

TOWN OF BASILE, LOUISIANA

FINANCIAL REPORT

YEAR ENDED June 30, 2020

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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, 2020, 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, 2020 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

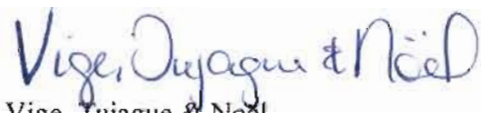
Other Information

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

The combining and individual nonmajor fund financial statements and the schedule of compensation, benefits, and other payments to agency head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of compensation, benefits, and other payments to agency head are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020, on our consideration of the Town of Basile, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Basile, Louisiana's internal control over financial reporting and compliance.



Vige, Tujague & Noël
Eunice, Louisiana
December 11, 2020

BASIC FINANCIAL STATEMENTS

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

TOWN OF BASILE, LOUISIANA
Statement of Net Position
June 30, 2020

	2020		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 264,317	\$ 190,800	\$ 455,117
Receivables, net	36,897	64,449	101,346
Other assets	-	2,376	2,376
Total current assets	<u>301,214</u>	<u>257,625</u>	<u>558,839</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	200	165,007	165,207
Capital assets, net	1,308,875	2,531,394	3,840,269
Total noncurrent assets	<u>1,309,075</u>	<u>2,696,401</u>	<u>4,005,476</u>
Total assets	<u>1,610,289</u>	<u>2,954,026</u>	<u>4,564,315</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>60,957</u>	<u>22,545</u>	<u>83,502</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	29,317	24,287	53,604
Current portion of bonds payable	40,000	27,239	67,239
Total current liabilities	<u>69,317</u>	<u>51,526</u>	<u>120,843</u>
Noncurrent liabilities:			
Compensated absences	6,993	-	6,993
Customers deposits payable	-	110,788	110,788
Bonds payable	304,050	522,643	826,693
Net pension liability	189,368	70,040	259,408
Total noncurrent liabilities	<u>500,411</u>	<u>703,471</u>	<u>1,203,882</u>
Total liabilities	<u>569,728</u>	<u>754,997</u>	<u>1,324,725</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>31,710</u>	<u>11,728</u>	<u>43,438</u>
NET POSITION			
Invested in capital assets, net of related debt	964,825	1,870,724	2,835,549
Restricted for debt service	-	165,007	165,007
Unrestricted	104,983	174,115	279,098
Total net position	<u>\$ 1,069,808</u>	<u>\$ 2,209,846</u>	<u>\$ 3,279,654</u>

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

TOWN OF BASILE, LOUISIANA
Statement of Activities
Year Ended June 30, 2020

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	\$ 313,397	\$ 89,748	\$ -	\$ -	\$ (223,649)	\$ -	\$ (223,649)
Public safety:							
Police	399,249	117,640	-	49,700	(231,909)	-	(231,909)
Fire	7,432	-	-	-	(7,432)	-	(7,432)
Streets	186,798	4,890	-	26,094	(155,814)	-	(155,814)
Parks and recreation	12,279	3,400	-	-	(8,879)	-	(8,879)
Interest on long-term debt	16,600	-	-	-	(16,600)	-	(16,600)
Total governmental activities	<u>935,755</u>	<u>215,678</u>	<u>-</u>	<u>75,794</u>	<u>(644,283)</u>	<u>-</u>	<u>(644,283)</u>
Business-type activities:							
Gas	137,206	270,646	-	-	-	133,440	133,440
Water	274,792	485,052	-	-	-	210,260	210,260
Sewer	201,756	240,662	10,618	-	-	49,524	49,524
Total business-type activities	<u>613,754</u>	<u>996,360</u>	<u>10,618</u>	<u>-</u>	<u>-</u>	<u>393,224</u>	<u>393,224</u>
Total	<u>\$ 1,549,509</u>	<u>\$ 1,212,038</u>	<u>\$ 10,618</u>	<u>\$ 75,794</u>	<u>(644,283)</u>	<u>393,224</u>	<u>(251,059)</u>
General revenues:							
Taxes –							
Property taxes, levied for general purposes					197,345	-	197,345
Sales and use taxes, levied for general purposes					230,470	-	230,470
Franchise and chain store taxes					56,084	-	56,084
Interest and investment earnings					-	480	480
Miscellaneous					6,894	-	6,894
Nonemployer pension contribution					5,707	2,111	7,818
Transfers					322,489	(322,489)	-
Total general revenues and transfers					<u>818,989</u>	<u>(319,898)</u>	<u>499,091</u>
Changes in net assets					174,706	73,326	248,032
Net position - June 30, 2019					895,102	2,136,520	3,031,622
Net Position - June 30, 2020					<u>\$ 1,069,808</u>	<u>\$ 2,209,846</u>	<u>\$ 3,279,654</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, 2020

	General Fund	Special Tax Fund	Sales Tax Fund	Other Funds	Total
ASSETS					
Cash	\$ 34,830	\$ 57,785	\$ 170,805	\$ 897	\$ 264,317
Receivables					
Taxes	2,123	-	-	-	2,123
Other	17,981	-	-	-	17,981
Restricted assets					
Cash-demand accounts	200	-	-	-	200
Total assets	\$ 55,134	\$ 57,785	\$ 170,805	\$ 897	\$ 284,621
 LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 14,660	\$ -	\$ -	\$ -	\$ 14,660
Accrued liabilities	14,657	-	-	-	14,657
Total liabilities	29,317	-	-	-	29,317
 Fund balances:					
Assigned	-	57,785	170,805	897	229,487
Unassigned	25,817	-	-	-	25,817
Total fund balance	25,817	57,785	170,805	897	255,304
 Total liabilities and fund balance	\$ 55,134	\$ 57,785	\$ 170,805	\$ 897	\$ 284,621

