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TOWN OF BASILE, LOUISIANA
Financial Report
Year Ended June 30, 1999

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

Release Date **DEC 6 8 1999**

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VIGE & TUJAGUE

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

210 WEST VINE
P. O. BOX 1006
EUNICE, LOUISIANA 70535

SHIRLEY VIGE, JR., C.P.A.
FRANK G. TUJAGUE, C.P.A.

TELEPHONE:
318-457-9324
FAX:
318-457-8743

Independent Auditors' Report

The Honorable Carl Davis, Mayor,
and Members of the Board of Aldermen
Town of Basile, Louisiana

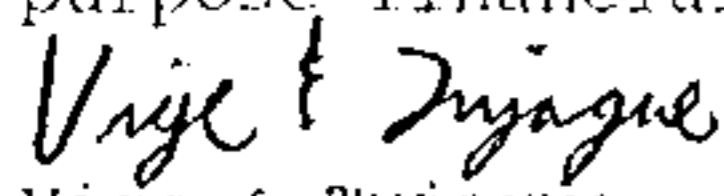
We have audited the accompanying general-purpose financial statements of the Town of Basile, Louisiana, as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Basile, Louisiana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of office of Management and Budget Circular A-133 "Audits of State, Local Governments and Non Profit organizations. Those standards and Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Basile, Louisiana, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated August 26, 1999 on our consideration of The Town of Basile, Louisiana's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Town of Basile, Louisiana taken as a whole. The combining, individual fund, and account group financial statements and schedules listed in the table of contents including the Schedule of Expenditures of Federal Awards required by OMB Circular A-133, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town of Basile, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.


Vige & Tujague
August 26, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

TOWN OF BASILE, LOUISIANA
 Combined Balance Sheet - All Fund Types and Account Group
 June 30, 1999

	Governmental Fund Types		Proprietary Fund Type
	General	Special Revenue	Enterprise
ASSETS			
Cash	\$ 8,813	\$ 26,139	\$ 147,486
Receivables:			
Taxes	516	-	-
Allowance for uncollectible taxes	(437)	-	-
Accounts Receivable	-	-	59,370
Due from other funds	80,000	-	-
Due from other governmental units	83,547	-	-
Other	11,620	16,847	88
Restricted assets			
Cash - Demand Accounts	5,305	-	70,511
Interest-bearing deposits, at cost	-	-	39,000
Land	-	-	-
Buildings	-	-	-
Equipment & Improvements	-	-	-
Utility property plant and equipment	-	-	4,455,624
Accumulated depreciation	-	-	(1,274,343)
Amount to be provided for retirement of general long-term obligations	-	-	-
Other assets	-	-	15,592
Total Assets	\$189,364	\$ 42,986	\$ 3,513,328
 LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 7,972	\$ -	\$ 21,841
Due to other funds	-	-	80,000
Accrued Liabilities	173,372	-	7,415
Compensated Absences	-	-	-
Payable from restricted assets -			
Revenue bonds	-	-	10,606
Customers' deposits	-	-	61,731
Long-term debt -			
Revenue bonds payable	-	-	905,027
Total Liabilities	\$181,344	\$ -	\$1,086,620
Fund Equity:			
Contributed capital	-	-	2,729,396
Investment in general fixed assets	-	-	-
Retained earnings -			
Unreserved	-	-	(302,688)
Total retained earnings	-	-	(302,688)
Fund balances:			
Unreserved, undersigned	8,020	42,986	-
Total fund equity	8,020	42,986	2,426,708
Total Liabilities and Fund Equity	\$189,364	\$ 42,986	\$ 3,513,328

<u>Account Groups</u>		<u>Totals</u>	
<u>Long</u>	<u>General</u>	<u>(Memorandum Only)</u>	
<u>Term</u>	<u>Fixed</u>	<u>1999</u>	<u>1998</u>
<u>Debt</u>	<u>Assets</u>		
\$ -	\$ -	\$ 182,438	\$ 138,783
-	-	516	12,168
-	-	(437)	(437)
-	-	59,370	51,996
-	-	80,000	6,803
-	-	83,547	3,235
-	-	28,555	12,249
-	-	75,816	51,030
-	-	39,000	39,000
-	17,700	17,700	17,700
-	596,115	596,115	596,115
-	248,102	248,102	232,598
-	-	4,455,624	4,437,890
-	-	(1,274,343)	(1,167,657)
16,224	-	16,224	17,348
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,592</u>	<u>\$ 16,029</u>
<u>\$ 16,224</u>	<u>\$ 861,917</u>	<u>\$4,623,819</u>	<u>\$ 4,464,850</u>
\$ -	\$ -	\$ 29,813	\$ 24,875
-	-	80,000	6,803
-	-	180,787	16,561
16,224	-	16,224	17,348
-	-	10,606	23,140
-	-	61,731	58,973
-	-	905,027	915,632
<u>\$ 16,224</u>	<u>\$ -</u>	<u>\$1,284,188</u>	<u>\$ 1,063,332</u>
-	-	2,729,396	2,758,794
-	861,917	861,917	846,413
-	-	(302,688)	(261,228)
-	-	(302,688)	(261,228)
-	-	51,006	57,539
-	861,917	3,339,631	3,401,518
<u>\$ 16,224</u>	<u>\$ 861,917</u>	<u>\$4,623,819</u>	<u>\$ 4,464,850</u>

