

TOWN OF BASILE, LOUISIANA
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3
 BASIC FINANCIAL STATEMENTS	
 GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net position	6
Statement of activities	7
 FUND FINANCIAL STATEMENTS	
Balance sheet – governmental funds	9
Reconciliation of the governmental funds balance sheet to the statement of net position	10
Statement of revenues, expenditures, and changes in fund balances – governmental funds	11
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	12
Statement of net position – proprietary funds	13
Statement of revenues, expenses, and changes in fund net assets – proprietary funds	14
Statement of cash flows – proprietary funds	15-16
Notes to basic financial statements	17-39
 REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General fund	41
Sales tax fund	42
Special tax fund	43
Notes to required supplementary information	44
 Schedule of Employer's Proportionate Share of Net Pension Liability	 45
Schedule of Employer's Pension Contributions	46
 OTHER SUPPLEMENTARY INFORMATION	
 OTHER FINANCIAL INFORMATION	
Major governmental funds-	
General fund – budgetary comparison schedule – revenues	48
General fund – budgetary comparison schedule – expenditures	49
 Nonmajor governmental funds-	
Combining balance sheet	51
Combining statement of revenues, expenditures, and changes in fund balance	52
 Nonmajor funds-	
Capital project fund	53
Balance sheet	54
Statement of revenues, expenditures, and changes in fund balance	55

Debt service fund	56
Balance sheet	57
Statement of revenues, expenditures, and changes in fund balance	58
Departmental analysis of operating revenues and expenses – utility fund	59

COMPLIANCE AND INTERNAL CONTROL

Independent Auditor's Report on Compliance and Other Matters and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in accordance with Government Auditing Standards	61-62
Schedule of Findings and Responses	63-64
Status of Prior Years Schedule of Findings and Responses	65
Schedule of Mayor and Alderman Compensation	66
Schedule of Meters and Rates and Accounts Receivable	67
Schedule of Insurance	68
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	69
Judicial System Funding Schedule – Collecting/Disbursing Entity	70

VIGE, TUJAGUE NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Basile, Louisiana as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Basile, Louisiana's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Basile, Louisiana, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of employer's share of net pension liability, and schedule of employer pension contributions on pages 40-46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Town of Basile, Louisiana has not presented 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.

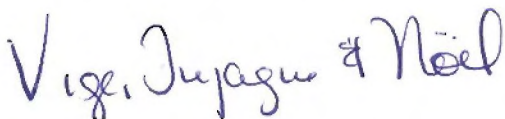
Supplementary Information

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 accompanying combining fund financial statements, the schedule of compensation, benefits, and other payments to agency head, the judicial system funding schedule, and other schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 fund financial statements, the schedule of compensation, benefits, and other payments to agency head, the judicial system funding schedule, and other schedules, as listed in the table of contents, 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 7, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Basile, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Basile, Louisiana's internal control over financial reporting and compliance.

The prior year comparative information has been derived from the Town of Basile, Louisiana's 2022 financial statements and, in our report dated October 27, 2022, we expressed unmodified opinions on the respective financial statements of the governmental and business-type activities.



Vige, Tujague & Noël
Eunice, Louisiana
December 7, 2023

BASIC FINANCIAL STATEMENTS

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

TOWN OF BASILE, LOUISIANA
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 1,161,541	\$ 225,978	\$ 1,387,519
Receivables, net	55,194	96,551	151,745
Other assets	-	11,309	11,309
Prepaid insurance	1,640	-	1,640
Total current assets	<u>1,218,375</u>	<u>333,838</u>	<u>1,552,213</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	7,370	155,550	162,920
Capital assets, net	1,260,469	2,418,091	3,678,560
Right of use assets, net	-	253,217	253,217
Total noncurrent assets	<u>1,267,839</u>	<u>2,826,858</u>	<u>4,094,697</u>
Total assets	<u>2,486,214</u>	<u>3,160,696</u>	<u>5,646,910</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions- police	4,556	-	4,556
Deferred outflows related to pensions	96,266	21,131	117,397
Total deferred outflows of resources	<u>100,822</u>	<u>21,131</u>	<u>121,953</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	27,060	36,136	63,196
Current portion of bonds payable	46,000	31,168	77,168
Current portion of lease liability	-	41,700	41,700
Total current liabilities	<u>73,060</u>	<u>109,004</u>	<u>182,064</u>
Noncurrent liabilities:			
Compensated absences	8,145	-	8,145
Customers deposits payable	-	124,585	124,585
Bonds payable	174,600	435,740	610,340
Lease liability	-	42,911	42,911
Net pension liability	249,196	54,701	303,897
Total noncurrent liabilities	<u>431,941</u>	<u>657,937</u>	<u>1,089,878</u>
Total liabilities	<u>505,001</u>	<u>766,941</u>	<u>1,271,942</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	5,176	1,136	6,312
NET POSITION			
Invested in capital assets, net of related debt	1,039,869	2,119,789	3,159,658
Restricted for debt service	5,085	155,550	160,635
Unrestricted	1,031,905	138,411	1,170,316
Total net position	<u>\$ 2,076,859</u>	<u>\$ 2,413,750</u>	<u>\$ 4,490,609</u>

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

TOWN OF BASILE, LOUISIANA
Statement of Activities
Year Ended June 30, 2023

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	\$ 387,374	\$ 100,951	\$ -	\$ 330,798	\$ 44,375	\$ -	\$ 44,375
Public safety:							
Police	477,390	188,139	-	-	(289,251)	-	(289,251)
Fire	6,837	-	-	-	(6,837)	-	(6,837)
Streets	304,298	2,120	-	-	(302,178)	-	(302,178)
Parks and recreation	19,903	1,850	-	-	(18,053)	-	(18,053)
Interest on long-term debt	11,760	-	-	-	(11,760)	-	(11,760)
Total governmental activities	<u>1,207,562</u>	<u>293,060</u>	<u>-</u>	<u>330,798</u>	<u>(583,704)</u>	<u>-</u>	<u>(583,704)</u>
Business-type activities:							
Gas	186,038	243,989	-	-	-	57,951	57,951
Water	426,930	537,528	216,800	-	-	327,398	327,398
Sewer	193,894	239,225	-	-	-	45,331	45,331
Total business-type activities	<u>806,862</u>	<u>1,020,742</u>	<u>216,800</u>	<u>-</u>	<u>-</u>	<u>430,680</u>	<u>430,680</u>
Total	<u>\$ 2,014,424</u>	<u>\$ 1,313,802</u>	<u>\$ 216,800</u>	<u>\$ 330,798</u>	<u>(583,704)</u>	<u>430,680</u>	<u>(153,024)</u>
General revenues:							
Taxes –							
Property taxes, levied for general purposes					227,932	-	227,932
Sales and use taxes, levied for general purposes					284,158	-	284,158
Franchise and chain store taxes					80,432	-	80,432
Interest and investment earnings					-	517	517
Miscellaneous					45,644	-	45,644
Nonemployer pension contribution					8,247	1,811	10,058
Transfers					283,192	(283,192)	-
Total general revenues and transfers					<u>929,605</u>	<u>(280,864)</u>	<u>648,741</u>
Changes in net assets					345,901	149,816	495,717
Net position - June 30, 2022					1,730,958	2,263,934	3,994,892
Net Position - June 30, 2023					<u>\$ 2,076,859</u>	<u>\$ 2,413,750</u>	<u>\$ 4,490,609</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, 2023