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, 2020

Total fund balances for governmental funds at June 30, 2020		\$ 255,304
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 \$856,706 accumulated depreciation	676,078	
Equipment & other, net of \$637,401 accumulated depreciation	<u>585,067</u>	1,308,875
Sales tax which were not measurable at year end and not considered available as current financial resources at year end		16,793
Amounts related to pension recognition are not due and payable in the current period and, therefore, are not reported in the funds		(160,121)
Long-term liabilities at June 30, 2020		
Bond issue costs, net of \$850 amortization	31,950	
Compensated absences	(6,993)	
Bond payable	<u>(376,000)</u>	<u>(351,043)</u>
Total net position of governmental activities at June 30, 2020		<u>\$ 1,069,808</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, 2020

	General Fund	Special Tax Fund	Sales Tax Fund	Other Funds	Totals
Revenues:					
Taxes	\$ 152,900	\$ 100,529	\$ 227,680	\$ -	\$ 481,109
Licenses and permits	59,380	-	-	-	59,380
Intergovernmental	30,368	-	-	-	30,368
Fines and forfeits	29,952	-	-	-	29,952
Miscellaneous	178,666	-	-	-	178,666
Total revenues	<u>451,266</u>	<u>100,529</u>	<u>227,680</u>	<u>-</u>	<u>779,475</u>
Expenditures:					
Current-					
General government	269,376	-	4,200	30	273,606
Public safety:					
Police	384,928	-	-	-	384,928
Fire	5,304	-	-	-	5,304
Streets and drainage	165,729	-	-	-	165,729
Parks	7,991	-	-	-	7,991
Capital outlay	110,130	-	-	-	110,130
Debt service					
Principal retirement	-	-	-	39,000	39,000
Interest charges	-	-	-	16,600	16,600
Total expenditures	<u>943,458</u>	<u>-</u>	<u>4,200</u>	<u>55,630</u>	<u>1,003,288</u>
Excess (deficiency) of revenues over expenditures	<u>(492,192)</u>	<u>100,529</u>	<u>223,480</u>	<u>(55,630)</u>	<u>(223,813)</u>
Other financing sources (uses)					
Operating transfers in	443,522	-	-	55,630	499,152
Operating transfers out	-	(55,630)	(121,033)	-	(176,663)
Total other financing sources (uses)	<u>443,522</u>	<u>(55,630)</u>	<u>(121,033)</u>	<u>55,630</u>	<u>322,489</u>
Net changes in fund balances	(48,670)	44,899	102,447	-	98,676
Fund balances, beginning	<u>74,487</u>	<u>12,886</u>	<u>68,358</u>	<u>897</u>	<u>156,628</u>
Fund balances, ending	<u>\$ 25,817</u>	<u>\$ 57,785</u>	<u>\$ 170,805</u>	<u>\$ 897</u>	<u>\$ 255,304</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
 Year Ended June 30, 2020

Total net changes in fund balances at June 30, 2020 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 98,676
The change in net assets reported for governmental activities in the statement of activities is different because:		
<p>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.</p>		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 110,130	
Depreciation expense for the year ended June 30, 2020	<u>(71,779)</u>	38,351
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.		39,000
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		(850)
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		4,014
Net effect of pension liability recognition		(7,275)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		<u>2,790</u>
Total changes in net assets at June 30, 2020 per Statement of Activities		<u><u>\$ 174,706</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, 2020
With Comparative Totals for June 30, 2019

ASSETS	<u>2020</u>	<u>2019</u>
Cash	\$ 190,800	\$ 9,605
Receivables:		
Accounts receivable	64,449	80,813
Restricted assets		
Cash – demand accounts	145,007	133,921
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	(3,546,975)	(3,429,047)
Other assets	2,376	3,166
Total assets	<u>2,954,026</u>	<u>2,896,827</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	<u>22,545</u>	<u>30,757</u>
LIABILITIES		
Current liabilities:		
Accounts payable	20,651	18,380
Accrued liabilities	3,636	1,757
Payable from restricted assets -		
Current portion of revenue bonds	<u>27,239</u>	<u>26,042</u>
Total current liabilities	<u>51,526</u>	<u>46,179</u>
Noncurrent liabilities:		
Payable from restricted assets-		
Customers' deposits	110,788	108,732
Revenue bonds payable	522,643	548,863
Net Pension Liability	<u>70,040</u>	<u>79,884</u>
Total noncurrent liabilities	<u>703,471</u>	<u>737,479</u>
Total liabilities	<u>754,997</u>	<u>783,658</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	<u>11,728</u>	<u>7,406</u>
NET POSITION		
Investment in capital assets, net of related debt	1,858,716	1,953,677
Restricted for debt service	165,007	153,921
Unrestricted	<u>186,123</u>	<u>28,922</u>
Total net position	<u>\$ 2,209,846</u>	<u>\$ 2,136,520</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
Year Ended June 30, 2020
With Comparative Totals For the Year Ended June 30, 2019

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Charges for services –		
Gas sales	\$ 260,395	\$ 220,827
Water sales	470,501	348,410
Sewer service charges	232,394	172,456
Connection charges	10,139	9,505
Delinquent charges	17,575	14,728
Miscellaneous revenues	<u>5,356</u>	<u>2,392</u>
Total operating revenues	<u>996,360</u>	<u>768,318</u>
 Operating expenses:		
Gas department	100,654	115,201
Water department	172,583	138,406
Sewer department	123,085	68,613
General and administrative	72,935	66,703
Depreciation	<u>117,928</u>	<u>120,385</u>
Total operating expenses	<u>587,185</u>	<u>509,308</u>
 Operating income	<u>409,175</u>	<u>259,010</u>
 Nonoperating revenues (expenses):		
Interest income	480	402
Interest expense	(26,133)	(26,700)
Grant revenue	10,618	-
Nonemployer pension contribution	2,111	2,371
Miscellaneous	<u>(436)</u>	<u>(436)</u>
Total nonoperating revenues (expenses)	<u>(13,360)</u>	<u>(24,363)</u>
 Income before operating transfers	<u>395,815</u>	<u>234,647</u>
 Operating transfers in (out):		
Operating transfers in	63,663	191,944
Operating transfers out	<u>(386,152)</u>	<u>(520,999)</u>
Total operating transfers	<u>(322,489)</u>	<u>(329,055)</u>
 Change in net position	73,326	(94,408)
 Net position, beginning	<u>2,136,520</u>	<u>2,230,928</u>
 Net position, ending	<u>\$ 2,209,846</u>	<u>\$ 2,136,520</u>

