

TOWN OF BASILE, LOUISIANA
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2010

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

Release Date 2/2/11

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net assets	5
Statement of activities	6
FUND FINANCIAL STATEMENTS	
Balance sheet – governmental funds	8
Reconciliation of the governmental funds balance sheet to the statement of net assets	9
Statement of revenues, expenditures, and changes in fund balances – governmental funds	10
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	11
Comparative statement of net assets – proprietary funds	12
Comparative statement of revenues, expenses, and changes in fund net assets – proprietary funds	13
Comparative statement of cash flows – proprietary funds	14-15
Notes to basic financial statements	16-31
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General fund	33
Capital projects fund	34
Special revenue fund	35
OTHER SUPPLEMENTARY INFORMATION	
OTHER FINANCIAL INFORMATION	
Major governmental funds-	
General fund – budgetary comparison schedule – revenues	37
General fund – budgetary comparison schedule – expenditures	38
Nonmajor governmental funds-	
Combining balance sheet	40
Combining statement of revenues, expenditures, and changes in fund balance	41
Nonmajor special revenue funds-	
Special tax fund	42
Balance sheet	43
Statement of revenues, expenditures, and changes in fund balance	44
Nonmajor debt service funds-	
Debt service fund	45
Balance sheet	46
Statement of revenues, expenditures, and changes in fund balance	47

Comparative departmental analysis of operating revenues and expenses – utility fund	48-49
---	-------

COMPLIANCE AND INTERNAL CONTROL

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	51-52
Schedule of Findings and Questioned Costs	53-54
Status of Prior Years Schedule of Findings and Questioned Costs	55
Schedule of Mayor and Alderman Compensation	56
Schedule of Meters and Rates and Accounts Receivable	57
Schedule of Insurance	58

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 Berline Sonnier, Mayor,
and Members of the Board of Alderman
Town of Basile, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Basile, Louisiana, as of and for the year ended June 30, 2010, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Basile, Louisiana's management. Our responsibility is to express an opinion of these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Basile, Louisiana, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 15, 2010, on our consideration of the Town of Basile, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in assessing the results of our audit.

The Town of Basile, Louisiana has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The required supplementary information on pages 33 through 35 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied

certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Basile, Louisiana's basic financial statements. The other supplementary information on pages 36 through 58 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for the portion marked (unaudited) on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The prior year comparative information has been derived from the Town of Basile 2009 financial statements and, in our report dated October 13, 2009, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

Vige, Tujague & Noël
Vige, Tujague & Noël
November 15, 2010

BASIC FINANCIAL STATEMENTS

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

TOWN OF BASILE, LOUISIANA
Statement of Net Assets
June 30, 2010
With Comparative Totals for June 30, 2009

	2010			2009 Totals
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 166,539	\$ 44,993	\$ 211,532	\$ 258,136
Receivables, net	91,585	287,315	378,900	103,789
Other assets	21,481	27,217	48,698	49,931
Total current assets	<u>279,605</u>	<u>359,525</u>	<u>639,130</u>	<u>411,856</u>
Noncurrent assets:				
Restricted assets:				
Cash and interest-bearing deposits	1,993	155,799	157,792	152,811
Bond issue costs, net	47,287	-	47,287	48,515
Capital assets, net	1,676,097	3,019,275	4,695,372	4,365,870
Total noncurrent assets	<u>1,725,377</u>	<u>3,175,074</u>	<u>4,900,451</u>	<u>4,567,196</u>
Total assets	<u>2,004,982</u>	<u>3,534,599</u>	<u>5,539,581</u>	<u>4,979,052</u>
LIABILITIES				
Current liabilities:				
Accounts and other payables	66,042	249,553	315,595	56,974
Current portion of bonds payable	20,000	17,383	37,383	36,619
Total current liabilities	<u>86,042</u>	<u>266,936</u>	<u>352,978</u>	<u>93,593</u>
Noncurrent liabilities:				
Compensated absences	14,235	-	14,235	13,454
Customers deposits payable	-	86,167	86,167	85,355
Bonds payable	645,000	752,745	1,397,745	1,435,124
Total noncurrent liabilities	<u>659,235</u>	<u>838,912</u>	<u>1,498,147</u>	<u>1,533,933</u>
Total liabilities	<u>745,277</u>	<u>1,105,848</u>	<u>1,851,125</u>	<u>1,627,526</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,011,097	2,162,980	3,174,077	2,796,764
Restricted for debt service	34,275	155,799	190,074	184,831
Unrestricted	214,333	109,972	324,305	369,931
Total net assets	<u>\$ 1,259,705</u>	<u>\$ 2,428,751</u>	<u>\$ 3,688,456</u>	<u>\$ 3,351,526</u>

