sources (uses)	(3,095)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(3,095)
Fund balances, beginning	13,992
Fund balances, ending	\$ 10,897

NONMAJOR 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.

Debt Service Fund

To account for payment of principal, interest and related costs of debt.

TOWN OF BASILE, LOUISIANA
 Nonmajor Governmental Funds - Debt Service
 Balance Sheet
 June 30, 2018

	2018
ASSETS	
Cash	\$ -
Investments	-
Total assets	\$ -
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accrued liabilities	\$ -
Due to other funds	-
Total liabilities	-
Fund balances:	
Restricted, debt service	-
Unassigned	-
Total fund balances	-
Total liabilities and fund balances	\$ -

TOWN OF BASILE, LOUISIANA
 Nonmajor Governmental Funds - Debt Service Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Year Ended June 30, 2018

Revenues:	
Miscellaneous interest	\$ -
Total revenues	<u>-</u>
Expenditures:	
Debt service-	
Principle retirement	28,000
Interest charges	17,707
Other	-
Total expenditures	<u>45,707</u>
Excess (deficiency) of revenues over expenditures	<u>(45,707)</u>
Other financing sources (uses):	
Issuance of bonds	-
Bond issue cost	-
Operating transfers in	45,707
Operating transfers out	-
Total other financing sources (uses)	<u>45,707</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-
Fund balances, beginning	<u>-</u>
Fund balances, ending	<u>\$ -</u>

TOWN OF BASILE, LOUISIANA
 Enterprise Fund
 Utility Fund
 Departmental Analysis of Operating Revenues and Expenses
 Year Ended June 30, 2018

	Totals	Gas	Water	Sewer	General and Administrative
Operating revenues:					
Customer service charges	\$ 718,823	\$ 180,037	\$ 355,730	\$ 183,056	\$ -
Connection charges	8,841	2,741	3,890	2,210	-
Delinquent charges	13,835	4,289	6,087	3,459	-
Miscellaneous	103	32	45	26	-
Total operating revenues	741,602	187,099	365,752	188,751	-
Operating expenses:					
Salaries	71,064	47,800	23,264	-	-
Payroll taxes and retirement	4,355	2,744	1,611	-	-
Insurance	32,250	-	-	-	32,250
Repairs, maintenance and supplies	70,908	29,710	2,906	38,292	-
Gas and water purchased	159,889	43,852	116,037	-	-
Depreciation	121,913	13,942	43,899	64,072	-
Office expense	2,843	-	-	-	2,843
Telephone and utilities	37,836	5,018	3,396	29,422	-
Auto expenses and travel	3,900	-	-	-	3,900
Dues	1,301	-	-	-	1,301
Professional fees	7,074	-	-	-	7,074
Bad debts	2,721	-	-	-	2,721
Miscellaneous	25,890	2,722	-	-	23,168
Allocation of general and administrative expenses	-	22,710	32,233	18,314	(73,257)
Total operating expenses	541,944	168,498	223,346	150,100	-
Net operating income	199,658	\$ 18,601	\$ 142,406	\$ 38,651	\$ -
Nonoperating revenues (expenses):					
Interest income	286				
Interest expense	(27,893)				
Grant revenue	1,580				
Nonemployer pension contribution	1,979				
Miscellaneous	(436)				
Gain on sale of fixed asset	-				
Total nonoperating expenses	(24,484)				
Income (loss) before operating transfers	175,174				
Operating transfers in (out):					
Operating transfers in	257,537				
Operating transfers out	(582,354)				
Total operating transfers	(324,817)				
Net income (loss)	(149,643)				
Net position, beginning	2,380,571				
Net position, ending	\$ 2,230,928				

**COMPLIANCE, INTERNAL CONTROL
AND
OTHER INFORMATION**

VIGE, TUJAGUE NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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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, 2018, 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 November 8, 2018.

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 #2018-1 through #2018-5 that we consider to be significant deficiencies.

Compliance and Other Matters

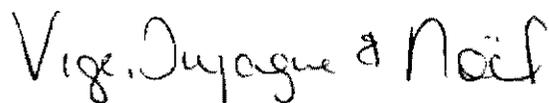
As part of obtaining reasonable assurance about whether Town of Basile, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 #2018-1 through #2018-5.

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
November 8, 2018

TOWN OF BASILE, LOUISIANA
Schedule of Findings and Responses
Year Ended June 30, 2018

We have audited the financial statements of Town of Basile as of and for the year ended June 30, 2018, and have issued our report thereon dated November 8, 2018. 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, 2018, 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 No Significant Deficiencies Yes No

Compliance

Noncompliance Material to Financial Statement Yes No

b. Federal Awards

None

Section II. Financial Statement Findings

#2018-1 – 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 is would be cost beneficial or possible with the limited resources available to create a segregated accounting environment.