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

TOWN OF BASILE, LOUISIANA
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2020
With Comparative Totals For the Year Ended June 30, 2019

	2020	2019
Cash flows from operating activities:		
Receipts from customers	\$ 1,005,257	\$ 746,570
Payments to suppliers	(386,386)	(311,892)
Payments to employees	(73,130)	(69,009)
Other receipts	5,356	2,392
Net cash provided (used) by operating activities	551,097	368,061
Cash flows from noncapital financing activities:		
Cash received from other funds	63,663	191,944
Nonemployer pension contribution	2,111	2,371
Cash paid to other funds	(386,152)	(520,999)
Net cash provided (used) by noncapital financing activities	(320,378)	(326,684)
Cash flows from capital and related financing activities:		
Principal paid on revenue bonds payable	(25,023)	(24,456)
Interest and fiscal charges paid on revenue bonds and notes payable	(26,133)	(26,700)
Other non operating costs	(436)	(436)
Proceeds from meter deposits (net)	2,056	4,230
Proceeds from grants	10,618	-
Net cash provided (used) by capital and related financing activities	(38,918)	(47,362)
Cash flows from investing activities:		
Interest on investments	480	402
Net cash provided by investing activities	480	402
Net increase (decrease) in cash and cash equivalents	192,281	(5,583)
Cash and cash equivalents, beginning of period	163,526	169,109
Cash and cash equivalents, end of period	\$ 355,807	\$ 163,526

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

TOWN OF BASILE, LOUISIANA
Statement of Cash Flows
Proprietary Funds (continued)
Year Ended June 30, 2020
With Comparative Totals For the Year Ended June 30, 2019

	2020	2019
Reconciliation of operating income to net cash used by operating activities:		
Operating income	\$ 409,175	\$ 259,010
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	117,928	120,385
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	16,364	(16,985)
(Increase) decrease in inventory	790	(690)
Increase (decrease) in accounts payable	2,271	(4,297)
Increase (decrease) in accrued liabilities	1,879	(1,029)
Increase (decrease) in net pension liability	2,690	11,667
Net cash provided (used) by operating activities	\$ 551,097	\$ 368,061
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period –		
Cash – unrestricted	\$ 9,605	\$ 11,211
Cash – restricted	153,921	157,898
Total cash and cash equivalents	163,526	169,109
Cash and cash equivalents, end of period –		
Cash – unrestricted	190,800	9,605
Cash – restricted	165,007	153,921
Total cash and cash equivalents	355,807	163,526
Net increase (decrease)	\$ 192,281	\$ (5,583)

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

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements

(I) 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. 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, deferred outflows, liabilities, deferred inflows, 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, deferred outflows, liabilities, deferred inflows, 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)

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.

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.

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

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 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

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

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, 2020.

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.

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.

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

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, 2020, 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, 2020, totals \$6,993.

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, 2020, there was \$145,007 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.

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.

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

O. Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. At June 30, 2020, the Town's deferred inflows and outflows of resources are attributable to its pension plans and other postemployment benefit plan.

P. 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.

Nonspendable fund balance. This 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.

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

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 are reported in governmental funds, other than the General Fund, that are not classified as expendable 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.

Q. 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.

R. 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, 2020 the amount of interest capitalized for construction of assets in the Utility Fund totaled zero.

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

S. 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.

T. 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 \$2,376.

(2) Deposits with Financial Institutions

The cash and cash equivalents of the Town of Basile, Louisiana are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Town will not be able to recover its deposits. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Town's name.

At June 30, 2020, the Town has cash and interest bearing deposits totaling \$261,399 in the general ledger.

Demand deposits	\$ 600,324
Certificate of deposit	20,000
Total	\$ 620,324

These deposits are stated at cost, which approximates market. Deposit balances (bank balance) at June 30, 2020, are secured as follows.

	<u>Interest Bearing</u>	<u>Non Interest Bearing</u>
Bank balances	\$ 72,938	\$ 560,349
Federal deposit	\$ 250,000	\$ 250,000
Pledged securities	-	424,703
Total	250,000	674,703
Excess/(Shortage)	\$ 177,062	\$ 114,354

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, 2020, taxes of 32.48 mills were levied on property with assessed valuations totaling \$5,638,300. 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 \$200,978. Taxes receivable at June 30, 2020, were \$2,123 and allowances for uncollectibles were \$0.

(4) Restricted Assets General And Proprietary Fund Type

Restricted Assets were applicable to the following at June 30, 2020.