	General Fund	Special Tax Fund	Sales Tax Fund	Other Funds	Total
ASSETS					
Cash	\$ 899,723	\$ 138,163	\$ 123,655	\$ -	\$ 1,161,541
Receivables					
Taxes	5,996	-	-	-	5,996
Other	22,796	-	-	-	22,796
Prepaid insurance	1,640	-	-	-	1,640
Cash-demand accounts	2,285	5,085	-	-	7,370
Total assets	<u>\$ 932,440</u>	<u>\$ 143,248</u>	<u>\$ 123,655</u>	<u>\$ -</u>	<u>\$ 1,199,343</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 4,519	\$ -	\$ -	\$ -	\$ 4,519
Accrued liabilities	22,541	-	-	-	22,541
Total liabilities	<u>27,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,060</u>
Fund balances:					
Assigned	-	143,248	123,655	-	266,903
Unassigned	905,380	-	-	-	905,380
Total fund balance	<u>905,380</u>	<u>143,248</u>	<u>123,655</u>	<u>-</u>	<u>1,172,283</u>
Total liabilities and fund balance	<u>\$ 932,440</u>	<u>\$ 143,248</u>	<u>\$ 123,655</u>	<u>\$ -</u>	<u>\$ 1,199,343</u>

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, 2023

Total fund balances for governmental funds at June 30, 2023		\$ 1,172,283
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 \$928,7303 accumulated depreciation	553,383	
Equipment & other, net of \$828,950 accumulated depreciation	<u>659,356</u>	1,260,469
Sales tax which were not measurable at year end and not considered available as current financial resources at year end		26,402
Amounts related to pension recognition are not due and payable in the current period and, therefore, are not reported in the funds		(153,550)
Long-term liabilities at June 30, 2023		
Bond issue costs, net of \$4,604 amortization	29,400	
Compensated absences	(8,145)	
Bond payable	<u>(250,000)</u>	<u>(228,745)</u>
Total net position of governmental activities at June 30, 2023		<u>\$ 2,076,859</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, 2023

	General Fund	Special Tax Fund	Sales Tax Fund	Other Funds	Totals
Revenues:					
Taxes	\$ 182,722	\$ 125,642	\$ 280,941	\$ -	\$ 589,305
Licenses and permits	73,866	-	-	-	73,866
Intergovernmental	27,085	-	-	-	27,085
Fines and forfeits	65,650	-	-	-	65,650
Miscellaneous	468,401	-	-	-	468,401
Total revenues	<u>817,724</u>	<u>125,642</u>	<u>280,941</u>	<u>-</u>	<u>1,224,307</u>
Expenditures:					
Current-					
General government	347,020	-	2,800	30	349,850
Public safety:					
Police	450,315	-	-	-	450,315
Fire	6,169	-	-	-	6,169
Streets and drainage	272,413	-	-	-	272,413
Parks	16,106	-	-	-	16,106
Capital outlay	96,404	-	-	-	96,404
Debt service					
Principal retirement	-	-	-	44,000	44,000
Interest charges	-	-	-	11,760	11,760
Total expenditures	<u>1,188,427</u>	<u>-</u>	<u>2,800</u>	<u>55,790</u>	<u>1,247,017</u>
Excess (deficiency) of revenues over expenditures	<u>(370,703)</u>	<u>125,642</u>	<u>278,141</u>	<u>(55,790)</u>	<u>(22,710)</u>
Other financing sources (uses)					
Insurance proceeds	34,500	-	-	-	34,500
Operating transfers in	664,916	-	-	55,790	720,706
Operating transfers out	-	(95,556)	(341,061)	(897)	(437,514)
Total other financing sources (uses)	<u>699,416</u>	<u>(95,556)</u>	<u>(341,061)</u>	<u>54,893</u>	<u>317,692</u>
Net changes in fund balances	328,713	30,086	(62,920)	(897)	294,982
Fund balances, beginning	<u>576,667</u>	<u>113,162</u>	<u>186,575</u>	<u>897</u>	<u>877,301</u>
Fund balances, ending	<u>\$ 905,380</u>	<u>\$ 143,248</u>	<u>\$ 123,655</u>	<u>\$ -</u>	<u>\$ 1,172,283</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, 2023

Total net changes in fund balances at June 30, 2023 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 294,982
The change in net assets reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 96,404	
Depreciation expense for the year ended June 30, 2023	<u>(86,475)</u>	9,929
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.		44,000
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		(15)
Net effect of pension liability recognition		(5,362)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		<u>3,217</u>
Total changes in net assets at June 30, 2023 per Statement of Activities		<u>\$ 345,901</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, 2023
With Comparative Totals for June 30, 2022

ASSETS	2023	2022
Cash	\$ 225,978	\$ 151,273
Receivables:		
Accounts receivable	96,551	106,948
Restricted assets		
Cash – demand accounts	135,255	140,484
Interest-bearing deposits, at cost	20,295	20,000
Land	12,008	12,008
Utility property plant and equipment	6,326,620	6,313,560
Accumulated depreciation	(3,920,537)	(3,791,277)
Right of use asset	269,243	-
Accumulated amortization- right of use asset	(16,026)	-
Other assets	11,309	2,847
Total assets	<u>3,160,696</u>	<u>2,955,843</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	<u>21,131</u>	<u>13,212</u>
 LIABILITIES		
Current liabilities:		
Accounts payable	32,945	38,997
Accrued liabilities	3,191	3,851
Payable from restricted assets -		
Current portion of revenue bonds	31,168	29,799
Current portion of lease liability	41,700	-
Total current liabilities	<u>109,004</u>	<u>72,647</u>
Noncurrent liabilities:		
Payable from restricted assets-		
Customers' deposits	124,585	121,493
Revenue bonds payable	435,740	465,239
Lease liability	42,911	-
Net Pension Liability	54,701	33,960
Total noncurrent liabilities	<u>657,937</u>	<u>620,692</u>
 Total liabilities	<u>766,941</u>	<u>693,339</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	<u>1,136</u>	<u>11,782</u>
 NET POSITION		
Investment in capital assets,		
net of related debt	2,119,789	2,039,253
Restricted for debt service	155,550	160,484
Unrestricted	138,411	64,197
Total net position	<u>\$ 2,413,750</u>	<u>\$ 2,263,934</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, 2023
With Comparative Totals For the Year Ended June 30, 2022