The accompanying notes are an integral part of this statement

TOWN OF BASILE, LOUISIANA

Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances -
All Governmental Fund Types
Year Ended June 30, 1999

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>	
			<u>1999</u>	<u>1998</u>
Revenues:				
Taxes	\$ 96,215	\$ 183,076	\$ 279,291	\$ 229,417
Licenses and permits	33,877	-	33,877	32,148
Intergovernmental	522,749	-	522,749	34,096
Fines and forfeits	12,275	-	12,275	14,412
Miscellaneous	14,232	-	14,232	8,450
Total revenues	<u>679,348</u>	<u>183,076</u>	<u>862,424</u>	<u>318,523</u>
Expenditures:				
Current -				
General government	150,199	15	150,214	144,272
Public safety:				
Police	228,621	-	228,621	220,239
Fire	4,464	-	4,464	3,996
Street and drainage	121,903	-	121,903	120,109
Parks	4,918	-	4,918	5,904
Capital outlay	568,256	-	568,256	22,128
Total expenditures	<u>1,078,361</u>	<u>15</u>	<u>1,078,376</u>	<u>516,648</u>
Excess (deficiency) of revenues over expenditures	<u>(399,013)</u>	<u>183,061</u>	<u>(215,952)</u>	<u>(198,125)</u>
Other financing sources (uses):				
Operating transfers in	396,019	-	396,019	333,409
Operating transfers out	<u>-</u>	<u>(186,600)</u>	<u>186,600</u>	<u>(116,000)</u>
Total other financing sources (uses)	<u>396,019</u>	<u>(186,600)</u>	<u>209,419</u>	<u>217,409</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(2,994)</u>	<u>(3,539)</u>	<u>(6,533)</u>	<u>19,284</u>
Fund balances, beginning	<u>11,014</u>	<u>46,525</u>	<u>57,539</u>	<u>38,255</u>
Fund balances, ending	<u>\$ 8,020</u>	<u>\$ 42,986</u>	<u>\$ 51,006</u>	<u>\$ 57,539</u>

The accompanying notes are an integral part of this statement.

TOWN OF BASILE, LOUISIANA

Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget (GAAP Basis) and Actual -
All Governmental Fund Types
Year Ended June 30, 1999

	General Fund		Variance - Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Taxes	\$ 97,110	\$ 96,215	\$ (895)
Licenses and permits	33,000	33,877	877
Intergovernmental	494,982	522,749	27,767
Fines and forfeits	14,000	12,275	(1,725)
Miscellaneous	14,400	14,232	(168)
Total revenues	<u>653,492</u>	<u>679,348</u>	<u>25,856</u>
Expenditures:			
Current -			
General government	150,040	150,199	(159)
Public safety:			
Police	236,400	228,621	7,779
Fire	4,600	4,464	136
Streets and drainage	124,600	121,903	2,697
Parks	3,500	4,918	(1,418)
Capital outlay	583,082	568,256	14,826
Total expenditures	<u>1,102,222</u>	<u>1,078,361</u>	<u>23,861</u>
Excess (deficiency) of revenues over expenditures	<u>(448,730)</u>	<u>(399,013)</u>	<u>49,717</u>
Other financing sources (uses):			
Operating transfers in	472,000	396,019	(75,981)
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>472,000</u>	<u>396,019</u>	<u>(75,981)</u>
Excess (deficiency) of revenues and other sources over expendi- tures and other uses	23,270	(2,994)	(26,264)
Fund balances, beginning	<u>11,000</u>	<u>11,014</u>	<u>14</u>
Fund balances, ending	<u>\$ 34,270</u>	<u>\$ 8,020</u>	<u>\$ (26,250)</u>

<u>Special Revenue Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
\$ 180,000	\$ 183,076	\$ 3,076
-	-	-
-	-	-
-	-	-
-	-	-
<u>180,000</u>	<u>183,076</u>	<u>3,076</u>
-	15	(15)
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>15</u>	<u>- (15)</u>
<u>180,000</u>	<u>183,061</u>	<u>3,061</u>
-	-	-
<u>(186,000)</u>	<u>(186,600)</u>	<u>(600)</u>
<u>(186,000)</u>	<u>(186,600)</u>	<u>(600)</u>
(6,000)	(3,539)	2,461
<u>46,000</u>	<u>46,525</u>	<u>525</u>
<u>\$ 40,000</u>	<u>\$ 42,986</u>	<u>\$ 2,986</u>

The accompanying notes are an integral part of this statement.