#2018-2 – 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, 2018

Effect: The Town's budgeted revenues exceed actual revenues by greater than 5% in the General 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.

#2018-3 – 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.

#2018-4 – 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.

TOWN OF BASILE, LOUISIANA
Schedule of Findings and Responses
Year Ended June 30, 2018

#2018-5 – Revenue Refunding Bonds Debt Service

Condition: The Town did not deposit the required amounts of the property tax necessary to fund the revenue refunding bonds sinking fund requirements.

Criteria: The bond ordinance requires that in order that the principal of and the interest on the Bonds will be paid in accordance with their terms and for the other objects and purposes hereinafter provided, the Issuer covenants that all of the avails or proceeds derived from the levy and collection of the Tax shall continue to be deposited daily as the same may be collected, in the Special Tax Fund. The Special Tax Fund shall constitute a dedicated fund of the Issuer, from which appropriations and expenditures by the Issuer shall be made solely for the purposes designated in the proposition authorizing the levy of the Tax. Out of the funds on deposit in the Special Tax Fund, the Issuer shall first pay all reasonable and necessary costs and expenses of collection and administration of the Tax. After payment of such costs and expenses the remaining moneys in the Special Tax Fund (the "Net Tax Collections") shall be administered and used in the following order of priority and for the following express purposes:

The maintenance of the Sinking Fund, heretofore established, sufficient in amount to pay promptly and fully the principal of and the interest on the Bonds and any Additional Parity Bonds, as they severally become due and payable, by transferring from the Special Tax Fund to the Sinking Fund, annually in advance on the 1st day of each March of each year, a sum, which together with any existing amounts in the Sinking Fund as of such date, shall be equal to the total debt service required to pay principal and interest as the same respectively become due in such year.

"Tax" means the special tax of nineteen and ninety-five one-hundredths (19.95) mills on the dollar assessed valuation of all property situated within the limits of the Issuer for a period of twenty (20) years, beginning with the year 2008 and ending with the year 2028 for the purpose of acquisition, construction, improvement, maintenance and operation of public improvements and all activities incidental thereto.

Cause: The Town personnel was not aware of the sinking fund requirements.

Effect: The Town is not in compliance with the bond ordinance requiring sinking fund deposits. Subsequent to the balance sheet date, the Town did not pay the semiannual interest payment on September 15, 2018.

Recommendation: We recommend that the Town comply with the debt service fund requirements.

Response: The Town will comply with the debt service fund requirements 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, 2018

#2017-1 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, 2018.

#2017-2 – Budget

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

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.

Status: This finding is repeated for June 30, 2018.

#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.

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, 2018.

#2018-4 – 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.

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
Status of Prior Years
Schedule of Findings and Responses (Continued)
Year Ended June 30, 2018

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.

Status: This finding is cleared for June 30, 2018.

#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.

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.

Status: This finding is cleared for June 30, 2018.

#2017-6 – Budget Presentation

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

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.

Status: This finding is repeated for June 30, 2018.

TOWN OF BASILE, LOUISIANA
Schedule of Mayor and Alderman
Year Ended June 30, 2018

<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	19,661
Robert Deshotel	Alderman 2018	P.O. Box 395 Basile, LA 70515 337-789-3053	2,433
Hunter Ortego	Alderman 2018	1070 S. Berwick Ave. Basile, LA 70515 337-580-8699	3,295
Bron Dubroc	Alderman 2018	1624 N. Black Avenue Basile, LA 70515 337-207-0474	2,483
Carmen Langley	Alderwoman 2018	P.O. Box 653 Basile, LA 70515 337-224-4471	3,295
Latoya Howze	Alderwoman 2018	P.O. Box 824 Basile, LA 70515 337-305-5977	3,295
			<u>\$ 34,462</u>

TOWN OF BASILE, LOUISIANA
 Schedule of Meters and Rates and Accounts Receivable
 Year Ended June 30, 2018

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	\$ 62,658
31-60	162
61-90	1,008
	<u>\$ 63,828</u>