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Charges for services –		
Gas sales	\$ 232,117	\$ 239,000
Water sales	520,677	411,164
Sewer service charges	229,650	177,457
Connection charges	11,591	9,103
Delinquent charges	22,900	17,213
Miscellaneous revenues	3,807	14,614
Total operating revenues	<u>1,020,742</u>	<u>868,551</u>
Operating expenses:		
Gas department	153,196	135,929
Water department	315,896	236,588
Sewer department	108,051	127,380
General and administrative	60,970	60,436
Depreciation	129,260	124,249
Amortization	16,026	-
Total operating expenses	<u>783,399</u>	<u>684,582</u>
Operating income	<u>237,343</u>	<u>183,969</u>
Nonoperating revenues (expenses):		
Interest income	517	56
Interest expense	(23,027)	(23,109)
Grant revenue	216,800	13,971
Nonemployer pension contribution	1,811	1,465
Miscellaneous	(436)	(436)
Disposition of assets	-	-
Total nonoperating revenues (expenses)	<u>195,665</u>	<u>(8,053)</u>
Income before operating transfers	<u>433,008</u>	<u>175,916</u>
Operating transfers in (out):		
Operating transfers in	239,284	346,254
Operating transfers out	(522,476)	(554,593)
Total operating transfers	<u>(283,192)</u>	<u>(208,339)</u>
Change in net position	149,816	(32,423)
Net position, beginning	<u>2,263,934</u>	<u>2,296,357</u>
Net position, ending	<u>\$ 2,413,750</u>	<u>\$ 2,263,934</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, 2023
With Comparative Totals For the Year Ended June 30, 2021

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Receipts from customers	\$ 1,025,521	\$ 847,459
Payments to suppliers	(566,988)	(455,772)
Payments to employees	(82,312)	(88,898)
Other receipts	3,807	14,614
Net cash provided (used) by operating activities	<u>380,028</u>	<u>317,403</u>
Cash flows from noncapital financing activities:		
Cash received from other funds	239,284	346,254
Nonemployer pension contribution	1,811	1,465
Cash paid to other funds	(522,476)	(554,593)
Net cash provided (used) by noncapital financing activities	<u>(281,381)</u>	<u>(206,874)</u>
Cash flows from capital and related financing activities:		
Principal paid on revenue bonds payable	(28,130)	(28,047)
Interest and fiscal charges paid on revenue bonds and notes payable	(23,027)	(23,109)
Other non operating costs	(436)	(436)
Proceeds from meter deposits (net)	3,092	5,230
Proceeds from grants	216,800	13,971
Lease proceeds	269,243	-
Payments of right to use leased asset	(184,632)	-
Acquisition of property, plant and equipment	(282,303)	(28,149)
Net cash provided (used) by capital and related financing activities	<u>(29,393)</u>	<u>(60,540)</u>
Cash flows from investing activities:		
Interest on investments	517	56
Net cash provided by investing activities	<u>517</u>	<u>56</u>
Net increase (decrease) in cash and cash equivalents	69,771	50,045
Cash and cash equivalents, beginning of period	<u>311,757</u>	<u>261,712</u>
Cash and cash equivalents, end of period	<u><u>\$ 381,528</u></u>	<u><u>\$ 311,757</u></u>

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, 2023
With Comparative Totals For the Year Ended June 30, 2022

	<u>2023</u>	<u>2022</u>
Reconciliation of operating income to net cash used by operating activities:		
Operating income	\$ 237,343	\$ 183,969
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	129,260	124,249
Amortization - right of use asset	16,026	-
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	10,397	(5,013)
(Increase) decrease in inventory	(8,462)	759
Increase (decrease) in accounts payable	(6,052)	30,384
Increase (decrease) in accrued liabilities	(660)	40
Increase (decrease) in net pension liability	<u>2,176</u>	<u>(16,985)</u>
Net cash provided (used) by operating activities	<u>\$ 380,028</u>	<u>\$ 317,403</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period –		
Cash – unrestricted	\$ 151,273	\$ 84,320
Cash – restricted	<u>160,484</u>	<u>177,392</u>
Total cash and cash equivalents	<u>311,757</u>	<u>261,712</u>
Cash and cash equivalents, end of period –		
Cash – unrestricted	225,978	151,273
Cash – restricted	<u>155,550</u>	<u>160,484</u>
Total cash and cash equivalents	<u>381,528</u>	<u>311,757</u>
Net increase (decrease)	<u>\$ 69,771</u>	<u>\$ 50,045</u>

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

TOWN OF BASILE, LOUISIANA
Notes to Financial Statements

(1) Summary of Significant Accounting Policies

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

The accounting and reporting practices of the Town of Basile conform to generally accepted accounting principles of the United States of America as applicable to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. 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, 2023.

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, 2023, 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, 2023, totals \$8,145.

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, 2023, there was \$155,550 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, 2023, 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 nonspendable and are neither restricted nor committed.

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

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

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, 2023 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 \$11,309.

(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, 2023, the Town has cash and interest bearing deposits totaling \$1,550,439 in the general ledger.

Demand deposits	\$1,530,144
Certificate of deposit	20,295
Total	<u>\$1,550,439</u>

These deposits are stated at cost, which approximates market. Deposit balances (bank balance) at June 30, 2023, are secured as follows.

	Interest <u>Bearing</u>	Non Interest <u>Bearing</u>
Bank balances	<u>\$ 73,581</u>	<u>\$1,470,046</u>
Federal deposit	\$ 250,000	\$ 250,000
Pledged securities	-	1,409,820
Total	<u>250,000</u>	<u>1,659,820</u>
Excess/(Shortage)	<u>\$ 176,419</u>	<u>\$ 189,774</u>

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 ensuring year.

For the year ended June 30, 2023, taxes of 32.66 mills were levied on property with assessed valuations totaling \$6,240,860. 14.40 mills were dedicated to general corporate purposes and 18.26 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 \$223,334. Taxes receivable at June 30, 2023, were \$5,996 and allowances for uncollectibles were \$0.

(4) Restricted Assets General And Proprietary Fund Type

Restricted Assets were applicable to the following at June 30, 2023.

	<u>June 30, 2023</u>
General Fund:	
Police Drug Enforcement	\$ 2,185
Law Enforcement	100
Special Tax Collection Fund:	
Revenue Bond Sinking Fund	5,085
Proprietary Fund:	
Utility Deposits – Time Certificate of Deposit	20,295
Revenue Bond Contingency Account – Cash	22,898
Water Reserve Fund	53,286
Water Depreciation & Contingency	53,182
Gas Contingency Fund	5,889
Total Restricted Assets	<u>\$ 162,920</u>

(5) On-Behalf Payments

The Town received on-behalf payments from the State of Louisiana, in the amount of \$21,450, 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, 2023 was as follows:

	Balance 06/30/2022	Additions	Deletions	Balance 06/30/2023
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 47,730	\$ -	\$ -	\$ 47,730
Other capital assets:				
Buildings	1,482,113	-	-	1,482,113
Equipment/Other	1,391,902	96,404	-	1,488,306
Totals	2,921,745	96,404	-	3,018,149
Less accumulated depreciation				
Buildings	903,756	24,974	-	928,730
Equipment/Other	767,449	61,501	-	828,950
Total accumulated depreciation	1,671,205	86,475	-	1,757,680
Governmental activities, capital assets, net	<u>\$ 1,250,540</u>	<u>\$ 9,929</u>	<u>\$ -</u>	<u>\$ 1,260,469</u>
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	53,586	-	-	53,586
Sewer system	3,291,005	13,060	-	3,304,065
Totals	6,325,568	13,060	-	6,338,628
Less accumulated depreciation				
Water system	1,217,050	42,798	-	1,259,848
Gas system	577,025	13,942	-	590,967
Furniture and equipment	44,627	1,920	-	46,547
Sewer system	1,952,575	70,600	-	2,023,175
Total accumulated depreciation	3,791,277	129,260	-	3,920,537
Right to use lease assets:				
Electronic water meters	-	269,243	-	269,243
Total right to use lease assets	-	269,243	-	269,243
Less accumulated amortization				
Electronic water meters	-	16,026	-	16,026
Total accumulated amortization	-	16,026	-	16,026
Business type activities, capital assets, net	<u>\$ 2,534,291</u>	<u>\$ 137,017</u>	<u>\$ -</u>	<u>\$ 2,671,308</u>

Depreciation expense was charged to governmental activities as follows:

General governmental	\$ 23,050
Police	27,075
Fire	668
Streets	31,885
Recreation	3,797
Total depreciation expense	<u>\$ 86,475</u>

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

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

Gas	\$ 13,942
Water	44,718
Sewer	70,600
Total depreciation expense	<u>\$ 129,260</u>

(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, 2023:

	Payable at June 30, 2022	Additions	Retirements	Payable at June 30, 2023
Revenue bonds	<u>\$ 495,038</u>	<u>\$ -</u>	<u>\$ 28,130</u>	<u>\$ 466,908</u>

Bonds payable at June 30, 2023 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.	\$ 335,110
\$276,400 Water Revenue Bonds dated 3/27/95; due in monthly installments of \$1,254.86, which include interest through March 27, 2035; interest at 4 1/2% per annum, secured by water revenue.	<u>136,923</u>
Total Bonds Payable	472,033
Less Unamortized Debt Issuance Cost	<u>5,125</u>
	466,908
Less Current Portion	<u>31,168</u>
Bonds Payable	<u>\$ 435,740</u>

Interest expense totaled \$23,027 and is included in business type activities as a water department expense.

The annual requirements to amortize all debt outstanding as of June 30, 2023, including interest payments of \$182,215, are as follows:

Year Ending June 30,	Total	Principal Payments	Interest Payments
2024	51,593	31,168	20,425
2025	51,593	32,600	18,993
2026	51,593	34,097	17,496
2027	51,593	35,664	15,929
2028	51,593	37,302	14,291
2028-2032	257,965	167,150	90,815
2033-2035	138,318	134,052	4,266
	<u>\$ 654,248</u>	<u>\$ 472,033</u>	<u>\$ 182,215</u>

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

The following is a summary of debt transactions in the debt service fund of the Town of Basile, Louisiana for the year ended June 30, 2023:

	Payable at June 30, 2022	Additions	Retirements	Payable at June 30, 2023
Revenue bonds	\$ 294,000	\$ -	\$ 44,000	\$ 250,000

Bonds payable at June 30, 2023 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,	\$ 250,000
Total Bonds Payable	250,000
Less Unamortized Debt Insurance Costs	29,400
	220,600
Less Current Portion	46,000
Net Bonds Payable	\$ 174,600

Interest expense totaled \$11,760 and is included in governmental activities.

The annual requirements to amortize all debt outstanding as of June 30, 2023, including interest payments of \$26,320 are as follows:

Year Ending June 30,	Total	Principal Payments	Interest Payments
2024	55,760	46,000	9,760
2025	55,080	48,000	7,080
2026	55,200	50,000	5,200
2027	55,240	52,000	3,240
2028	55,040	54,000	1,040
	<u>\$ 276,320</u>	<u>\$ 250,000</u>	<u>\$ 26,320</u>

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 (2022 – 2023 collections-\$140,471) 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 (2022 – 2023 collections-\$140,471) 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, 2023.

(10) Utility Customer Deposits

The accounts of the Town include a liability for utility customer deposits of \$124,585. As of June 30, 2023, the Town has a certificate of deposit with a balance of \$20,000 specifically set aside for customer meter deposits.

(11) Employee Retirement

All employees of the Town of Basile belong to the Social Security Retirement System. The Town and its employees contribute a percentage of each employee's salary to the System (7.65% contributed by the Town, 7.65% by the employee). The Town's contribution during the year ended June 30, 2023, amounted to \$52,167.

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

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.

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

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

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

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

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

Deferred Retirement Options

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

Disability Benefits

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

Survivor's Benefit

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

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

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

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, 2022 the employer contribution rate for MERS Plan B was 15.5%. Employer contributions to MERS was \$36,901, for the year ended June 30, 2023. 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, 2023, the Town of Basile recognized revenue as a result of support received from non-employer contributing entities of \$10,058 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, 2021, the Town of Basile reported a liability for MERS of \$303,897, for its proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2021 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, 2022, the Town of Basile's proportion for MERS was 0.346131%. This reflects a increase for MERS of 0.020454% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, 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	\$22,152	\$303,897

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

At June 30, 2022, the Town of Basile reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

MERS:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (3,867)
Changes in assumptions	3,252	-
Net difference between projected and actual earnings on pension plan investments	55,888	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	21,356	-
Employer contributions subsequent to measurement date	36,901	(2,445)
Total	<u>\$ 117,397</u>	<u>\$ (6,312)</u>

The Town added police officers in 2023 to the Municipal Police Employee Retirement System. They are not included in any state audit report. We added \$4,556 to deferred outflows to be expensed next year.

During the year ended June 30, 2023, employer contributions totaling \$36,901 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, 2022. 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:	MERS
2023	\$ 30,620
2024	16,957
2025	7,046
2026	26,088
Total	<u>\$ 80,711</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, 2021 are as follows:

	2021 MERS Plan B	2022 MERS Plan B
Total Pension Liability	\$ 904,285	\$ 998,203
Plan Fiduciary Net Position	(715,618)	(694,306)
Total Net Pension Liability	<u>\$ 188,667</u>	<u>\$ 303,897</u>

Plan Fiduciary Net Position as a % of the Total Pension Liability	79.14%	69.56%
---	--------	--------

The Town of Basile's allocation is 0.346131% 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, 2022 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	6.85%, net of investment expense
Inflation rate	2.500%
Salary increases, including inflation and merit increases:	
-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 6.85% for the year ended June 30, 2022.

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, 2020 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Equity	53%	2.31%
Fixed Income	38%	1.65%
Alternatives	9%	0.39%
Other	0%	0.00%
Total	100%	2.60%
Expected Nominal Return		6.95%

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

Discount Rates

The discount rate used to measure the total pension liability for MERS was 6.85%. 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 6.85% 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 (5.85% for MERS) or one percentage-point higher (7.85% for MERS) than the current rate:

	5.85%	6.85%	7.85%
	Decrease	Current Discount	Increase
MERS	\$ 414,270	\$ 303,897	\$ 210,548

Payable to the Pension Plan

At June 30, 2023, payable to MERS was \$0 for June 2022 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, 2023 in the amount of \$66,228 of which \$3,341 was owed for purchases for the month of June 30, 2023.