TOWN OF BASILE, LOUISIANA

Comparative Statements of Revenues, Expenses, and
Changes in Retained Earnings
Enterprise Fund
Utility Fund
Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Operating revenues:		
Charges for services -		
Gas sales	\$ 215,405	\$ 254,921
Water sales	243,213	225,012
Sewer service charges	96,876	91,949
Connection charges	6,855	3,357
Delinquent charges	10,166	10,691
Miscellaneous revenues	<u>64,709</u>	<u>101,699</u>
Total operating revenues	<u>637,224</u>	<u>687,629</u>
Operating expenses:		
Gas department	130,488	148,898
Water department	126,979	99,182
Sewer department	64,043	64,575
General and administrative	42,922	40,644
Depreciation	<u>106,686</u>	<u>104,390</u>
Total operating expenses	<u>471,118</u>	<u>457,689</u>
Operating income	<u>166,106</u>	<u>229,940</u>
Nonoperating revenues (expenses):		
Interest income	2,260	2,253
Interest expense	<u>(42,298)</u>	<u>(44,305)</u>
Total nonoperating expenses	<u>(40,038)</u>	<u>(42,052)</u>
Income (loss) before operating transfers	<u>126,068</u>	<u>187,888</u>
Operating transfers in (out):		
Operating transfers in	152,000	74,000
Operating transfers out	<u>(361,420)</u>	<u>(291,409)</u>
Total operating transfers	<u>(209,420)</u>	<u>(217,409)</u>
Net loss	(83,352)	(29,521)
Add: Depreciation of fixed assets acquired by federal and parish grant revenues externally restricted for capital acquisition and construction that reduces contributed capital	<u>41,892</u>	<u>39,319</u>
Changes in retained earnings	41,460	9,798
Retained earnings, beginning	<u>(261,228)</u>	<u>(271,026)</u>
Retained earnings, ending	<u>\$ (302,688)</u>	<u>\$ (261,228)</u>

The accompanying notes are an integral part of this statement.

TOWN OF BASILE, LOUISIANA

Comparative Statements of Cash Flows
Enterprise Fund
Utility Fund
Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Cash flows from operating activities:		
Net operating income	\$ <u>166,106</u>	\$ <u>229,940</u>
Adjustments to reconcile net operating income to net cash provided by operating activities -		
Amortization of bond issuance costs	436	436
Depreciation	106,686	104,390
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(7,374)	(7,322)
(Increase) (decrease) in due to other funds	80,000	-
Increase (decrease) in accounts payable	5,657	3,197
Increase (decrease) in accrued liabilities	2,597	504
Total adjustments	<u>188,002</u>	<u>101,205</u>
Net cash provided by operating activities	<u>354,108</u>	<u>331,145</u>
Cash flows from noncapital financing activities:		
Contributed capital	12,494	25,000
Operating transfers in from other funds	152,000	74,000
Operating transfers out to other funds	<u>(361,420)</u>	<u>(291,409)</u>
Net cash used by noncapital financing activities	<u>(196,926)</u>	<u>(192,409)</u>
Cash flows from capital and related financing activities:		
Principal paid on revenue bonds	(23,140)	(21,694)
Interest paid on revenue bonds	(42,298)	(44,305)
Acquisition of property, plant and equipment	(17,734)	(28,070)
Net proceeds from customer deposits	<u>2,758</u>	<u>2,868</u>
Net cash used by capital and related financing activities	<u>(80,414)</u>	<u>(91,201)</u>
Cash flows from investing activities:		
Interest received on interest-bearing deposits	<u>2,260</u>	<u>2,253</u>
Net increase (decrease) in cash and cash equivalents	79,028	49,788
Cash and cash equivalents, beginning of period	<u>177,969</u>	<u>128,181</u>
Cash and cash equivalents, end of period	<u>\$ 256,997</u>	<u>\$ 177,969</u> (continued)

TOWN OF BASILE, LOUISIANA
 Comparative Statements of Cash Flows
 Enterprise Fund
 Utility Fund
 Years Ended June 30, 1999 and 1998
 (Continued)

	<u>1999</u>	<u>1998</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	\$ 90,663	\$ 36,631
Cash - restricted	48,306	52,550
Interest-bearing deposits, restricted	<u>39,000</u>	<u>39,000</u>
Total cash and cash equivalents	<u>177,969</u>	<u>128,181</u>
 Cash and cash equivalents, end of period -		
Cash - unrestricted	147,486	90,663
Cash - restricted	70,511	48,306
Interest-bearing deposits, restricted	<u>39,000</u>	<u>39,000</u>
Total cash and cash equivalents	<u>256,997</u>	<u>177,969</u>
 Net increase	 <u>\$ 79,028</u>	 <u>\$ 49,788</u>

The accompanying notes are an integral part of this statement.

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 are five Alderman and one Mayor elected by the citizens and are compensated for their services. The town has a population of approximately 2000 and has 20 employees. Basile is located in southwest Louisiana.

The accounting and reporting practices of the Town of Basile conform to generally accepted accounting principles (GAAP) as applicable to governmental units. 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 and the account group which are controlled by or dependent on the town executive and legislative branches (the Mayor and Board of Aldermen). 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.

B. Fund Accounting

The accounts of the Town of Basile are organized on the basis of funds and account groups, 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. 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 as follows:

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.

TOWN OF BASILE, LOUISIANA

Notes to Financial Statements (Continued)

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.

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 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.

C. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. 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. No depreciation has been provided on general fixed assets.