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

TOWN OF BASILE, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2010

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Licenses, Fines and Charges for Services	Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 288,183	\$ -	\$ 56,932	\$ (162,516)	\$ -	\$ (162,516)
Public safety:						
Police	466,658	-	26,761	(416,393)	-	(416,393)
Fire	6,834	-	-	(6,834)	-	(6,834)
Streets	182,807	-	-	(177,742)	-	(177,742)
Parks and recreation	11,499	-	-	(10,399)	-	(10,399)
Interest on long-term debt	43,288	-	-	(43,288)	-	(43,288)
Total governmental activities	999,269	-	83,693	(817,172)	-	(817,172)
Business-type activities:						
Gas	193,936	6,718	-	-	182,927	182,927
Water	249,139	6,886	15,270	-	137,040	137,040
Sewer	152,587	3,190	332,603	-	367,668	367,668
Total business-type activities	595,662	16,794	347,873	-	687,635	687,635
Total	\$ 1,594,931	\$ 16,794	\$ 431,566	(817,172)	687,635	(129,537)
General revenues:						
Taxes -						
Property taxes, levied for general purposes				171,749	-	171,749
Sales and use taxes, levied for general purposes				207,979	-	207,979
Franchise and chain store taxes				56,922	-	56,922
Interest and investment earnings				-	474	474
Miscellaneous				29,343	-	29,343
Transfers				416,424	(416,424)	-
Total general revenues and transfers				882,417	(415,950)	466,467
Changes in net assets				65,245	271,685	336,930
Net assets - June 30, 2009				1,194,460	2,157,066	3,351,526
Net assets - June 30, 2010				\$ 1,259,705	\$ 2,428,751	\$ 3,688,456

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, 2010
With Comparative Totals for June 30, 2009

	General Fund	Capital Projects	Special Revenue	Other Funds	Totals	
					2010	2009
ASSETS						
Cash	\$ 32,105	\$ 25,580	\$ 69,177	\$ 39,677	\$ 166,539	\$ 221,642
Receivables						
Taxes	2,270	-	-	-	2,270	263
Grants	50,465	-	-	-	50,465	2,334
Other	22,689	-	-	-	22,689	15,394
Restricted assets						
Cash-demand accounts	1,993	-	-	-	1,993	2,254
Total assets	<u>\$ 109,522</u>	<u>\$ 25,580</u>	<u>\$ 69,177</u>	<u>\$ 39,677</u>	<u>\$ 243,956</u>	<u>\$ 241,887</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 46,132	\$ -	\$ -	\$ -	\$ 46,132	\$ 16,434
Accrued liabilities	19,910	-	-	-	19,910	17,732
Total liabilities	<u>66,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,042</u>	<u>34,166</u>
Fund balances:						
Reserved, debt service	-	-	-	34,275	34,275	34,275
Unreserved, undesignated	43,480	25,580	69,177	5,402	143,639	173,446
Total fund balance	<u>43,480</u>	<u>25,580</u>	<u>69,177</u>	<u>39,677</u>	<u>177,914</u>	<u>207,721</u>
Total liabilities and fund balance	<u>\$ 109,522</u>	<u>\$ 25,580</u>	<u>\$ 69,177</u>	<u>\$ 39,677</u>	<u>\$ 243,956</u>	<u>\$ 241,887</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 Assets
 June 30, 2010

Total fund balances for governmental funds at June 30, 2010		\$ 177,914
Total net assets reported for governmental activities in the statement of net assets 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 \$489,148 accumulated depreciation	861,346	
Equipment & other, net of \$360,667 accumulated depreciation	<u>767,021</u>	1,676,097
Bond issue costs, net of \$1,842 amortization		47,287
Sales tax which were not measurable at year end and not considered available as current financial resources at year end		16,161
Prepaid interest on bond		21,481
Long-term liabilities at June 30, 2010		
Compensated absences	(14,235)	
Bond payable	<u>(665,000)</u>	<u>(679,235)</u>
Total net assets of governmental activities at June 30, 2010		<u>\$ 1,259,705</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, 2010
With Comparative Totals for June 30, 2009