	<u>June 30, 2020</u>
General Fund:	
Police Station Renovation	\$ 100
Law Enforcement	100
Proprietary Fund:	
Utility Deposits – Time Certificate of Deposit	20,000
LCDBG Sewer Rehab	82
Revenue Bond Contingency Account – Cash	31,752
Water Reserve Fund	52,938
Water Depreciation & Contingency	53,182
Gas Contingency Fund	7,053
Total Restricted Assets	\$ 165,207

(5) On-Behalf Payments

The Town received on-behalf payments from the State of Louisiana, in the amount of \$27,350, 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, 2020 was as follows:

	Balance 06/30/2019	Additions	Deletions	Balance 06/30/2020
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 47,730	\$ -	\$ -	\$ 47,730
Other capital assets:				
Buildings	1,532,784	-	-	1,532,784
Equipment/Other	1,145,797	110,130	-	1,255,927
Totals	2,726,311	110,130	-	2,836,441
Less accumulated depreciation				
Buildings	818,386	38,320	-	856,706
Equipment/Other	637,401	33,459	-	670,860
Total accumulated depreciation	1,455,787	71,779	-	1,527,566
Governmental activities, capital assets, net	\$ 1,270,524	\$ 38,351	\$ -	\$ 1,308,875
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	1,068,139	43,549	-	1,111,688
Gas system	535,199	13,942	-	549,141
Furniture and equipment	43,987	-	-	43,987
Sewer system	1,781,722	60,437	-	1,842,159
Total accumulated depreciation	3,429,047	117,928	-	3,546,975
Business type activities, capital assets, net	\$ 2,649,322	\$ (117,928)	\$ -	\$ 2,531,394

Depreciation expense was charged to governmental activities as follows:

General governmental	\$ 29,973
Police	14,321
Fire	2,128
Streets	21,069
Recreation	4,288
Total depreciation expense	\$ 71,779

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

Gas	\$ 13,942
Water	43,549
Sewer	60,437
Total depreciation expense	\$ 117,928

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, 2020:

	Payable at June 30, 2019	Additions	Retirements	Payable at June 30, 2020
Revenue bonds	\$ 574,905	\$ -	\$ 25,023	\$ 549,882

Bonds payable at June 30, 2020 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. \$ 394,435

\$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. 161,880

Total Bonds Payable 556,315
Less Unamortized Debt Issuance Cost 6,433
549,882

Less Current Portion 27,239

Bonds Payable \$ 522,643

Interest expense totaled \$0 and is included in business type activities as a water department expense.

The annual requirements to amortize all debt outstanding as of June 30, 2020, including interest payments of \$201,119, are as follows:

Year Ending June 30,	Total	Principal Payments	Interest Payments
2021	51,593	27,239	24,354
2022	51,593	28,490	23,103
2023	51,593	29,799	21,794
2024	51,593	31,168	20,425
2025	51,593	32,600	18,993
2026-2030	257,965	186,887	71,078
2031-2035	241,504	220,132	21,372
	\$ 757,434	\$ 556,315	\$ 201,119

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, 2020:

	Payable at June 30, 2019	Additions	Retirements	Payable at June 30, 2020
Revenue bonds	\$ 415,000	\$ -	\$ 39,000	\$ 376,000

Bonds payable at June 30, 2020 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,	\$ 376,000
Total Bonds Payable	376,000
Less Unamortized Debt Insurance Costs	31,950
	344,050
Less Current Portion	40,000
Net Bonds Payable	\$ 304,050

Interest expense totaled \$18,080 and is included in governmental activities.

The annual requirements to amortize all debt outstanding as of June 30, 2020, including interest payments of \$87,640 are as follows:

Year Ending June 30,	Total	Principal Payments	Interest Payments
2021	55,040	40,000	15,040
2022	55,440	42,000	13,440
2023	55,760	44,000	11,760
2024	55,080	46,000	9,080
2025	55,200	48,000	7,200
2026-2028	165,520	156,000	9,520
	\$ 442,040	\$ 376,000	\$ 66,040

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 (2019 – 2020 collections-\$100,529) 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 (2019 – 2020 collections-\$100,529) 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, 2020.

(10) Utility Customer Deposits

The accounts of the Town include a liability for utility customer deposits of \$110,788. As of June 30, 2020, the Town has a certificate of deposit with a balance of \$0 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, 2020, amounted to \$30,702.

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 administered by a Board of Trustees composed of eleven members, three of whom shall be active and contributing members of the System with at least ten years creditable service and who are elected to office in accordance with the Louisiana Election Code, three of whom shall be active and contributing members of the System with at least ten years creditable since and who are not elected officials; one of whom shall be president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Chairman of the Senate Retirement Committee; and one of whom shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana; the commissioner of administration, who shall be a nonvoting member, and the State Treasurer, who shall be a nonvoting member.

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.

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

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.

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.

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

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. State law allows the System to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

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, 2019 the employer contribution rate for MERS Plan B was 14.0%. Employer contributions to MERS was \$30,702, for the year ended June 30, 2020. 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, 2020, the Town of Basile recognized revenue as a result of support received from non-employer contributing entities of \$7,818 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, 2020, the Town of Basile reported a liability for MERS of \$259,408, for its proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2019 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, 2019, the Town of Basile's proportion for MERS was 0.296528%. This reflects a decrease for MERS of 0.043992% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town of Basile recognized pension expense, for which there were no forfeitures, as follows:

	<u>Pension Expense</u>	<u>Net Pension Liability</u>
MERS	\$48,485	\$259,408

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

At June 30, 2020, 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	\$ -	\$ (11,506)
Changes in assumptions	15,815	-
Net difference between projected and actual earnings on pension plan investments	27,320	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,665	(31,932)
Employer contributions subsequent to measurement date	30,702	-
Total	<u>\$ 83,502</u>	<u>\$ (43,438)</u>

During the year ended June 30, 2020, employer contributions totaling \$30,702 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, 2020. 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>
2020	\$ 8,289
2021	(2,304)
2022	2,727
2023	2,117
Total	<u>\$ 10,829</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, 2019 are as follows:

	<u>2019</u>	<u>2018</u>
	<u>MERS Plan B</u>	<u>MERS Plan B</u>
Total Pension Liability	\$ 766,087	\$ 860,027
Plan Fiduciary Net Position	506,679	564,162
Total Net Pension Liability	<u>\$ 259,408</u>	<u>\$ 295,865</u>
Plan Fiduciary Net Position as a % of the Total Pension Liability	66.14%	65.60%

The Town of Basile's allocation is 0.296528% 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, 2019 actuarial valuations were determined using the following actuarial assumptions:

	MERS
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years for Plan B
Investment rate of return	7.0%, net of investment expense
Inflation rate	2.500%
Salary increases, including inflation and merit increases:	5.00%
-1 to 4 years of service	7.4% - Plan B
-More than 4 years of service	4.9% - Plan B
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scales.