TOWN OF BASILE, LOUISIANA

Notes to Financial Statements (Continued)

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated. Estimated amounts are immaterial in relation to total fixed assets.

Long-Term obligations expected to be financed from governmental funds are accounted for in the general long term obligations account group, not in the governmental funds.

The two account groups are not funds. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Utility system and improvements	25 - 50 years
Equipment	4 - 10 years

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using 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.

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

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.

TOWN OF BASILE, LOUISIANA

Notes to Financial Statement (Continued)

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 record when the transfers occur.

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 (GAAP). Budgeted amounts are as originally adopted or as amended from time to time by the Board of Aldermen.

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 Statement (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. 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. Vacation and Sick Leave

The cost 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 general long-term obligations account group.

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 termination of employment. The liability the Town might have in this regard at June 30, 1999, totals \$16,224.

L. 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, 1999 the amount of interest capitalized for construction of assets in the Utility Fund totaled zero.

TOWN OF BASILE, LOUISIANA

Notes to Financial Statements (Continued)

M. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

N. Total Columns on Combined Statements - Overview

Total columns on the Combined Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns neither present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Deposits with Financial Institutions

Cash includes amounts in demand deposits and time deposits. Cash equivalents include amounts in time deposits and those investments with a maturity of 90 days or less. The bank balances of cash are usually covered by federal depository insurance or by collateral held by the Town's fiscal agent in the Town's name. At June 30, 1999 the town had cash in bank in the amount of \$297,254 and insurance and security pledges of \$312,000.

(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, 1999, taxes of 14.58 mills were levied on property with assessed valuations totaling \$3,532,980 and were dedicated to general corporate purposes.

Total taxes levied were \$51,962. Taxes receivable at June 30, 1999, were \$516.

(4) Interfund Receivables, Payables

	Interfund Receivables	Interfund Payables
General Fund	\$ 80,000	\$ -
Utility Fund	-	80,000
	<u>\$ 80,000</u>	<u>\$ 80,000</u>

TOWN OF BASILE, LOUISIANA

Notes to Financial Statements (Continued)

(5) Due From Other Governmental Units

Amounts due from other governmental units consisted of the following:

Paving Grant due from the State of Louisiana	\$80,378
Video Poker Taxes due from the State of Louisiana	818
Tobacco Taxes due from the State of Louisiana	<u>2,351</u>
	<u>\$83,547</u>

(6) Restricted Assets General And Proprietary Fund Type

Restricted Assets were applicable to the following at June 30, 1999

	<u>1999</u>	<u>1998</u>
General Fund - Cash Grant Funds	<u>\$ 5,305</u>	<u>\$ 2,724</u>
Proprietary Fund:		
Utility Deposits - Time Certificate of Deposit	\$20,000	\$20,000
Revenue Bond Sinking Fund - cash	687	1,406
Revenue Bond Reserve Account - Time Certificate of Deposit	19,000	19,000
Revenue Bond Contingency Account - cash	34,820	21,005
Customers' Deposits - cash	2,332	1,591
Water Reserve Fund	11,146	8,274
Water Depreciation & Contingency	<u>21,526</u>	<u>16,030</u>
Total restricted assets	<u>\$109,511</u>	<u>\$ 87,306</u>

(7) Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>7/1/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/99</u>
Land	\$ 17,700	\$ -	\$ -	\$ 17,700
Buildings	596,115	-	-	596,115
Equipment	<u>232,598</u>	<u>16,529</u>	<u>1,025</u>	<u>248,102</u>
Total general fixed assets	<u>\$846,413</u>	<u>\$ 568,255</u>	<u>\$ 1,025</u>	<u>\$ 861,917</u>

A summary of proprietary fund type, property, plant and equipment at June 30, 1999, follows:

Land	\$ 12,008
Water System	2,012,057
Gas System	835,373
Furniture and equipment	68,515
Sewerage system	<u>1,527,671</u>
Total	4,455,624
Less: Accumulated depreciation	<u>(1,274,343)</u>
Net proprietary fund type, property, plant and equipment	<u>\$3,181,281</u>

TOWN OF BASILE, LOUISIANA

Notes to Financial Statements (Continued)

(8) Changes in Long-Term Debt

The following is a summary of debt transactions of the Town of Basile, Louisiana for the year ended June 30, 1999:

	Payable at July 1, 1998	Additions	Retirements	Payable at June 30, 1999
Revenue bonds	<u>\$ 938,772</u>	<u>-0-</u>	<u>\$ 23,139</u>	<u>\$ 915,633</u>

Bonds payable at June 30, 1999, 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	\$648,396
\$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	<u>267,237</u>
Total Bonds Payable	<u>\$915,633</u>

The annual requirements to amortize all debt outstanding as of June 30, 1999, including interest payments of \$925,255, are as follows:

Year Ending <u>June 30</u>	<u>Revenue</u>
2000	51,593
2001	51,593
2002	51,593
2003-2035	51,593
2004-2035	<u>1,634,527</u>
	<u>\$1,840,899</u>

(9) 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 (1998-1999 collections - \$91,538) are dedicated for any lawful corporate expenditures, including the funding into bonds.