	General Fund	Capital Projects	Special Revenue	Other Funds	Totals	
					2010	2009
Revenues:						
Taxes	\$ 136,947	\$ -	\$ 209,247	\$ 91,724	\$ 437,918	\$ 453,416
Licenses and permits	58,095	-	-	-	58,095	56,837
Intergovernmental	10,640	-	-	-	10,640	10,134
Fines and forfeits	23,504	-	-	-	23,504	14,317
Miscellaneous	119,201	-	-	-	119,201	16,378
Total revenues	<u>348,387</u>	<u>-</u>	<u>209,247</u>	<u>91,724</u>	<u>649,358</u>	<u>551,082</u>
Expenditures:						
Current-						
General government	239,598	1,033	11,642	15	252,288	242,241
Public safety:						
Police	445,984	-	-	-	445,984	431,435
Fire	4,706	-	-	-	4,706	5,259
Streets and drainage	154,041	-	-	-	154,041	161,186
Parks	9,503	-	-	-	9,503	8,175
Capital outlay	165,942	-	-	-	165,942	608,838
Debt service						
Principal retirement	-	-	-	20,000	20,000	30,000
Interest charges	-	-	-	43,125	43,125	29,267
Total expenditures	<u>1,019,774</u>	<u>1,033</u>	<u>11,642</u>	<u>63,140</u>	<u>1,095,589</u>	<u>1,516,401</u>
Excess (deficiency) of revenues over expenditures	<u>(671,387)</u>	<u>(1,033)</u>	<u>197,605</u>	<u>28,584</u>	<u>(446,231)</u>	<u>(965,319)</u>
Other financing sources (uses)						
Bond proceeds	-	-	-	-	-	715,000
Bond issue cost	-	-	-	-	-	(49,129)
Operating transfers in	692,146	-	-	63,140	755,286	771,729
Operating transfers out	-	(10,000)	(237,722)	(91,140)	(338,862)	(441,952)
Total other financing sources (uses)	<u>692,146</u>	<u>(10,000)</u>	<u>(237,722)</u>	<u>(28,000)</u>	<u>416,424</u>	<u>995,648</u>
Net changes in fund balances	20,759	(11,033)	(40,117)	584	(29,807)	30,329
Fund balances, beginning	<u>22,721</u>	<u>36,613</u>	<u>109,294</u>	<u>39,093</u>	<u>207,721</u>	<u>177,392</u>
Fund balances, ending	<u>\$ 43,480</u>	<u>\$ 25,580</u>	<u>\$ 69,177</u>	<u>\$ 39,677</u>	<u>\$ 177,914</u>	<u>\$ 207,721</u>

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

TOWN OF BASILE, LOUISIANA
 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2010

Total net changes in fund balances at June 30, 2010 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ (29,807)
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	165,942	
Depreciation expense for the year ended June 30, 2010	<u>(67,785)</u>	98,157
Disposal of fixed asset		(19,665)
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 assets and does not affect the statement of activities.		20,000
Bond issue cost are included in the change in net assets as they are amortized over the life of the debt. They are included in Fund Balance when due.		
Amortization expense for the year		(1,228)
Expenses included in the change in net assets, but do not require the use of current funds, and are not included in the change in fund balance		
Compensated Absences	(781)	
Prepaid Interest	<u>(163)</u>	(944)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		<u>(1,268)</u>
Total changes in net assets at June 30, 2010 per Statement of Activities		<u>\$ 65,245</u>

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

TOWN OF BASILE, LOUISIANA
Proprietary Funds
Comparative Statement of Net Assets
June 30, 2010 and 2009

ASSETS	<u>2010</u>	<u>2009</u>
Cash	\$ 44,993	\$ 36,496
Receivables:		
Accounts receivable	59,863	68,369
Accounts receivable - other	227,452	-
Restricted assets		
Cash – demand accounts	135,799	130,556
Interest-bearing deposits, at cost	20,000	20,000
Land	12,008	12,008
Utility property plant and equipment	5,396,711	5,039,803
Accumulated depreciation	(2,389,444)	(2,283,546)
Other assets	27,217	28,287
Total assets	<u>3,534,599</u>	<u>3,051,973</u>
LIABILITIES		
Current liabilities:		
Accounts payable	247,561	20,479
Accrued liabilities	1,992	2,330
Payable from restricted assets -		
Current portion of revenue bonds	<u>17,383</u>	<u>16,619</u>
Total current liabilities	<u>266,936</u>	<u>39,428</u>
Noncurrent liabilities:		
Payable from restricted assets-		
Customers' deposits	86,167	85,355
Revenue bonds payable	<u>752,745</u>	<u>770,124</u>
Total noncurrent liabilities	<u>838,912</u>	<u>855,479</u>
Total liabilities	<u>1,105,848</u>	<u>894,907</u>
NET ASSETS		
Investment in general fixed assets,		
net of related debt	2,150,972	1,884,159
Restricted for debt service	155,799	150,556
Unrestricted	<u>121,980</u>	<u>122,351</u>
Total net assets	<u>\$ 2,428,751</u>	<u>\$ 2,157,066</u>