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 7.0% for the year ended June 30, 2019.

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, 2019 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Equity	50%	2.15%
Fixed Income	35%	1.51%
Alternatives	15%	0.64%
Other	0%	0.00%
Total	100%	4.30%
Inflation		<u>2.74%</u>
Expected Nominal Return		7.00%

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

Discount Rates

The discount rate used to measure the total pension liability for MERS was 7.00%. 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.

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 7.00% 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 (6.00% for MERS) or one percentage-point higher (8.00% for MERS) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
MERS	\$ 345,723	\$ 259,408	\$ 186,408

Payable to the Pension Plan

At June 30, 2020, payable to MERS was \$2,257 for June 2020 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, 2020 in the amount of \$30,516 of which \$2,283 was owed for purchases for the month of June 30, 2020.

(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, 2020, was as follows:

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Total Enterprise Fund</u>
Operating revenues	\$ 270,646	\$ 485,052	\$ 240,662	\$ 996,360
Operating expenses	137,206	248,223	201,756	587,185
Operating income	<u>\$ 133,440</u>	<u>\$ 236,829</u>	<u>\$ 38,906</u>	<u>\$ 409,175</u>

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

(14) Compensation of Town Officials

A detail of compensation paid to the mayor and Board of Alderman for the year ended June 30, 2020, follows:

Mark Denette, Mayor	22,442
Aldermen:	
Catina Hebert	3,345
Bron Dubroc	2,754
Kenny Burgess	3,345
Kristy Miller	3,345
Latoya Howze	3,345
	\$ 38,576

(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) Accounting Pronouncements

The Government Accounting Standards Board (GASB) has issued the following Statements which will become effective in futures years as shown below:

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for fiscal year 2021. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*" improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The Statement clarifies which liabilities governments would include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for fiscal year 2019. Management has not yet determined the effect of this Statement on the financial statements.

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

(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) Pending Litigation

Michael Thomas, et al vs. Town of Basile, et al. The potential financial exposure can not be determined at this time.

Michelle C. Jenkins vs. Town of Basile, et al. The Town's liability insurance provider is required to make financial compensation and/or defense costs associated with this matter above the deductible amount.

(20) Interfund Activities

Transfers to/from other funds at June 30, 2020, consist of the following:

From the Utility Fund to the General Fund for operations	\$ 386,152
From the Sales Tax Fund to the General Fund	57,370
From the Sales Tax Fund to the Utility Fund for operations	63,663
From the Special Tax Fund to the Debt Service Fund	<u>55,630</u>
Total	<u>\$ 562,815</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.

(21) Evaluation of Subsequent Events

The Town has evaluated subsequent events through December 11, 2020, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BASILE, LOUISIANA
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2020

	Budget		Actual	Variance – Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 175,000	\$ 175,000	\$ 152,900	\$ (22,100)
Licenses and permits	45,000	45,000	59,380	14,380
Intergovernmental	9,000	9,000	30,368	21,368
Fines and forfeits	50,000	50,000	29,952	(20,048)
Miscellaneous	37,500	37,500	178,666	141,166
Total revenues	<u>316,500</u>	<u>316,500</u>	<u>451,266</u>	<u>134,766</u>
Expenditures:				
Current –				
General government	335,000	341,000	269,376	71,624
Public safety:				
Police	359,000	366,934	384,928	(17,994)
Fire	6,200	6,200	5,304	896
Streets and drainage	186,100	206,100	165,729	40,371
Parks	6,000	6,000	7,991	(1,991)
Capital outlay	3,000	-	110,130	(110,130)
Total expenditures	<u>895,300</u>	<u>926,234</u>	<u>943,458</u>	<u>(17,224)</u>
Excess (deficiency) of revenues over expenditures				
	<u>(578,800)</u>	<u>(609,734)</u>	<u>(492,192)</u>	<u>117,542</u>
Other financing sources (uses):				
Operating transfers in	587,000	587,000	443,522	(143,478)
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>587,000</u>	<u>587,000</u>	<u>443,522</u>	<u>(143,478)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses				
	8,200	(22,734)	(48,670)	(25,936)
Fund balances, beginning	<u>7,692</u>	<u>74,487</u>	<u>74,487</u>	<u>-</u>
Fund balances, ending	<u>\$ 15,892</u>	<u>\$ 51,753</u>	<u>\$ 25,817</u>	<u>\$ (25,936)</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, 2020

	Budget		Actual	Variance –
	Original	Final		Favorable (Unfavorable)
Revenues:				
Taxes	\$ 200,000	\$ 200,000	\$ 227,680	\$ 27,680
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>227,680</u>	<u>27,680</u>
Expenditures:				
Legal and professional	-	-	4,200	(4,200)
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>4,200</u>	<u>(4,200)</u>
Excess (deficiency) of revenues over expenditures	<u>200,000</u>	<u>200,000</u>	<u>223,480</u>	<u>23,480</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	(210,000)	(210,000)	(121,033)	88,967
Total other financing sources (uses)	<u>(210,000)</u>	<u>(210,000)</u>	<u>(121,033)</u>	<u>88,967</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(10,000)	(10,000)	102,447	112,447
Fund balances, beginning	<u>6,107</u>	<u>68,358</u>	<u>68,358</u>	<u>-</u>
Fund balances, ending	<u>\$ (3,893)</u>	<u>\$ 58,358</u>	<u>\$ 170,805</u>	<u>\$ 112,447</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, 2020

	Budget		Actual	Variance – Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 100,000	\$ 100,000	\$ 100,529	\$ 529
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>100,529</u>	<u>529</u>
Expenditures:				
Miscellaneous	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>100,000</u>	<u>100,000</u>	<u>100,529</u>	<u>529</u>
Other financing sources (uses):				
Bond proceeds	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	(55,000)	(55,000)	(55,630)	(630)
Total other financing sources (uses)	<u>(55,000)</u>	<u>(55,000)</u>	<u>(55,630)</u>	<u>(630)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	45,000	45,000	44,899	(101)
Fund balances, beginning	<u>1,336</u>	<u>12,886</u>	<u>12,886</u>	<u>-</u>
Fund balances, ending	<u>\$ 46,336</u>	<u>\$ 57,886</u>	<u>\$ 57,785</u>	<u>\$ (101)</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, 2020.