(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, 2023, was as follows:

	Gas	Water	Sewer	Total
	Department	Department	Department	Enterprise Fund
Operating revenues	\$ 243,989	\$ 537,528	\$ 239,225	\$ 1,020,742
Operating expenses	186,038	403,467	193,894	783,399
Operating income	<u>\$ 57,951</u>	<u>\$ 134,061</u>	<u>\$ 45,331</u>	<u>\$ 237,343</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, 2023 is as follows:

Mark Denette, Mayor	30,765
Aldermen:	
Catina Hebert	1,182
Carmen Cortez	3,345
Kenny Burgess	3,124
Kristy Miller	3,395
Jessica Ceaser	1,622
Roger Cortez, II	1,622
Latoya Howze	1,232
	<u>\$ 46,287</u>

(15) Federally Assisted Funds

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

(16) Concentration of Risks

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

(17) 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. 101, "Compensated Absences" is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

(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 cannot be determined at this time.

Nolan Carmouche vs. Shell Oil Company, et al. The potential financial exposure cannot be determined at this time.

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

(20) Interfund Activities

Transfers to/from other funds at June 30, 2023, consist of the following:

From the Utility Fund to the General Fund for operations	\$ 723,049
From the Sales Tax Fund to the General Fund	101,777
From the Sales Tax Fund to the Utility Fund for operations	239,284
From the Capital Projects Fund to the General Fund	897
From the Special Sales Tax Fund to the General Fund	39,766
From the Special Tax Fund to the Debt Service Fund	<u>55,790</u>
Total	<u><u>\$ 1,160,563</u></u>

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

(21) Evaluation of Subsequent Events

The Town has evaluated subsequent events through November 27, 2023, 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, 2023

	Budget			Variance –
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Taxes	\$ 160,000	\$ 167,151	\$ 182,722	\$ 15,571
Licenses and permits	50,000	65,400	73,866	8,466
Intergovernmental	3,500	26,977	27,085	108
Fines and forfeits	50,500	60,500	65,650	5,150
Miscellaneous	16,000	16,000	468,401	452,401
Total revenues	<u>280,000</u>	<u>336,028</u>	<u>817,724</u>	<u>481,696</u>
Expenditures:				
Current –				
General government	381,065	397,184	347,020	50,164
Public safety:				
Police	424,500	445,950	450,315	(4,365)
Fire	6,300	6,300	6,169	131
Streets and drainage	246,250	272,750	272,413	337
Parks	18,000	25,140	16,106	9,034
Capital outlay	53,000	40,641	96,404	(55,763)
Total expenditures	<u>1,129,115</u>	<u>1,187,965</u>	<u>1,188,427</u>	<u>(462)</u>
Excess (deficiency) of revenues over expenditures	<u>(849,115)</u>	<u>(851,937)</u>	<u>(370,703)</u>	<u>481,234</u>
Other financing sources (uses):				
Insurance proceeds			34,500	
Operating transfers in	1,144,500	1,356,978	664,916	(692,062)
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>1,144,500</u>	<u>1,356,978</u>	<u>699,416</u>	<u>(692,062)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	295,385	505,041	328,713	(210,828)
Fund balances, beginning	<u>158,144</u>	<u>576,667</u>	<u>576,667</u>	<u>-</u>
Fund balances, ending	<u>\$ 453,529</u>	<u>\$ 1,081,708</u>	<u>\$ 905,380</u>	<u>\$ (210,828)</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, 2023

	Budget			Variance – Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 205,000	\$ 280,000	\$ 280,941	\$ 941
Total revenues	<u>205,000</u>	<u>280,000</u>	<u>280,941</u>	<u>941</u>
	1			
Expenditures:				
Office supplies	-	-	-	-
Legal and professional	-	2,800	2,800	-
Total expenditures	<u>-</u>	<u>2,800</u>	<u>2,800</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>205,000</u>	<u>277,200</u>	<u>278,141</u>	<u>941</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	(287,000)	(406,000)	(341,061)	64,939
Total other financing sources (uses)	<u>(287,000)</u>	<u>(406,000)</u>	<u>(341,061)</u>	<u>64,939</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(82,000)</u>	<u>(128,800)</u>	<u>(62,920)</u>	<u>65,880</u>
Fund balances, beginning	<u>289,490</u>	<u>186,575</u>	<u>186,575</u>	<u>-</u>
Fund balances, ending	<u>\$ 207,490</u>	<u>\$ 57,775</u>	<u>\$ 123,655</u>	<u>\$ 65,880</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, 2023

	Budget			Variance –
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Taxes	\$ 115,000	\$ 115,000	\$ 125,642	\$ 10,642
Total revenues	<u>115,000</u>	<u>115,000</u>	<u>125,642</u>	<u>10,642</u>
Expenditures:				
Miscellaneous	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>115,000</u>	<u>115,000</u>	<u>125,642</u>	<u>10,642</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	<u>(115,000)</u>	<u>(115,000)</u>	<u>(95,556)</u>	<u>19,444</u>
Total other financing sources (uses)	<u>(115,000)</u>	<u>(115,000)</u>	<u>(95,556)</u>	<u>19,444</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	30,086	30,086
Fund balances, beginning	<u>137,952</u>	<u>113,162</u>	<u>113,162</u>	<u>-</u>
Fund balances, ending	<u>\$ 137,952</u>	<u>\$ 113,162</u>	<u>\$ 143,248</u>	<u>\$ 30,086</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, 2023.

Note 2. Stewardship, Compliance and Accountability

Excess of Expenditures over Appropriations. The following individual fund had actual expenditures in excess of appropriations for the year ended June 30, 2023:

	Budget		Actual	Variance – Favorable (Unfavorable)
	Original	Final		
General Fund	<u>\$ 1,129,115</u>	<u>\$ 1,187,965</u>	<u>\$ 1,188,427</u>	<u>\$ (462)</u>

Note 3. Pensions

Changes of Benefit Terms: For MERS, there were no changes of benefit terms for the year ended June 30, 2023.

Changes of Assumptions: Municipal Employees' Retirement System - For the actuarial valuation for the year ended June 30, 2022, the discount rate was unchanged from 6.85% to 6.85%.