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

TOWN OF BASILE, LOUISIANA
Proprietary Fund
Comparative Statement of Revenues, Expenses, and Changes
in Fund Net Assets
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Charges for services –		
Gas sales	\$ 358,661	\$ 368,636
Water sales	352,818	389,809
Sewer service charges	179,140	175,218
Connection charges	7,345	7,643
Delinquent charges	18,014	16,338
Miscellaneous revenues	2,652	517
Total operating revenues	<u>918,630</u>	<u>958,161</u>
Operating expenses:		
Gas department	158,656	214,760
Water department	151,926	158,593
Sewer department	90,798	113,640
General and administrative	52,971	56,017
Depreciation	105,898	103,166
Total operating expenses	<u>560,249</u>	<u>646,176</u>
Operating income	<u>358,381</u>	<u>311,985</u>
Nonoperating revenues (expenses):		
Interest income	474	885
Interest expense	(34,977)	(35,723)
Grant revenue	364,667	-
Miscellaneous	(436)	(436)
Disposition of assets	-	537
Total nonoperating revenues	<u>329,728</u>	<u>(34,737)</u>
Income before operating	<u>688,109</u>	<u>277,248</u>
Operating transfers in (out):		
Operating transfers in	112,000	138,862
Operating transfers out	(528,424)	(468,638)
Total operating transfers	<u>(416,424)</u>	<u>(329,776)</u>
Change in net assets	271,685	(52,528)
Net assets, beginning	<u>2,157,066</u>	<u>2,209,594</u>
Net assets, ending	<u>\$ 2,428,751</u>	<u>\$ 2,157,066</u>

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

TOWN OF BASILE, LOUISIANA
Comparative Statement of Cash Flows
Proprietary Funds
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Receipts from customers	\$ 697,034	\$ 969,846
Payments to suppliers	(133,698)	(462,653)
Payments to employees	(92,841)	(90,371)
Other receipts	2,652	517
Net cash provided (used) by operating activities	<u>473,147</u>	<u>417,339</u>
Cash flows from noncapital financing activities:		
Cash received from other funds	112,000	138,862
Cash paid to other funds	<u>(528,424)</u>	<u>(468,638)</u>
Net cash provided (used) by noncapital financing activities	<u>(416,424)</u>	<u>(329,776)</u>
Cash flows from capital and related financing activities:		
Principal paid on revenue bonds payable	(16,615)	(15,869)
Interest and fiscal charges paid on revenue bonds and notes payable	(34,977)	(35,723)
Other non operating costs	(436)	(436)
Proceeds from meter deposits (net)	812	4,652
Proceeds from grants	364,667	-
Gain on sale of fixed asset	-	537
Acquisition of property, plant and equipment	<u>(356,908)</u>	<u>(54,860)</u>
Net cash provided (used) by capital and related financing activities	<u>(43,457)</u>	<u>(101,699)</u>
Cash flows from investing activities:		
Interest on investments	<u>474</u>	<u>885</u>
Net cash provided by investing activities	<u>474</u>	<u>885</u>
Net increase (decrease) in cash and cash equivalents	13,740	(13,251)
Cash and cash equivalents, beginning of period	<u>167,052</u>	<u>180,303</u>
Cash and cash equivalents, end of period	<u>\$ 180,792</u>	<u>\$ 167,052</u>

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

TOWN OF BASILE, LOUISIANA
Comparative Statement of Cash Flows
Proprietary Funds (continued)
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Reconciliation of operating income to net cash used by operating activities:		
Operating income	\$ 358,381	\$ 311,985
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	105,898	103,166
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	(218,944)	12,202
(Increase) decrease in inventory	632	(4,164)
(Increase) decrease in bond issuance costs	436	436
Increase (decrease) in accounts payable	227,082	(6,219)
Increase (decrease) in accrued liabilities	<u>(338)</u>	<u>(67)</u>
Net cash provided (used) by operating activities	<u>\$ 473,147</u>	<u>\$ 417,339</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	\$ 36,496	\$ 57,263
Cash – restricted	<u>130,556</u>	<u>123,040</u>
Total cash and cash equivalents	<u>167,052</u>	<u>180,303</u>
Cash and cash equivalents, end of period –		
Cash – unrestricted	44,993	36,496
Cash – restricted	<u>135,799</u>	<u>130,556</u>
Total cash and cash equivalents	<u>180,792</u>	<u>167,052</u>
Net increase (decrease)	<u>\$ 13,740</u>	<u>\$ (13,251)</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 are five Alderman and one Mayor elected by the citizens and are compensated for their services. The town has a population of approximately 2000 and has 48 employees. Basile is located in southwest Louisiana.

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

The following is a summary of certain significant accounting policies:

A. Financial reporting Entity

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

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

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

Fund Financial Statements

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

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

Government resources are allocated to and accounted for in individual funds based upon the purposes for which spending activities are controlled. The various funds are grouped in the financial statements in this report, into four generic fund types and two broad fund categories. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined

The major funds of the Town are described below:

Governmental Funds –

General Fund

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

Special Revenue Funds

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

Additionally, the Town reports the following fund types:

Debt Service Funds

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

Proprietary Fund

Enterprise Fund

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

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

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

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

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

On the government-wide statement of net assets 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 assets (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 assets

Basis of Accounting

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

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

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

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

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

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.

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

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 assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

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

E. Budgets and Budgetary Accounting

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

1. The Town Clerk prepares a proposed budget and submits same to Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles of the United States of America. Budgeted amounts are as originally adopted or as amended from time to time by the Board of Aldermen. The budget was amended prior to the fiscal year and June 30, 2010.