Note 2. Stewardship, Compliance and Accountability

Excess of Expenditures over Appropriations. The following individual funds had actual expenditures in excess of appropriations for the year ended June 30, 2020:

	Budget		Actual	Variance – Favorable (Unfavorable)
	Original	Final		
Sales Tax Fund	\$ -	\$ -	\$ 4,200	\$ (4,200)
General Fund	\$ 895,300	\$ 926,234	\$ 943,458	\$ (17,224)

TOWN OF BASILE, LOUISIANA
Schedule of Employer's Proportionate Share of Net Pension Liability
Year Ended June 30, 2020

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
2020	0.296528	\$ 259,408	\$ 219,298	118.29%	66.14%
2019	0.349792	295,865	226,687	130.52%	65.60%
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, 2020

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
2020	\$ 30,702	\$ 30,702	\$ -	\$ 219,298	14.00%
2019	31,736	31,736	-	226,687	14.00%
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%
2008	13,326	13,326	-	197,422	6.75%

Pension Plan

Changes of Assumptions – Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. 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, 2020

	Budget		Actual	Variance – Favorable (Unfavorable)
	Original	Final		
Taxes:				
Ad valorem	\$ 110,000	\$ 110,000	\$ 96,816	\$ (13,184)
Franchise	65,000	65,000	56,084	(8,916)
Total taxes	<u>175,000</u>	<u>175,000</u>	<u>152,900</u>	<u>(22,100)</u>
Licenses and permits - occupational	<u>45,000</u>	<u>45,000</u>	<u>59,380</u>	<u>14,380</u>
Intergovernmental:				
State of Louisiana -				
Beer tax	3,000	3,000	1,408	(1,592)
Video poker	6,000	6,000	1,610	(4,390)
Supplemental pay	-	-	27,350	27,350
Total intergovernmental	<u>9,000</u>	<u>9,000</u>	<u>30,368</u>	<u>21,368</u>
Fines and forfeits	<u>50,000</u>	<u>50,000</u>	<u>29,952</u>	<u>(20,048)</u>
Miscellaneous:				
Grant	10,000	10,000	75,794	65,794
Other	27,500	27,500	102,872	75,372
Total miscellaneous	<u>37,500</u>	<u>37,500</u>	<u>178,666</u>	<u>141,166</u>
Total revenues	<u>\$ 316,500</u>	<u>\$ 316,500</u>	<u>\$ 451,266</u>	<u>\$ 134,766</u>

TOWN OF BASILE, LOUISIANA
General Fund
Budgetary Comparison Schedule of Expenditures
Year Ended June 30, 2020

	Budget		Actual	Variance –
	Original	Final		Favorable (Unfavorable)
General government:				
Advertising and legal notices	\$ 4,000	\$ 4,000	\$ 4,591	\$ (591)
Dues and subscriptions	-	-	918	(918)
Education and travel	4,000	4,000	556	3,444
Insurance	100,000	100,000	59,597	40,403
Miscellaneous	24,000	24,000	9,646	14,354
Office expenses	16,000	16,000	22,421	(6,421)
Payroll taxes and retirement	29,000	25,000	19,242	5,758
Professional fees	20,000	20,000	27,543	(7,543)
Salaries	120,000	130,000	111,627	18,373
Utilities and telephone	18,000	18,000	13,235	4,765
Total general government	<u>335,000</u>	<u>341,000</u>	<u>269,376</u>	<u>71,624</u>
Public safety:				
Police department -				
Education and travel	3,000	2,404	2,404	-
Gas, oil and maintenance	20,000	15,891	15,891	-
Miscellaneous	1,000	-	95	(95)
Payroll taxes and retirement	38,000	39,766	30,597	9,169
Repairs and maintenance supplies	20,000	12,558	14,497	(1,939)
Salaries	255,000	273,259	298,265	(25,006)
Uniforms	-	2,822	3,204	(382)
Utilities and telephone	22,000	20,234	19,975	259
Total police department	<u>359,000</u>	<u>366,934</u>	<u>384,928</u>	<u>(17,994)</u>
Fire department –				
General operations	4,700	4,700	4,675	25
Gas, oil and maintenance	1,500	1,500	629	871
Total fire department	<u>6,200</u>	<u>6,200</u>	<u>5,304</u>	<u>896</u>
Total public safety	<u>365,200</u>	<u>373,134</u>	<u>390,232</u>	<u>(17,098)</u>
Streets and drainage:				
Miscellaneous	600	20,600	4,272	16,328
Gas, oil and maintenance	16,500	16,500	17,120	(620)
Salaries	85,000	85,000	68,685	16,315
Supplies	1,500	1,500	1,557	(57)
Repairs and maintenance	27,000	27,000	35,353	(8,353)
Payroll taxes and retirement	21,500	21,500	9,755	11,745
Street lighting	34,000	34,000	28,987	5,013
Total streets and drainage	<u>186,100</u>	<u>206,100</u>	<u>165,729</u>	<u>40,371</u>
Park Expense	<u>6,000</u>	<u>6,000</u>	<u>7,991</u>	<u>(1,991)</u>
Capital outlay:				
Equipment & buildings	3,000	-	110,130	(110,130)
Total expenditures	<u>\$ 895,300</u>	<u>\$ 926,234</u>	<u>\$ 943,458</u>	<u>\$ (17,224)</u>