TOWN OF BASILE, LOUISIANA
Schedule of Employer's Proportionate Share of Net Pension Liability
Year Ended June 30, 2023

Fiscal Year (MERS)	Employer Proportionate of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered 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
2023	0.346131	\$ 303,897	\$ 278,277	109.21%	69.56%
2022	0.325677	188,667	250,290	0.75%	79.14%
2021	0.282978	256,442	219,298	116.94%	66.26%
2020	0.296528	259,408	226,686	114.43%	66.14%
2019	0.349792	295,865	312,245	95.75%	65.60%
2018	0.350800	264,588	226,978	116.57%	63.49%
2017	0.361720	299,833	265,752	112.82%	63.34%
2016	0.340048	231,113	235,947	97.95%	68.71%
2015	0.354325	166,354	248,484	67.02%	76.94%
2014	0.040527	222,677	306,387	72.67%	71.92%

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

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, 2023

Fiscal Year (MERS)	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percent of Covered Employee Payroll
2023	\$ 36,901	\$ 36,901	\$ -	\$ 238,075	15.50%
2022	43,133	43,133	-	278,277	15.50%
2021	38,795	38,795	-	250,290	15.50%
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%

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, 2023

	Budget		Actual	Variance – Favorable (Unfavorable)
	Original	Final		
Taxes:				
Ad valorem	\$ 100,000	\$ 101,451	\$ 102,290	\$ 839
Franchise	60,000	65,700	80,432	14,732
Total taxes	<u>160,000</u>	<u>167,151</u>	<u>182,722</u>	<u>15,571</u>
Licenses and permits - occupational	<u>50,000</u>	<u>65,400</u>	<u>73,866</u>	<u>8,466</u>
Intergovernmental:				
State of Louisiana -				
Beer tax	1,500	1,500	1,355	(145)
Video poker	2,000	4,027	4,280	253
Supplemental pay	-	21,450	21,450	-
Total intergovernmental	<u>3,500</u>	<u>26,977</u>	<u>27,085</u>	<u>108</u>
Fines and forfeits	<u>50,500</u>	<u>60,500</u>	<u>65,650</u>	<u>5,150</u>
Miscellaneous:				
Grant	-	-	330,798	330,798
Other	16,000	16,000	137,603	121,603
Total miscellaneous	<u>16,000</u>	<u>16,000</u>	<u>468,401</u>	<u>452,401</u>
Total revenues	<u>\$ 280,000</u>	<u>\$ 336,028</u>	<u>\$ 817,724</u>	<u>\$ 481,696</u>

TOWN OF BASILE, LOUISIANA
General Fund
Budgetary Comparison Schedule of Expenditures
Year Ended June 30, 2023

	Budget		Actual	Variance – Favorable (Unfavorable)
	Original	Final		
General government:				
Advertising and legal notices	\$ 6,000	\$ 6,000	\$ 5,853	\$ 147
Dues and subscriptions	1,000	1,000	830	170
Education and travel	5,000	5,000	391	4,609
Insurance	90,000	110,000	75,977	34,023
Miscellaneous	22,065	22,184	12,734	9,450
Office expenses	25,000	10,000	30,535	(20,535)
Payroll taxes and retirement	32,000	32,000	25,087	6,913
Professional fees	30,000	41,000	34,912	6,088
Salaries	154,000	154,000	147,489	6,511
Utilities and telephone	16,000	16,000	13,212	2,788
Total general government	381,065	397,184	347,020	50,164
Public safety:				
Police department -				
Education and travel	5,000	5,000	2,059	2,941
Gas, oil and maintenance	20,000	20,000	37,880	(17,880)
Group insurance	-	-	-	-
Miscellaneous	-	-	293	(293)
Payroll taxes and retirement	44,000	44,000	36,999	7,001
Repairs and maintenance supplies	28,000	28,000	27,570	430
Salaries	306,000	327,450	326,724	726
Uniforms	3,000	3,000	2,395	605
Utilities and telephone	18,500	18,500	16,395	2,105
Total police department	424,500	445,950	450,315	(4,365)
Fire department –				
General operations	5,300	4,300	4,272	28
Gas, oil and maintenance	1,000	2,000	1,897	103
Total fire department	6,300	6,300	6,169	131
Total public safety	430,800	452,250	456,484	(4,234)
Streets and drainage:				
Miscellaneous	750	750	781	(31)
Gas, oil and maintenance	17,000	22,500	20,113	2,387
Salaries	128,000	128,000	121,642	6,358
Supplies	2,500	6,000	5,744	256
Repairs and maintenance	30,000	40,000	66,119	(26,119)
Payroll taxes and retirement	34,000	34,000	17,087	16,913
Street lighting	34,000	41,500	40,927	573
Total streets and drainage	246,250	272,750	272,413	337
Park Expense	18,000	25,140	16,106	9,034
Capital outlay:				
Equipment & buildings	53,000	40,641	96,404	(55,763)
Total expenditures	\$ 1,129,115	\$ 1,187,965	\$ 1,188,427	\$ (462)

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF BASILE, LOUISIANA
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2023

	Capital Project Fund	Debt Service Fund	Totals
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF BASILE, LOUISIANA
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances
Year Ended June 30, 2023

	Capital Project Fund	Debt Service Fund	Totals
Revenues:			
Taxes	\$ -	\$ -	\$ -
Total revenues	-	-	-
LIABILITIES AND FUND BALANCE			
Expenditures:			
Current-			
General Government	-	-	-
Debt service-			
Principal retirement	-	44,000	44,000
Interest paid	-	11,760	11,760
Other	-	30	30
Total expenditures	-	55,790	55,790
Excess (deficiency) of revenues over expenditures	-	(55,790)	(55,790)
Other financing sources (uses):			
Operating transfers in	-	55,790	55,790
Operating transfers out	(897)	-	(897)
Total other financing sources (uses)	(897)	55,790	54,893
Excess (deficiency) of revenues and other sources over expenditures and other uses	(897)	-	(897)
Fund balances, beginning	897	-	897
Fund balances, ending	\$ -	\$ -	\$ -

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, 2023

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

TOWN OF BASILE, LOUISIANA
Nonmajor Governmental Funds - Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2023

Revenues:	
Taxes	\$ -
Total revenues	<u>-</u>
Expenditures:	
Miscellaneous	<u>-</u>
Total expenditures	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>
Other financing sources (uses):	
Operating transfers in	-
Operating transfers out	<u>(897)</u>
Total other financing sources (uses)	<u>(897)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(897)
Fund balances, beginning	<u>897</u>
Fund balances, ending	<u><u>\$ -</u></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, 2023

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, 2023

Revenues:	
Miscellaneous interest	\$ -
Total revenues	<u>-</u>
Expenditures:	
Debt service-	
Principle retirement	44,000
Interest charges	11,760
Other	30
Total expenditures	<u>55,790</u>
Excess (deficiency) of revenues over expenditures	<u>(55,790)</u>
Other financing sources (uses):	
Operating transfers in	55,790
Operating transfers out	-
Total other financing sources (uses)	<u>55,790</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, 2023