Residential Users - 745
 Commercial Users – 53

TOWN OF BASILE, LOUISIANA
Schedule of Insurance
Year Ended June 30, 2018

<u>Insurance</u>	<u>Coverage</u>	<u>Limits</u>	<u>Policy Period</u>
Cassidy Insurance Agency	Employee Dishonesty Bond	\$300,000 \$140,000	11/16/17-11/16/18 1/03/18 – 1/03/19
Essex Insurance Company	Auto	\$1,000,000	9/13/17 – 9/13/18
LA Risk Management Agency	Commercial Premises General Medical Liability Fire	\$500,000 \$ 10,000 \$ 50,000	5/01/18– 5/01/19
LA Risk Management Agency	Police Comprehensive Liability	\$500,000	5/01/18 – 5/01/19
LA Risk Management Agency	Public Officials Errors / Omissions	\$500,000	5/01/18 – 5/01/19
LA Risk Management Agency	Workers Compensation	Statutory	1/01/18 – 1/01/19
Essex Insurance Company	Building & Equipment 80% Coinsurance	\$1,033,600	3/05/18 – 3/05/19

TOWN OF BASILE, LOUISIANA
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
Year Ended June 30, 2018

Mark Denette, Mayor
Period: 12 Months

Salary	\$19,661
Benefits -- retirement	844
Reimbursements	425

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, 2018.

2018-1 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.

2018-2 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.

2018-3 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.

2018-4 Budget Presentation

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

2018-5 – Revenue Refunding Bonds Debt Service

The Town will comply with the debt service fund requirements in the future.



Mark Denette, Mayor

TOWN OF BASILE, LOUISIANA
STATEWIDE AGREED UPON PROCEDURES REPORT
YEAR ENDED JUNE 30, 2018

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, 2017 through June 30, 2018. 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:

Report all exceptions to the following procedures, either after each procedure or after all procedures within each of the twelve AUP categories. "Random" selections may be made using Microsoft Excel's random number generator or an alternate method selected by the practitioner that results in an equivalent sample (e.g., those methods allowed under the AICPA Audit Guide - *Audit Sampling*).

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

- 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/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

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.

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) continuing disclosure/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

No exceptions in prior year. This category was excluded from testing in the current year.

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Bank reconciliations are prepared monthly for the General Fund and Utility Fund operating accounts. Reconciliations are not prepared for other cash accounts.

b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

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

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

There is no evidence of management's documentation of research for items that have been outstanding for more than 12 months from the statement closing date.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Obtained a listing of deposit sites and managements representation that the listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

a) Employees that are responsible for cash collections do not share cash drawers/registers.

Employees that are responsible for cash collections do share a cash register.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

The employees responsible for collecting cash are also responsible for preparing/making bank deposits.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

The employees responsible for collecting cash are also responsible for posting collections to the general ledger or subsidiary ledgers.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

The employee responsible for reconciling cash collections to the general ledger is also responsible for collecting cash.

- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

The employees who have access to cash are covered by a bond or insurance policy for theft.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Observed that receipts are sequentially pre-numbered.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Traced sequentially pre-numbered receipts or collections documentation to the deposit slip with no exceptions.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Traced the deposit slip total to the actual deposit per the bank statement.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Deposits selected were made within one business day of receipt at the collection location.

- e) Trace the actual deposit per the bank statement to the general ledger.

Traced the actual deposit per the bank statement to the general ledger with no exception.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions noted.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The employee responsible for processing payments can add vendor files; however, checks written require two signatures and board approval.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The employee responsible for processing the payments also has authority to sign checks; however, checks require two signatures.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

Obtained management's representation that the population is complete. No exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Obtained management's representation that the population is complete. No exceptions noted.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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.

Obtained a listing of all active credit cards and management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

The Town was unable to locate 2 out of 3 receipts for hotel accommodations for employees and the mayor who attended a conference.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

There were no finance charges or late fees on the statement selected.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

The Town was unable to locate an original itemized receipt for one transaction, as noted in 12a.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Obtained a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing is complete.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions noted.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions noted.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

No exceptions in prior year. This category was excluded from testing in the current year.

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

No exceptions in prior year. This category was excluded from testing in the current year.

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that 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.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
- 19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

No exceptions in prior year. This category was excluded from testing in the current year.

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service

No exceptions in prior year. This category was excluded from testing in the current year.

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Other

No exceptions in prior year. This category was excluded from testing in the current year.

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

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

Vige, Tujague & Noël

Eunice, Louisiana

November 8, 2018

TOWN OF BASILE, LOUISIANA

Management's Response to Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2018

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.
- 3a, 3b, 3c 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 12 months.
- 5a, 5b, 5c, 5d, 9c, 9d Efforts will be made to segregate duties in these areas as much as possible with the limited number of employees involved.
- 12a The original receipts were misplaced. In the future, the clerk will request a copy of the receipt from the vendor when an original is misplaced.