TOWN OF BASILE, LOUISIANA

Notes to Financial Statements (Continued)

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

Proceeds of this 1% sales and use tax levied by the Town of Basile (1998-1999 collections \$91,538;) 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 therefor; 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, therefor, or for any one or more of said purposes; and such tax to be subject to funding into bonds.

(10) Flow of Funds; Restrictions on Use - Utilities Revenues

Sewer Utility Bonds:

Under the terms of the bond indenture on outstanding Water and Sewer Utility Bonds, dated June 1, 1974, 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, 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 expenses of operating and maintaining the system.

Each month, there will be set aside into a fund called the Bond and Interest Redemption (Sinking) Fund, an amount constituting 1/12 of the next maturing installment of principal and 1/6 of the next maturing installment of 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.

There shall be also set aside into a Bond Reserve Fund, an amount of \$393 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 Redemption Fund and as to which there would otherwise be default.

Funds will also be set aside into a Contingency Fund at the rate of 5% of the gross sewer revenue collected monthly. Money in this fund may be used for the making of extraordinary repairs or 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

TOWN OF BASILE, LOUISIANA

Notes to Financial Statements (Continued)

principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

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 expenses of operating and maintaining the system.

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

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, 1999.

(11) Utility Customer Deposits

The accounts of the Town include a liability for utility customer deposits of \$61,731. As of June 30, 1999, the Town has a separate bank account with a balance of \$1,591 and a certificate of deposit with a balance of \$20,000 specifically set aside for customer meter deposits.

(12) 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, 1999, amounted to \$31,168.

Municipal Employee's Retirement System

Substantially all full-time employees except police of the Town of Basile are eligible to be covered under the Municipal Employee's Retirement System of Louisiana

TOWN OF BASILE, LOUISIANA

Notes to Financial Statements (Continued)

(Plan B), a multiple-employer, Public Employee Retirement System (PERS), controlled and administered by a separate board of trustees. The payroll for employees of the Town of Basile, Louisiana by the System for the year ended June 30, 1999, was \$161,043. The Town's total payroll was \$384,107.

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 the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 60, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town of Basile is required to contribute at an actuarially determined rate. The current rate is 3.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Basile are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Basile's contributions to the System under Plan B for the years ending December 31, 1999 and 1998 were \$6,039 and \$4,584, respectively, equal to the required contributions for each year.

(13) Natural Gas Contract

The Town of Basile, under contract is required to purchase its natural gas from Transco Energy 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, 1999 in the amount of \$69,745 of which \$3,919 was owed for purchases for the month of June 30, 1999.

TOWN OF BASILE, LOUISIANA

Notes to Financial Statements (Continued)

(14) Contributed Capital

Amounts contributed to the enterprise fund for acquisition or construction of fixed assets are recognized as contributed capital. Contributed capital generated through grants externally restricted for capital acquisitions is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such grants. This amortization is closed to the appropriate contributed capital account and is reflected as an adjustment to net income on the Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings.

The sources of contributed capital used to acquire and construct facilities for the Enterprise fund are as follows:

	<u>Municipality and Grants</u>
Total contributed capital	\$ 2,954,739
Less: Accumulated amortization	<u>(225,343)</u>
Net contributed capital	<u>\$ 2,729,396</u>

(15) 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, 1999, was as follows:

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Total Enterprise Fund</u>
Operating revenues	\$ 224,911	\$ 253,951	\$ 158,362	\$ 637,224
Operating expenses	<u>167,412</u>	<u>190,332</u>	<u>113,374</u>	<u>471,118</u>
Operating income	<u>\$ 57,499</u>	<u>\$ 63,619</u>	<u>\$ 44,988</u>	<u>\$ 166,106</u>

(16) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 1999, follows:

Carl Davis, Mayor	\$4,800
John Q. Davis, Mayor -Ex	4,000
Aldermen:	
Frank Ceasar	1,225
Ronald Denette	400
James D. Duplechin	400
Berline Boone	1,200
Hilton Reed	375
Winford Fontenot	850
Greg Jenkins	800
Randall V. Miller	850
	<u>\$14,900</u>

TOWN OF BASILE, LOUISIANA

Notes to Financial Statements (Continued)

(17) Year 2000 Issue

The town has updated its computers in order to be year 2000 compliant as of June 30, 1999.

(18) Federally Assisted Funds

The town participated in a number of federally assisted programs. These programs are audited in accordance with the Single Audit Act.