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF BASILE, LOUISIANA
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2020

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

TOWN OF BASILE, LOUISIANA
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes in
 Fund Balances
 Year Ended June 30, 2020

	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Totals</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
 LIABILITIES AND FUND BALANCE			
Expenditures:			
Current-			
General Government	-	-	-
Debt service-			
Principal retirement	-	39,000	39,000
Interest paid	-	16,600	16,600
Other	-	30	30
Total expenditures	<u>-</u>	<u>55,630</u>	<u>55,630</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(55,630)</u>	<u>(55,630)</u>
Other financing sources (uses):			
Operating transfers in	-	55,630	55,630
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>55,630</u>	<u>55,630</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning	<u>897</u>	<u>-</u>	<u>897</u>
Fund balances, ending	<u>\$ 897</u>	<u>\$ -</u>	<u>\$ 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, 2020

ASSETS		
Cash		\$ 897
Investments		-
Total assets		<u>\$ 897</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accrued liabilities		\$ -
Due to other funds		-
Total liabilities		<u>-</u>
Fund balances:		
Assigned		897
Unassigned		-
Total fund balances		<u>897</u>
Total liabilities and fund balances		<u>\$ 897</u>

TOWN OF BASILE, LOUISIANA
 Nonmajor Governmental Funds - Capital Projects Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Year Ended June 30, 2020

Revenues:	
Taxes	\$ -
Total revenues	<u>-</u>
Expenditures:	
Miscellaneous	-
Total expenditures	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>
Other financing sources (uses):	
Operating transfers in	-
Operating transfers out	<u>-</u>
Total other financing sources (uses)	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-
Fund balances, beginning	<u>897</u>
Fund balances, ending	<u>\$ 897</u>

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, 2020

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

TOWN OF BASILE, LOUISIANA
 Nonmajor Governmental Funds - Debt Service Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Year Ended June 30, 2020

Revenues:	
Miscellaneous interest	\$ -
Total revenues	<u>-</u>
Expenditures:	
Debt service-	
Principle retirement	39,000
Interest charges	16,600
Other	<u>30</u>
Total expenditures	<u>55,630</u>
Excess (deficiency) of revenues over expenditures	<u>(55,630)</u>
Other financing sources (uses):	
Operating transfers in	55,630
Operating transfers out	<u>-</u>
Total other financing sources (uses)	<u>55,630</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-
Fund balances, beginning	<u>-</u>
Fund balances, ending	<u><u>\$ -</u></u>

TOWN OF BASILE, LOUISIANA
Enterprise Fund
Utility Fund
Departmental Analysis of Operating Revenues and Expenses
Year Ended June 30, 2020

	Totals	Gas	Water	Sewer	General and Administrative
Operating revenues:					
Customer service charges	\$ 963,290	\$ 260,395	\$ 470,501	\$ 232,394	\$ -
Connection charges	10,139	3,143	4,461	2,535	-
Delinquent charges	17,575	5,448	7,733	4,394	-
Miscellaneous	5,356	1,660	2,357	1,339	-
Total operating revenues	<u>996,360</u>	<u>270,646</u>	<u>485,052</u>	<u>240,662</u>	<u>-</u>
Operating expenses:					
Salaries	61,908	35,707	26,201	-	-
Payroll taxes and retirement	17,902	10,646	7,256	-	-
Insurance	28,621	-	-	-	28,621
Repairs, maintenance and supplies	132,756	18,424	10,076	104,256	-
Gas and water purchased	154,648	30,516	124,132	-	-
Depreciation	117,928	13,942	43,549	60,437	-
Office expense	2,674	-	-	-	2,674
Telephone and utilities	24,837	3,450	2,558	18,829	-
Auto expenses and travel	202	-	-	-	202
Dues	976	-	-	-	976
Professional fees	7,200	-	-	-	7,200
Bad debts	703	-	-	-	703
Miscellaneous	36,830	1,911	2,360	-	32,559
Allocation of general and administrative expenses	-	22,610	32,091	18,234	(72,935)
Total operating expenses	<u>587,185</u>	<u>137,206</u>	<u>248,223</u>	<u>201,756</u>	<u>-</u>
Net operating income	<u>409,175</u>	<u>\$ 133,440</u>	<u>\$ 236,829</u>	<u>\$ 38,906</u>	<u>\$ -</u>
Nonoperating revenues (expenses):					
Interest income	480				
Interest expense	(26,133)				
Grant revenue	10,618				
Nonemployer pension contribution	2,111				
Miscellaneous	(436)				
Total nonoperating expenses	<u>(13,360)</u>				
Income (loss) before operating transfers	<u>395,815</u>				
Operating transfers in (out):					
Operating transfers in	63,663				
Operating transfers out	(386,152)				
Total operating transfers	<u>(322,489)</u>				
Net income (loss)	73,326				
Net position, beginning	<u>2,136,520</u>				
Net position, ending	<u>\$ 2,209,846</u>				

**COMPLIANCE, INTERNAL CONTROL
AND
OTHER INFORMATION**

VIGE, TUJAGUE NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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SHIRLEY VIGE, JR., C.P.A.
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337-457-8743

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Basile, Louisiana, as of and for the year ended June 30, 2020, 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 December 11, 2020.

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 #2020-001 through #2020-003 that we consider to be significant deficiencies.

Compliance and Other Matters

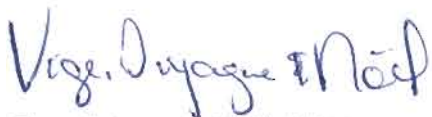
As part of obtaining reasonable assurance about whether Town of Basile, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 #2020-001 through #2020-003.

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
December 11, 2020

TOWN OF BASILE, LOUISIANA
Schedule of Findings and Responses
Year Ended June 30, 2020

We have audited the financial statements of Town of Basile as of and for the year ended June 30, 2020, and have issued our report thereon dated December 11, 2020. 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, 2020, 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

#2020-001 – Segregation of Duties

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

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

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

Effect: Inadequate segregation of duties within the accounting functions.