	Totals	Gas	Water	Sewer	General and Administrative
Operating revenues:					
Customer service charges	\$ 982,444	\$ 232,117	\$ 520,677	\$ 229,650	\$ -
Connection charges	11,591	3,593	5,100	2,898	-
Delinquent charges	22,900	7,099	10,076	5,725	-
Miscellaneous	3,807	1,180	1,675	952	-
Total operating revenues	<u>1,020,742</u>	<u>243,989</u>	<u>537,528</u>	<u>239,225</u>	<u>-</u>
Operating expenses:					
Salaries	70,624	50,792	19,832	-	-
Payroll taxes and retirement	15,015	12,805	2,210	-	-
Insurance	34,637	-	-	-	34,637
Repairs, maintenance and supplies	148,761	18,903	47,259	82,599	-
Gas and water purchased	293,636	66,228	227,408	-	-
Depreciation	129,260	13,942	44,718	70,600	-
Office expense	3,876	-	-	-	3,876
Telephone and utilities	32,776	4,205	3,819	24,752	-
Auto expenses and travel	5,666	-	-	-	5,666
Dues	250	-	-	-	250
Professional fees	5,700	-	-	-	5,700
Amortization expense-right of use	16,026	-	16,026	-	-
Lease interest	15,368	-	15,368	-	-
Miscellaneous	11,804	263	-	700	10,841
Allocation of general and administrative expenses	-	18,900	26,827	15,243	(60,970)
Total operating expenses	<u>783,399</u>	<u>186,038</u>	<u>403,467</u>	<u>193,894</u>	<u>-</u>
Net operating income	<u>237,343</u>	<u>\$ 57,951</u>	<u>\$ 134,061</u>	<u>\$ 45,331</u>	<u>\$ -</u>
Nonoperating revenues (expenses):					
Interest income	517				
Interest expense	(23,027)				
Grant revenue	216,800				
Nonemployer pension contribution	1,811				
Miscellaneous	(436)				
Total nonoperating expenses	<u>195,665</u>				
Income (loss) before operating transfers	<u>433,008</u>				
Operating transfers in (out):					
Operating transfers in	239,284				
Operating transfers out	(522,476)				
Total operating transfers	<u>(283,192)</u>				
Net income (loss)	149,816				
Net position, beginning	<u>2,263,934</u>				
Net position, ending	<u>\$ 2,413,750</u>				

**COMPLIANCE, INTERNAL CONTROL
AND
OTHER INFORMATION**

VIGE, TUJAGUE NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Basile, Louisiana, as of and for the year ended June 30, 2023, 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 7, 2023.

Report on 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 a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item #2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

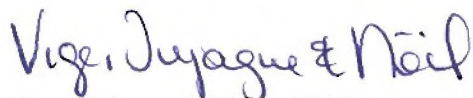
As part of obtaining reasonable assurance about whether Town of Basile, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item #2023-001.

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 7, 2023

TOWN OF BASILE, LOUISIANA
Schedule of Findings and Responses
Year Ended June 30, 2023

We have audited the financial statements of Town of Basile as of and for the year ended June 30, 2023, and have issued our report thereon dated November 27, 2023. 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, 2023, resulted in an unmodified opinion.

Section I. Summary of Auditor's Reports

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

Internal Control

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

Compliance

Noncompliance Material to Financial Statement ___ Yes x No

b. Federal Awards

None

Section II. Financial Statement Findings

#2023-001 – 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.

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, 2023

#2022-001 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, 2023 as #2023-001.

#2022-002 Budget Variation

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%.

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.

Status: This finding was cleared.

TOWN OF BASILE, LOUISIANA
Schedule of Mayor and Alderman
Year Ended June 30, 2023

<u>Name</u>	<u>Office and Term</u>	<u>Address and Telephone</u>	<u>Compensation</u>
Mark Denette	Mayor 2026	P.O. Box 538 Basile, LA 70515 337-789-6276	30,765
Jessica Ceaser	Alderwoman 2026	Basile, LA 70515	1,622
Roger Cortez, II	Alderman 2026	Basile, LA 70515	1,622
Carmen Cortez	Alderman 2026	1430 N Mildred Ave. Basile, LA 70515 337-789-0014	3,345
Latoya Howze	Alderwoman 2022	P.O. Box 824 Basile, LA 70515 337-305-5977	1,232
Kristy Miller	Alderwoman 2026	2720 W. Stagg Avenue Basile, LA 70515 337-247-2171	3,124
Catina Hebert	Alderwoman 2022	P.O. Box 811 Basile, LA 70515 337-466-0797	1,182
Kenny Burgess	Alderman 2026	2135 Dr. B. Deshotel Avenue Basile, LA 70515 337-446-8162	3,395
			<u>\$ 46,287</u>

TOWN OF BASILE, LOUISIANA
Schedule of Meters and Rates and Accounts Receivable
Year Ended June 30, 2023

Total Water Meters

Meters 5/8"	850
Meters 1"	10
Meters 2"	<u>9</u>
TOTAL	869

Water Rates

Effective 05/01/19 to 03/31/22

Residential rates \$21.00 First 2000 Gallons \$5.00 Per Thousand After
Commercial rates \$23.00 First 2000 Gallons \$6.00 Per Thousand After

Effective 04/01/2022 to current

Residential rates \$22.58 First 2000 Gallons \$5.79 Per Thousand After
Commercial rates \$24.58 First 2000 Gallons \$6.79 Per Thousand After

Customer Deposits

Effective 8/11/09

Renters: \$150 – Gas
 \$200 – Water

Homeowners: \$100 – Gas
 \$100 – Water

Amounts Receivable (Water, Gas, Sewer)

<u>Days</u>	<u>Amounts</u>
0-30	\$ 76,684
31-60	3,076
61-90	<u>16,791</u>
	<u>\$ 96,551</u>

Residential Users - 744
Commercial Users – 55

TOWN OF BASILE, LOUISIANA
Schedule of Insurance
Year Ended June 30, 2023

<u>Insurance</u>	<u>Coverage</u>	<u>Limits</u>	<u>Policy Period</u>
CNA Insurance	Employee Dishonesty Bond	\$300,000 \$140,000	11/16/22–11/16/23 1/03/23 – 1/03/24
Lloyd's Lane & Associates	Auto	\$1,500,000	9/13/22 – 9/13/23
LA Risk Management Agency	Commercial Premises General Medical Liability Fire	\$500,000 \$ 10,000 \$ 50,000	5/01/23– 5/01/24
LA Risk Management Agency	Police Comprehensive Liability	\$500,000	5/01/23 – 5/01/24
LA Risk Management Agency	Public Officials Errors / Omissions	\$500,000	5/01/23 – 5/01/24
LA Workers' Compensation Corporation	Workers Compensation	Statutory	1/01/22 – 1/01/23
Lloyd's Lane & Associates	Building & Equipment Inland Marine	\$1,018,600 \$25,000	8/01/22– 8/01/23 8/01/22– 8/01/23

TOWN OF BASILE, LOUISIANA
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
Year Ended June 30, 2023

Mark Denette, Mayor
Period: 12 Months

Salary	\$30,765
Benefits – retirement	4,769

TOWN OF BASILE, LOUISIANA
Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Session
Cash Basis Presentation
Year Ended June 30, 2023