F. Encumbrances

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

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

G. Cash and Cash Equivalents

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

H. Interest-bearing Deposits

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

I. Statement of Cash Flows

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

J. Short Term Interfund Receivables / Payables

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

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2010, 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, 2010, totals \$13,454.

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.

N. Long-term Debt

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

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

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

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

O. Equity Classifications

In the government-wide statements, equity is classified as net assets 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 assets – Consist of net assets 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 assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements. The towns policy is to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

P. Revenues, Expenditures, and Expenses

Operating (Nonoperating) Revenues and Expenses

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

Expenditures/Expenses

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

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

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

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

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

Interfund Transfers

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

Q. Capitalization of Interest Expense

It is the policy of the Town of Basile to capitalize material amounts of interest resulting from borrowing in the course of the construction of fixed assets. At June 30, 2010 the amount of interest capitalized for construction of assets in the Utility Fund totaled zero.

R. Allowances for Doubtful Accounts

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

S. Inventories

Inventories in the proprietary fund consists 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.

(2) Deposits with Financial Institutions

Under state law, the town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of state banks organized under the Louisiana law and national banks having principal offices in Louisiana. At June 30, 2010, the Town has cash and interest bearing deposits totaling, \$369,323 as follows:

Demand deposits	\$ 349,323
Certificate of deposit	20,000
Total	<u>\$ 369,323</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balance) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balance) at June 30, 2010, are secured as follows.

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

(2) Deposits with Financial Institutions (continued)

Bank balances	\$ 374,177
Federal deposit	\$ 250,000
Pledged securities	207,075
Total	457,075
Excess/(Shortage)	\$ 82,898

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Town's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised 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 has failed to pay deposited funds upon demand.

(3) Ad Valorem Taxes

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

For the year ended June 30, 2010, taxes of 35.55 mills were levied on property with assessed valuations totaling \$4,642,830. 15.60 mills were dedicated to general corporate purposes and 19.95 mills were dedicated to revenue funds for street improvements.

Total taxes levied were \$165,063. Taxes receivable at June 30, 2010, were \$2,270 and allowances for uncollectibles were \$0.

(4) Restricted Assets General And Proprietary Fund Type

Restricted Assets were applicable to the following at June 30, 2010.

	2010
General Fund:	
Police Station Renovation	\$ 680
Law Enforcement	1,290
LCDBG	23
Proprietary Fund:	
Utility Deposits – Time Certificate of Deposit	20,000
Revenue Bond Contingency Account – Cash	42,700
Water Reserve Fund	34,001
Water Depreciation & Contingency	24,323
Gas Contingency Fund	34,775
Total Restricted Assets	\$ 157,792

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

(5) Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 47,730	\$ -	\$ -	\$ 47,730
Other capital assets:				
Buildings	1,262,836	87,658	-	1,350,494
Equipment/Other	1,069,069	78,284	(19,665)	1,127,688
Totals	2,379,635	165,942	(19,665)	2,525,912
Less accumulated depreciation				
Buildings	457,577	31,571	-	489,148
Equipment/Other	324,453	54,546	(18,332)	360,667
Total accumulated depreciation	782,030	86,117	(18,332)	849,815
Governmental activities, capital assets, net	\$ 1,597,605	\$ 79,825	\$ (1,333)	\$ 1,676,097
 Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 12,008	\$ -	\$ -	\$ 12,008
Other capital assets:				
Water system	2,029,058	18,770	-	2,047,828
Gas system	835,373	1,534	-	836,907
Furniture and equipment	43,986	-	-	43,986
Sewer system	2,131,386	336,604	-	2,467,990
Totals	5,051,811	356,908	-	5,408,719
Less accumulated depreciation				
Water system	669,349	40,612	-	709,961
Gas system	414,287	13,561	-	427,848
Furniture and equipment	43,987	-	-	43,987
Sewer system	1,155,923	51,725	-	1,207,648
Total accumulated depreciation	2,283,546	105,898	-	2,389,444
Business type activities, capital assets, net	\$ 2,768,265	\$ 251,010	\$ -	\$ 3,019,275

Depreciation expense was charged to governmental activities as follows:

General governmental	\$ 32,553
Police	20,674
Fire	2,128
Streets	28,766
Recreation	1,996
Total depreciation expense	\$ 86,117

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

Gas	\$ 13,561
Water	40,612
Sewer	51,725
Total depreciation expense	\$ 105,898

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

(6) 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, 2010:

	Payable at July 1, 2009	Additions	Retirements	Payable at June 30, 2010
Revenue bonds	\$ 786,743	\$ -	\$ 16,615	\$ 770,128

Bonds payable at June 30, 2010 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	\$ 545,912
\$276,400 Water Revenue Bonds dated 3/27/95; due in monthly installments of \$1,254.86, which include interest through March 27, 2035; interest at 4 1/2% per annum	<u>224,216</u>
Total Bonds Payable	770,128
Less Current Portion	<u>17,383</u>
Bonds Payable	<u><u>\$ 752,745</u></u>

Interest expense totaled \$34,977 and is included in business type activities as a water department expense.