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

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

#2020-002 – 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

TOWN OF BASILE, LOUISIANA
Schedule of Findings and Responses (Continued)
Year Ended June 30, 2020

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.
- 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.

#2020-003 – Budget Variance

- Condition: There was a violation of the Louisiana Government Budget Act. Expenditures of the Sales Tax Fund exceeded budgeted appropriations by an amount greater than 5%.
- Criteria: When total actual expenditures exceed total budgeted expenditures by 5% or more and/or when total revenues fail to meet total budgeted revenues by 5% or more or there has been a change in operation upon which the original adopted budget was developed, the Town shall adopt a budget amendment in an open meeting to reflect such a change.
- Cause: The Town did not properly amend the budget for expenditures paid out of the Sales Tax Fund.
- Effect: Failure to properly amend the budget results in variances beyond the 5% of budgeted expenditures incurred.
- Recommendation: We recommend that the Town make the necessary amendments to the budget prior to year end for changes in revenues and expenditures incurred.
- Response: The Town accepts and agrees with the recommendation as presented.

TOWN OF BASILE, LOUISIANA
Schedule of Findings and Responses (Continued)
Year Ended June 30, 2020

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, 2020

#2019-001 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, 2020 as #2020-001.

#2019-002 – 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.

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.

Status: This finding was repeated for June 30, 2020 as #2020-002.

#2020-003 – Budget Variation

Condition: There was an apparent violation of the Louisiana Government Budget Act. Expenditures of the Basile Police Department exceeded budgeted appropriations by an amount greater than 5%. The line item of salaries was primarily responsible for the budget overrun. In response to the excessive salary expense, the Mayor notified the Chief of Police and police employees on April 10, 2019, that the salary expense was on pace to exceed 100% of that approved line item. He further informed them that he would not sign any police department payroll checks after that line item limit was reached. The budgeted line item limit was reached and even exceeded that amount by more than 5%. The Chief of Police continued to work his employees for approximately three pay periods without pay. He failed to submit recommendations in writing to the governing authority for responsive action.

Recommendation: We recommend that the Chief of Police follow the Louisiana Government Budget Act. He should work the Department within budget constraints and advise the municipal governing authority in writing when total actual expenditures plus projected expenditures for the remainder of the year exceed the total budget expenditures within the Police Department by 5% or more. He should further, make recommendations in writing to the governing authority for responsive action.

Response: The Town accepts and agrees with the recommendation as presented.

Status: This finding was cleared for June 30, 2020.

TOWN OF BASILE, LOUISIANA
Schedule of Mayor and Alderman
Year Ended June 30, 2020

<u>Name</u>	<u>Office and Term</u>	<u>Address and Telephone</u>	<u>Compensation</u>
Mark Denette	Mayor 2022	P.O. Box 538 Basile, LA 70515 337-789-6276	22,442
Bron Dubroc	Alderman 2022	1624 N. Black Avenue Basile, LA 70515 337-207-0474	2,754
Latoya Howze	Alderwoman 2022	P.O. Box 824 Basile, LA 70515 337-305-5977	3,345
Kristy Miller	Alderwoman 2022	2720 W. Stagg Avenue Basile, LA 70515 337-247-2171	3,345
Catina Hebert	Alderwoman 2022	P.O. Box 811 Basile, LA 70515 337-466-0797	3,345
Kenny Burgess	Alderman 2022	2135 Dr. B. Deshotel Avenue Basile, LA 70515 337-446-8162	3,345
			<u>\$ 38,576</u>

TOWN OF BASILE, LOUISIANA
 Schedule of Meters and Rates and Accounts Receivable
 Year Ended June 30, 2020

Total Water Meters

Meters ¾"	804
Meters 2"	23
Meters 4"	3
Meters 1"	<u>2</u>
TOTAL	832

Water Rates

Effective 07/01/10 to 04/30/2019

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

Effective 05/01/19 to Current

Residential rates \$21.00 First 2000 Gallons \$5.00 Per Thousand After
 Commercial rates \$23.00 First 2000 Gallons \$6.00 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	\$ 56,492
31-60	5,033
61-90	<u>2,924</u>
	<u>\$ 64,449</u>

Residential Users - 748
 Commercial Users - 52

TOWN OF BASILE, LOUISIANA
 Schedule of Insurance
 Year Ended June 30, 2020

<u>Insurance</u>	<u>Coverage</u>	<u>Limits</u>	<u>Policy Period</u>
Cassidy Insurance Agency	Employee Dishonesty Bond	\$300,000 \$140,000	11/16/19–11/16/20 1/03/20 – 1/03/21
Essex Insurance Company	Auto	\$1,000,000	9/13/19 – 9/13/20
LA Risk Management Agency	Commercial Premises General Medical Liability Fire	\$500,000 \$ 10,000 \$ 50,000	5/01/20– 5/01/21
LA Risk Management Agency	Police Comprehensive Liability	\$500,000	5/01/20 – 5/01/21
LA Risk Management Agency	Public Officials Errors / Omissions	\$500,000	5/01/20 – 5/01/21
LA Workers' Compensation Corporation	Workers Compensation	Statutory	1/01/20 – 1/01/21
Essex Insurance Company	Building & Equipment 80% Coinsurance	\$1,033,600	3/05/20 – 3/05/21

TOWN OF BASILE, LOUISIANA
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
Year Ended June 30, 2020

Mark Denette, Mayor
Period: 12 Months

Salary	\$22,442
Benefits – retirement	844

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, 2020.

2020-001 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.

2020-002 – Revenue Refunding Bonds Debt Service

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

2020-003 – Budget Variance

We recommend that the Town make the necessary amendments to the budget prior to year end for changes in revenues and expenditures incurred.



Mark Denette, Mayor