	First Six Month Period Ended 12/31/22	Second Six Month Period Ended 06/30/23
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ -	\$ -
Add: Collections		
Criminal Court Costs/Fees	14,958	12,907
Criminal Fines - Other	21,580	24,387
Service/Collection Fees (i.e. 3rd party service fee)	318	20
Subtotal Collections	<u>36,856</u>	<u>37,314</u>
Less: Disbursements To Governments & Nonprofits:		
LA Comm on Law Enforcement - Criminal Fines Other	488	515
LA Supreme Court - Criminal Fines Other	85	88
CMIS, Judicial Adm. Supreme Court - Criminal Fines Other	166	175
LDH-THSCI Trust Fund - Criminal Fines Other	255	170
Acadiana Crime Lab - Criminal Fines Other	3,575	3,490
Less: Amounts Retained by Collecting Agency		
Criminal Fines Other	21,580	24,387
Court Costs	10,171	8,469
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Witness Fees	218	-
Payments to 3rd Party Collection/Processing Agencies	318	20
Subtotal Disbursements/Retainage	<u>36,856</u>	<u>37,314</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	<u>\$ -</u>	<u>\$ -</u>

MAYOR
Mark Denette

CLERKS
Heather Putnam-Lantz
Page Bertrand

TOWN OF BASILE

3211 RAILROAD STREET
P.O. BOX 308
BASILE, LA 70515-0308
clerk@townofbasile.com
PHONE: 337-432-6693
FAX: 337-432-5448

TOWN COUNCIL

Kenny Burgess
Roger Cortez, II
Jessica Ceaser
Kristy Miller
Carmen Cortez

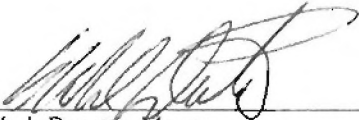
VIGE, TUJAGUE & NOEL, CPA'S
P. O. BOX 1005
EUNICE, LA 70535

RE: Management Response

The following are our responses to your recommendations we received in the Town's Audited Financial Statement as of June 30, 2023.

2023-001: 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.



Mark Denette, Mayor

TOWN OF BASILE, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES REPORT
YEAR ENDED JUNE 30, 2023

VIGE, TUJAGUE NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. Town of Basile, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

Town of Basile, Louisiana has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
Written policies and procedures were obtained and do address the functions noted above.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase

orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

- k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Written policies and procedures were obtained and do address the functions noted above.

- l) ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Written policies and procedures were obtained and do address the functions noted above.

Board (or Finance Committee, if applicable)

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

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

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

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

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

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Obtained the prior year audit report and observed that the unassigned fund balance was a positive balance.

- d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

The board did not receive written updates of the progress of resolving audit findings(s) due to the nature of the findings.

Bank Reconciliations

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

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

Bank reconciliations were not prepared within 2 months of the related statement closing date.

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

Bank reconciliations do not include evidence that a member of management who does not handle cash, post ledgers, or issue checks has reviewed each reconciliation.

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

Bank reconciliations do include evidence that management has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Collections (excluding electronic funds transfers)

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

Obtained a listing of deposit sites from management and management provided representation that the listing is complete.

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

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

Employees responsible for cash collections do share cash drawers/registers; however, the Town of Basile does not accept receipts in the form of cash. Collections are reconciled at the end of the day by an employee who did not collect the receipts.

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

The employees responsible for collecting cash are responsible for preparing/making bank deposits, however, each employees collections are reconciled by another employee daily.

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

Employees responsible for collecting cash are responsible for posting collection entries to the general ledger or subsidiary ledger. The clerk reconciles the postings to each other and the deposit.

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

Employees responsible for collecting cash are responsible for reconciling cash collections to the general ledger; however another employee/official verifies the reconciliation.

- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Employees who have access to cash are covered by the bond or insurance policy for theft.

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

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

Observed that receipts are sequentially pre-numbered.

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

Traced receipts or collection documentation to the deposit slip with no exceptions.

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

Traced the deposit slip total to the actual deposit per the bank statement with no exceptions.

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Observed that deposits were made within one business day of receipt at the collection location.

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

Traced the actual deposits per the bank statement to the general ledger noting no exceptions.

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

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

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

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

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

Obtained written policies and procedures and observed that job duties are properly segregated regarding the functions noted above.

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

Obtained written policies and procedures and observed that job duties are properly segregated regarding the functions noted above.

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

Obtained written policies and procedures and observed that job duties are properly segregated regarding the functions noted above.

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

Obtained written policies and procedures and observed that job duties are properly segregated regarding the functions noted above.

- e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions.

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

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

Observed that the disbursements matched the related original itemized invoice and the supporting documentation indicates deliverables included on the invoice were received.

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

Observed that the disbursement documentation included evidence of segregation of duties tested.

- 11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Observed that electronic disbursements were approved by authorized persons.

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

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

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

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

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

No exceptions noted.

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

Finance charges and late fees were not assessed on the selected statements.

14. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions noted.

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

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

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

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Contracts

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

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

Observed that the contracts were not required to be bid in accordance with the Louisiana Public Bid Law.

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

Observed that the contracts were approved by the board.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

Observed that no contracts were amended.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Randomly selected one payment from each of the contracts tested, and observed that the invoice and payment agreed to the terms and conditions of the contract.

Payroll and Personnel

- 17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or

officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Obtained a listing of employees and officials employed during the fiscal period, and management provided representation that the listing is complete. Randomly selected 5 employees and agreed paid salaries to authorized salaries/pay rates in the personnel files.

18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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

Observed that all selected employees documented their daily attendance and leave.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

Observed that supervisors approved the attendance and leave of the selected employees.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Observed that leave accrued and taken during the pay period is reflected in the cumulative leave records.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Observed that the rate paid to employees agrees to the authorized salary/pay rate found within the personnel file.

19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

No exceptions noted.

20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Management provided representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

Ethics

21. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:

- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Three out of the five employees selected for testing had documentation to demonstrate that the required ethics training was completed.

- b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

There were no changes made to the entity's ethics policy during the fiscal year.

22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

The agency has appointed an ethics designee.

Debt Service

23. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Management has asserted that the Entity did not have any debt issued during the fiscal year.

24. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Obtained a listing of notes outstanding at the end of the fiscal year and managements representation that the listing is complete. Randomly selected one note for inspection and determined that all reserve balances and payments required by debt covenants were made.

Fraud Notice

25. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the Entity did not have any misappropriations of public funds or assets during the reporting period.

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

Observed that the entity has posted on its premises, the required notice.

Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Terminated employees did not have access to the network.

Sexual Harassment

29. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
Three of the five employees selected for testing had documentation to demonstrate that the required sexual harassment training was complete.
30. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).
Observed that the entity has posted its sexual harassment policy and complaint procedure on the entity’s premises.
31. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- a. Number and percentage of public servants in the agency who have completed the training requirements;
 - b. Number of sexual harassment complaints received by the agency;
 - c. Number of complaints which resulted in a finding that sexual harassment occurred;
 - d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e. Amount of time it took to resolve each complaint.

Management prepared the annual sexual harassment report for the current fiscal period in a timely manner and included the applicable requirements.

Management’s Response

Management of the Town of Basile, Louisiana concurs with the exceptions and is working to address the deficiencies identified.

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

opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

Vige, Tujague & Noel

Vige, Tujague & Noel
Eunice, Louisiana
December 7, 2023