The annual requirements to amortize all debt outstanding as of June 30, 2010, including interest payments of \$520,619, are as follows:

Year Ending June 30,	Total	Principal Payments	Interest Payments
2011	51,593	17,383	34,210
2012	51,593	18,181	33,412
2013	51,593	19,017	32,576
2014	51,593	19,890	31,703
2015	51,593	20,804	30,789
2016-2020	257,965	119,265	138,700
2021-2025	257,965	149,295	108,670
2026-2030	257,965	186,887	71,078
2031-2035	241,504	202,023	39,481
	<u>\$ 1,273,364</u>	<u>\$ 752,745</u>	<u>\$ 520,619</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, 2010:

	Payable at July 1, 2009	Additions	Retirements	Payable at June 30, 2010
Revenue bonds	\$ 685,000	\$ -	\$ 20,000	\$ 665,000

Bonds payable at June 30, 2010 is comprised of the following individual issues:

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

\$75,000 Series 200B Revenue Bonds dated 1/05/09; retired annually in various installment amounts, bearing interest at 0% per annum, final maturity at 3/15/13	\$ 45,000
\$175,000 Series 2009A Revenue Bonds dated 1/05/09; Retired annually in various installment amounts; bearing Interest at 6.5% per annum, final maturity at 3/15/18	155,000
\$195,000 Series 2009A Revenue Bonds dated 1/05/09; Retired annually in various installment amounts; bearing Interest at 7.0% per annum, final maturity at 3/15/23	195,000
\$270,000 Series 2009A Revenue Bonds dated 1/05/09; Retired annually in various installment amounts; bearing Interest at 7.125% per annum, final maturity at 3/15/28	<u>270,000</u>
Total Bonds Payable	665,000
Less Current Portion	<u>20,000</u>
Net Bonds Payable	<u>\$ 645,000</u>

Interest expense totaled \$43,125 and is included in governmental activities.

The annual requirements to amortize all debt outstanding as of June 30, 2010, including interest payments of \$582,391 are as follows:

Year Ending June 30,	Total	Principal Payments	Interest Payments
2011	63,288	20,000	43,288
2012	62,963	20,000	42,963
2013	62,638	25,000	37,638
2014	67,313	25,000	42,313
2015	66,663	25,000	41,663
2016-2020	327,963	155,000	172,963
2021-2025	330,238	220,000	110,238
2026-2028	266,325	175,000	91,325
	<u>\$ 1,247,391</u>	<u>\$ 665,000</u>	<u>\$ 582,391</u>

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

(7) 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 (2009 – 2010 collections-\$104,624) 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 (2009 – 2010 collections-\$104,624) 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.

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

Water Utility Bonds:

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

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

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

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

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

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

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, 2010.

(9) Utility Customer Deposits

The accounts of the Town include a liability for utility customer deposits of \$86,167. As of June 30, 2010, the Town has a certificate of deposit with a balance of \$20,000 specifically set aside for customer meter deposits.

(10) 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, 2010, amounted to \$46,442.

Municipal Employee's Retirement System

Substantially all full-time employees except police of the Town of Basile are eligible to be covered under the Municipal Employee's Retirement System of Louisiana (Plan B), a multiple-employer, Public Employee Retirement System (PERS), controlled and administered by a separate board of trustees. The payroll for employees of the Town of Basile, Louisiana in the System for the year ended June 30, 2010, was \$224,422. The town's total payroll was \$576,970.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B., employees who retire at or after age 60 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 60, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

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

(10) Employee Retirement- Municipal Employee's Retirement System (continued)

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town of Basile is required to contribute at an actuarially determined rate. The current rate is 6.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Basile are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Basile's contributions to the System under Plan B for the year ended June 30, 2010 was \$17,588, equal to the required contributions for each year.

(11) 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, 2010 in the amount of \$105,460 of which \$4,557 was owed for purchases for the month of June 30, 2010.

(12) 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, 2010, was as follows:

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
	<u>Department</u>	<u>Department</u>	<u>Department</u>	<u>Enterprise</u>
				<u>Fund</u>
Operating revenues	\$ 370,145	\$ 364,023	\$ 184,462	\$ 918,630
Operating expenses	193,936	213,726	152,587	560,249
Operating income	<u>\$ 176,209</u>	<u>\$ 150,297</u>	<u>\$ 31,875</u>	<u>\$ 358,381</u>

(13) Compensation of Town Officials

A detail of compensation paid to the mayor and Board of Alderman for the year ended June 30, 2010, follows:

Berline Boone Sonnicr, Mayor	\$ 18,000
Aldermen:	
Frank Ceasar	3,000
Jessica G. Denette	3,000
Rodney Bellon	3,000
Mona Jenkins	3,000
Ronnic Denette	3,000
	<u>\$ 33,000</u>

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

(14) Federally Assisted Funds

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

(15) Concentration of Risks

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

(16) Custodial Credit Risk

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

As of June 30, 2010, the Town's bank balances were fully secured or collateralized with securities held by the Town or by its agent in the Town's name.