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS
AND ACCOUNT GROUP

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

TOWN OF BASILE, LOUISIANA
General Fund

Comparative Statements of Revenues
Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Taxes:		
Ad valorem	\$ 51,962	\$ 39,621
Franchise	<u>44,253</u>	<u>43,632</u>
Total taxes	<u>96,215</u>	<u>83,253</u>
 Licenses and permits - occupational	 <u>33,877</u>	 <u>32,148</u>
 Intergovernmental:		
State of Louisiana -		
Grant Revenues	497,312	10,301
Tobacco tax	9,406	9,406
Beer tax	5,454	4,596
Video poker	<u>10,577</u>	<u>9,793</u>
Total intergovernmental	<u>522,749</u>	<u>34,096</u>
 Fines and forfeits	 <u>12,275</u>	 <u>14,412</u>
 Miscellaneous:		
Collection fees	2,800	2,700
Rental income	1,400	2,250
Other	<u>10,032</u>	<u>3,500</u>
Total miscellaneous	<u>14,232</u>	<u>8,450</u>
 Total revenues	 <u>\$679,348</u>	 <u>\$172,359</u>

TOWN OF BASILE, LOUISIANA
General Fund

Comparative Statements of Expenditures
Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
General government:		
Advertising and legal notices	\$ 1,519	\$ 1,181
Dues and subscriptions	842	927
Education and travel	3,044	2,941
Group insurance	9,267	13,290
Insurance	37,551	37,180
Miscellaneous	5,523	3,164
Office expenses	3,633	4,164
Payroll taxes and retirement	7,372	6,181
Professional fees	6,185	5,948
Salaries	69,131	62,744
Utilities and telephone	6,132	6,552
Total general government	<u>150,199</u>	<u>144,272</u>
Public safety:		
Police department -		
Education and travel	2,442	3,520
Gas, oil and maintenance	12,781	9,144
Group insurance	3,802	3,987
Miscellaneous	550	146
Payroll taxes	15,111	14,192
Repairs and maintenance supplies	8,838	7,699
Salaries	170,685	168,480
Uniforms	1,577	1,236
Utilities and telephone	12,835	11,835
Total police department	<u>228,621</u>	<u>220,239</u>
Fire department -		
General operations	3,366	3,194
Gas, oil and maintenance	1,098	802
Total fire department	<u>4,464</u>	<u>3,996</u>
Total public safety	<u>233,085</u>	<u>224,235</u>
Streets and drainage:		
Miscellaneous	20,555	12,408
Gas, oil and maintenance	55,994	62,947
Salaries	8,045	13,823
Supplies	15,842	8,500
Repairs and maintenance	6,090	6,337
Payroll taxes and retirement	15,377	16,094
Street lighting	121,903	120,109
Total streets and drainage	<u>233,085</u>	<u>224,235</u>
Park Expense	<u>4,918</u>	<u>5,904</u>
Capital outlay:		
Equipment & Buildings	568,256	22,128
Total expenditures	<u>\$1,078,361</u>	<u>\$516,648</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

TOWN OF BASILE, LOUISIANA

Comparative Statements of General Fixed Assets
June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
General fixed assets:		
Land	\$ 17,700	\$ 17,700
Buildings	596,115	596,115
Equipment	<u>248,102</u>	<u>232,598</u>
Total general fixed assets	<u>\$861,917</u>	<u>\$846,413</u>
Investment in general fixed assets:		
Property acquired from -		
General obligation bonds	\$ 9,472	\$ 9,472
Federal grants	531,734	531,734
General fund revenues	239,054	236,044
Gifts	11,971	11,971
State grants	<u>69,686</u>	<u>57,192</u>
Total investment in general fixed assets	<u>\$861,917</u>	<u>\$846,413</u>

TOWN OF BASILE, LOUISIANA

Statement of Changes in General Fixed Assets
Year Ended June 30, 1999

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
General fixed assets, beginning of year	\$17,700	\$ 596,115	\$ 232,598	\$ 846,413
Deletions:	-	-	(1,025)	(1,025)
Additions:				
General Fund revenues	-		4,035	4,035
State Grants	-		12,494	12,494
General fixed assets, end of year	<u>\$17,700</u>	<u>\$ 596,115</u>	<u>\$ 248,102</u>	<u>\$ 861,917</u>

SPECIAL REVENUE FUND

Sales Tax Fund - To account for the receipts of proceeds of the Town's 2% sales and use tax. These taxes are dedicated to general maintenance, street repairs and maintenance, and supplementing salaries. Proceeds of the sales and use tax have been pledged and dedicated to the retirement of the Revenue Bonds.

TOWN OF BASILE, LOUISIANA
Special Revenue Fund

Comparative Statements of Revenues and Expenditures
Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Revenues:		
Taxes	<u>\$183,076</u>	<u>\$146,164</u>
Expenditures:		
Current -		
General government:		
Miscellaneous	<u>(15)</u>	<u>-</u>
Excess of revenues over expenditures	183,061	146,164
Other financing uses:		
Operating transfers out	<u>(186,600)</u>	<u>(116,000)</u>
Excess (deficiency) of revenues over expenditures and other uses	<u>\$ (3,539)</u>	<u>\$ 30,164</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF BASILE, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
June 30, 1999

Records maintained by the Town indicated the following number of customers were being served during the month of June, 1999 and 1998:

<u>Department</u>	<u>1999</u>	<u>1998</u>
Gas	590	609
Water	883	871
Sewerage	1,687	1,601

TOWN OF BASILE, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Departmental Analysis of Operating Revenues and Expenses
Years Ended June 30, 1999 and 1998

	Totals		Gas	
	1999	1998	1999	1998
Operating revenues:				
Customer service charges	\$ 555,494	\$ 571,882	\$ 215,405	\$ 254,921
Connection charges	6,855	3,357	2,654	1,490
Delinquent charges	10,166	10,691	3,942	4,766
Miscellaneous	<u>64,709</u>	<u>101,699</u>	<u>2,910</u>	<u>917</u>
Total operating revenues	<u>637,224</u>	<u>687,629</u>	<u>224,911</u>	<u>262,094</u>
Operating expenses:				
Salaries	88,297	82,921	41,293	33,903
Payroll taxes and retirement	9,198	8,319	4,158	3,437
Insurance	18,827	18,759	-	-
Repairs, maintenance and supplies	57,614	38,545	11,437	14,781
Gas and water purchased	150,598	165,100	69,745	92,839
Depreciation	106,686	104,391	19,340	19,340
Office expense	5,158	3,767	-	-
Telephone and utilities	15,530	17,807	1,457	1,551
Auto expenses and travel	3,526	2,812	-	-
Dues	1,796	385	-	-
Professional fees	4,860	7,740	-	-
Bad debts	2,015	2,141	-	-
Miscellaneous	7,013	5,002	2,398	2,384
Allocation of general and administrative expenses (based on service)	-	-	<u>17,584</u>	<u>20,984</u>
Total operating expenses	<u>471,118</u>	<u>457,689</u>	<u>167,412</u>	<u>189,219</u>
Net operating income	<u>\$ 166,106</u>	<u>\$ 229,940</u>	<u>\$ 57,499</u>	<u>\$ 72,875</u>
Nonoperating revenues (expenses):				
Interest income	2,260	2,253		
Interest expense	(42,298)	(44,305)		
Gain on disposition of assets	-	-		
Total nonoperating expenses	<u>(40,038)</u>	<u>(42,052)</u>		
Income (loss) before operating transfers	<u>126,068</u>	<u>187,888</u>		
Operating transfers in (out):				
Operating transfers in	152,000	74,000		
Operating transfers out	<u>(361,420)</u>	<u>(291,409)</u>		
Total operating transfers	<u>(209,420)</u>	<u>(217,409)</u>		
Net income (loss)	(83,352)	(29,521)		
Add: Depreciation on fixed assets acquired by federal and parish grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	41,892	39,319		
Retained earnings, beginning	<u>(261,228)</u>	<u>(271,026)</u>		
Retained earnings, ending	<u>\$ (302,688)</u>	<u>\$ (261,228)</u>		

Water		Sewer		General and Administrative	
1999	1998	1999	1998	1999	1998
\$ 243,213	\$225,012	\$ 96,876	\$ 91,949	\$ -	\$ -
3,001	1,320	1,200	547	-	-
4,451	4,206	1,773	1,719	-	-
3,286	782	58,513	100,000	-	-
<u>253,951</u>	<u>231,320</u>	<u>158,362</u>	<u>194,215</u>	-	-
26,327	16,963	20,677	32,055	-	-
2,916	1,747	2,124	3,135	-	-
-	-	-	-	18,827	18,759
14,669	5,700	28,948	15,204	2,560	2,860
80,853	72,261	-	-	-	-
43,500	43,560	36,950	35,062	6,896	6,429
-	-	-	-	5,158	3,767
1,778	2,075	12,295	14,181	-	-
-	-	-	-	3,526	2,812
-	-	-	-	1,796	385
-	-	-	-	4,860	7,740
-	-	-	-	2,015	2,141
436	436	-	-	4,179	2,182
<u>19,853</u>	<u>18,522</u>	<u>12,380</u>	<u>7,569</u>	<u>(49,817)</u>	<u>(47,075)</u>
<u>190,332</u>	<u>161,264</u>	<u>113,374</u>	<u>107,206</u>	-	-
<u>\$ 63,619</u>	<u>\$ 70,056</u>	<u>\$ 44,988</u>	<u>\$ 87,009</u>	<u>\$ -</u>	<u>\$ -</u>

VIGE & TUJAGUE

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

210 WEST VINE
P. O. BOX 1006
EUNICE, LOUISIANA 70535

SHIRLEY VIGE, JR., C.P.A.
FRANK G. TUJAGUE, C.P.A.

TELEPHONE:
318-457-9324
FAX:
318-457-8743

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Honorable Carl Davis, Mayor,
and Members of the Board of Alderman
Town of Basile, Louisiana

We have audited the financial statements of The Town of Basile as of and for the year ended June 30, 1999 and have issued our report thereon dated August 26, 1999. We conducted our audit in accordance with generally accepted auditing standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether The Town of Basile's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial 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 that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs.

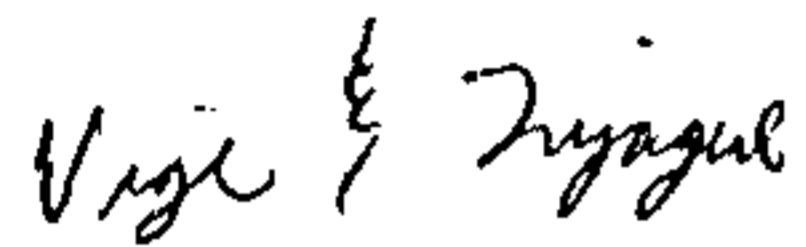
Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Town of Basile's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect The Town of Basile's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item: (1)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described above are material weaknesses.