(17) 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.

(18) Interfund Activities

Transfers to/from other funds at June 30, 2010, consist of the following:

From the Utility Fund to the General Fund for operations	\$ 528,424
From the Sales Tax Fund to the General Fund	163,722
From the Sales Tax Fund to the Utility Fund for operations	102,000
From the Capital Projects Fund to the Utility Fund	10,000
From the Special Sales Tax Fund to the Sales Tax Fund	28,000
From the Special Tax Fund to the Debt Service Fund	63,140
Total	\$ 895,286

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.

(19) Evaluation of Subsequent Events

The Town has evaluated subsequent events through November 15, 2010, 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, 2010
 With Comparative Actual Amounts for the Year Ended June 30, 2009

	2010			Variance - Favorable (Unfavorable)	2009 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Taxes	\$ 245,000	\$ 245,000	\$ 136,947	\$ (108,053)	\$ 137,844
Licenses and permits	50,000	50,000	58,095	8,095	56,837
Intergovernmental	14,500	14,500	10,640	(3,860)	10,134
Fines and forfeits	25,000	25,000	23,504	(1,496)	14,317
Miscellaneous	80,300	120,300	119,201	(1,099)	16,378
Total revenues	<u>414,800</u>	<u>454,800</u>	<u>348,387</u>	<u>(106,413)</u>	<u>235,510</u>
Expenditures:					
Current -					
General government	268,800	338,100	239,598	98,502	239,193
Public safety:					
Police	412,000	461,800	445,984	15,816	431,435
Fire	6,200	5,200	4,706	494	5,259
Streets and drainage	126,100	143,900	154,041	(10,141)	161,186
Parks	6,000	6,000	9,503	(3,503)	8,175
Capital outlay	96,000	87,000	165,942	(78,942)	14,127
Total expenditures	<u>915,100</u>	<u>1,042,000</u>	<u>1,019,774</u>	<u>22,226</u>	<u>859,375</u>
Excess (deficiency) of revenues over expenditures	<u>(500,300)</u>	<u>(587,200)</u>	<u>(671,387)</u>	<u>(84,187)</u>	<u>(623,865)</u>
Other financing sources (uses):					
Operating transfers in	525,000	555,000	692,146	137,146	623,232
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>525,000</u>	<u>555,000</u>	<u>692,146</u>	<u>137,146</u>	<u>623,232</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	24,700	(32,200)	20,759	52,959	(633)
Fund balances, beginning	<u>141,992</u>	<u>22,721</u>	<u>22,721</u>	<u>-</u>	<u>23,354</u>
Fund balances, ending	<u>\$ 166,692</u>	<u>\$ (9,479)</u>	<u>\$ 43,480</u>	<u>\$ 52,959</u>	<u>\$ 22,721</u>

TOWN OF BASILE, LOUISIANA
 Capital Project Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2010
 With Comparative Actual Amounts for the Year Ended June 30, 2009

	2010			Variance - Favorable (Unfavorable)	2009 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Expenditures:					
Miscellaneous	-	-	1,033	(1,033)	1,083
Capital outlay	-	-	-	-	594,711
Total expenditures	-	-	1,033	(1,033)	595,794
Excess (deficiency) of revenues over expenditures	-	-	(1,033)	(1,033)	(595,794)
Other financing sources (uses):					
Bond proceeds	-	-	-	-	715,000
Operating transfers in	-	-	-	-	5,811
Operating transfers out	-	(10,000)	(10,000)	-	(88,404)
Total other financing sources (uses)	-	(10,000)	(10,000)	-	632,407
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(10,000)	(11,033)	(1,033)	36,613
Fund balances, beginning	21,596	36,613	36,613	-	-
Fund balances, ending	\$ 21,596	\$ 26,613	\$ 25,580	\$ (1,033)	\$ 36,613

TOWN OF BASILE, LOUISIANA
Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2010
With Comparative Actual Amounts for the Year Ended June 30, 2009