This report is intended for the information of the management. However, this report is a matter of public record and its distribution is not limited.



Vige & Tujague
August 26, 1999

VIGE & TUJAGUE

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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FRANK G. TUJAGUE, C.P.A.

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FAX:
318-457-8743

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Carl Davis, Mayor,
and Members of the Board of Alderman
Town of Basile, Louisiana

Compliance

We have audited the compliance of the Town of Basile, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1999. The Town of Basile's major federal programs are identified in the Schedule of Federal Awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Town of Basile's management. Our responsibility is to express an opinion on the Town of Basile's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organization." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Basile's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Basile's compliance with those requirements.

In our opinion, Town of Basile complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

The management of Town of Basile is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Town of Basile's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider item 1 to be a material weakness.

This report is intended for the information of management, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Vige & Tujague

Vige & Tujague
August 26, 1999

Town Basile, Louisiana
Status of Prior Years
Findings and Questioned costs

June 30, 1999

- 1) Finding: 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: No response required.
-
- 2) Finding: The police received \$6000 in the year ended June 30, 1998 from the Evangeline Parish District Attorney's office. They opened a bank account where the Chief and Assistant Chief sign on the account. The Mayor and Alderman had no oversight responsibility for these funds.
- Recommendation: We recommend that these funds be transferred to a Town of Basile account where expenditures will be authorized by the Mayor and Alderman and checks will be issued by the town treasurer.
- Response: The Town will insist that the Chief of Police turn these funds over to the Town treasurer whereby expenditures can be routed thru the proper channels of the Towns accounting system.
- Status: This finding was cleared
-
- 3) Finding: During the month of June 1999, The Town received \$100,000 from the prison for payment of past services. This deposit caused The Town to have more cash in the bank than it had insurance and security pledges. At June 30, 1999 cash was under insured for approximately \$21,000.
- Recommendation: We recommend that the Town carefully monitor its cash position in the bank particularly if it receives a large unusual deposit.
- Response: The Town will comply with this recommendation.
- Status: This finding was cleared

Town of Basile, Louisiana
Findings and Questioned costs

June 30, 1999

1) Finding: 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.

Town of Basile
Schedule of Expenditures of Federal Awards
Year Ended June 30, 1999

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Expenditures</u>
HUD	14.228	\$ 470,082
Dept of Agriculture RECD	10.760 (Outstanding Loans)	915,644
Dept of Justice	16.710	<u>\$ 12,390</u>
		<u>\$1,398,116</u>

Town of Basile
 Schedule of Mayor and Aldermen
 June 30, 1999

<u>Name</u>	<u>Office</u>	<u>Term</u>	<u>Compensation</u>
Carl Davis	Major	2002	\$ 4,800
Frank Ceasar	Alderman	2002	1,225
Berline Boone	Alderman	2002	1,200
Winfard Fontenot	Alderman	2002	850
Gregory Jenkins	Alderman	2002	800
Randall V. Miller	Alderman	2002	850
John Q. Davis	Ex-Mayor	N/A	4,000
Ronald Denette	Ex-Alderman	N/A	400
James D. Duplechin	Ex-Alderman	N/A	400
Hilton W. Reed	Ex-Alderman	N/A	375
			<u>\$14,900</u>

Town of Basile
 Schedule of Meters and Rates and Accounts Receivable
 June 30, 1999

Total Water Meters

Meters	3/4"	873
Meters	2"	9
Meters	8"	<u>1</u>
Total		883

Water Rates

11.50 First 2000 Gallons
 1.60 Per Thousand After

Customer Deposits

Renters:	125 - Gas
	40 - Water
Homeowners:	25 - Gas
	40 - Water

Accounts Receivable (Water, Gas, Sewer)

<u>Days</u>	<u>Amounts</u>	<u>NO. of Amounts</u>
0-30	\$47,875	883
31-60	4,814	89
61-90	151	3
Over 90	<u>617</u>	8
	<u>\$53,457</u>	

Town of Basile
 Schedule of Insurance
 June 31, 1999

<u>Insurance</u>	<u>Coverage</u>	<u>Limits</u>	<u>Policy Period</u>
Western Surety Company	Employee Dishonesty Bond	\$ 45,000	1/3/99 - 1/3/00
LA Risk Management Agency	Auto	\$500,000	5/1/99 - 5/1/00
LA Risk Management Agency	Commercial General Liability	Premises \$500,000 Medical \$ 10,000 Fire \$ 50,000	5/1/99 - 5/1/00
LA Risk Management Agency	Police Comprehensive Liability	\$500,000	5/1/99 - 5/1/00
LA Risk Management Agency	Public Officials Errors / Omissions	\$500,000	5/1/99 - 5/1/00
LA Risk Management Agency	Workers Compensation	Statutory	5/1/99 - 5/1/00
American International South	Commercial Property	\$200,000	2/25/99- 2/25/00