	2010			Variance - Favorable (Unfavorable)	2009 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Taxes	\$ 190,000	\$ 180,000	\$ 209,247	\$ 29,247	\$ 222,011
Total revenues	<u>190,000</u>	<u>180,000</u>	<u>209,247</u>	<u>29,247</u>	<u>222,011</u>
Expenditures:					
Office supplies	-	-	42	(42)	-
Legal and professional	-	-	11,600	(11,600)	1,700
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>11,642</u>	<u>(11,642)</u>	<u>1,700</u>
Excess (deficiency) of revenues over expenditures	<u>190,000</u>	<u>180,000</u>	<u>197,605</u>	<u>17,605</u>	<u>220,311</u>
Other financing sources (uses):					
Operating transfers in	-	-	-	-	-
Operating transfers out	<u>(190,000)</u>	<u>(230,000)</u>	<u>(237,722)</u>	<u>(7,722)</u>	<u>(265,055)</u>
Total other financing sources (uses)	<u>(190,000)</u>	<u>(230,000)</u>	<u>(237,722)</u>	<u>(7,722)</u>	<u>(265,055)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>-</u>	<u>(50,000)</u>	<u>(40,117)</u>	<u>9,883</u>	<u>(44,744)</u>
Fund balances, beginning	<u>47,000</u>	<u>109,294</u>	<u>109,294</u>	<u>-</u>	<u>154,038</u>
Fund balances, ending	<u>\$ 47,000</u>	<u>\$ 59,294</u>	<u>\$ 69,177</u>	<u>\$ 9,883</u>	<u>\$ 109,294</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF BASILE, LOUISIANA
 General Fund
 Budgetary Comparison Schedule of Revenues
 Year Ended June 30, 2010
 With Comparative Actual Amounts for the Year Ended June 30, 2009

	2010				2009 Actual
	Budget		Actual	Variance – Favorable (Unfavorable)	
	Original	Final			
Taxes:					
Ad valorem	\$ 170,000	\$ 170,000	\$ 80,025	\$ (89,975)	\$ 74,930
Franchise	75,000	75,000	56,922	(18,078)	62,914
Total taxes	<u>245,000</u>	<u>245,000</u>	<u>136,947</u>	<u>(108,053)</u>	<u>137,844</u>
Licenses and permits - occupational	<u>50,000</u>	<u>50,000</u>	<u>58,095</u>	<u>8,095</u>	<u>56,837</u>
Intergovernmental:					
State of Louisiana -					
Beer tax	7,000	7,000	4,862	(2,138)	4,344
Video poker	7,500	7,500	5,778	(1,722)	5,790
Total intergovernmental	<u>14,500</u>	<u>14,500</u>	<u>10,640</u>	<u>(3,860)</u>	<u>10,134</u>
Fines and forfeits	<u>25,000</u>	<u>25,000</u>	<u>23,504</u>	<u>(1,496)</u>	<u>14,317</u>
Miscellaneous:					
Grant	10,000	3,000	83,693	80,693	1,149
Other	70,300	117,300	35,508	(81,792)	15,229
Total miscellaneous	<u>80,300</u>	<u>120,300</u>	<u>119,201</u>	<u>(1,099)</u>	<u>16,378</u>
Total revenues	<u>\$ 414,800</u>	<u>\$ 454,800</u>	<u>\$ 348,387</u>	<u>\$ (106,413)</u>	<u>\$ 235,510</u>

TOWN OF BASILE, LOUISIANA
 General Fund
 Budgetary Comparison Schedule of Expenditures
 Year Ended June 30, 2010
 With Comparative Actual Amounts for the Year Ended June 30, 2009

	2010		Actual	Variance - Favorable (Unfavorable)	2009 Actual
	Budget				
	Original	Final			
General government:					
Advertising and legal notices	\$ 10,000	\$ 10,000	\$ 10,474	\$ (474)	\$ 9,751
Dues and subscriptions	1,200	1,200	1,443	(243)	1,666
Education and travel	7,000	7,000	6,188	812	6,087
Group insurance	-	-	5,343	(5,343)	4,635
Insurance	90,000	102,000	62,870	39,130	54,057
Miscellaneous	27,600	25,900	15,717	10,183	19,320
Office expenses	10,000	22,000	14,509	7,491	12,115
Payroll taxes and retirement	10,000	10,000	12,387	(2,387)	12,200
Professional fees	12,000	57,000	3,392	53,608	12,839
Salaries	88,000	90,000	94,679	(4,679)	94,350
Utilities and telephone	13,000	13,000	12,596	404	12,173
Total general government	<u>268,800</u>	<u>338,100</u>	<u>239,598</u>	<u>98,502</u>	<u>239,193</u>
Public safety:					
Police department -					
Education and travel	5,000	5,000	4,493	507	4,961
Gas, oil and maintenance	25,000	22,000	24,165	(2,165)	18,522
Group insurance	-	-	3,009	(3,009)	4,170
Miscellaneous	5,000	1,000	660	340	1,137
Payroll taxes and retirement	35,000	35,000	31,754	3,246	29,576
Repairs and maintenance supplies	23,000	19,800	21,807	(2,007)	26,468
Salaries	290,000	350,000	333,978	16,022	321,980
Uniforms	3,000	3,000	3,248	(248)	2,466
Utilities and telephone	26,000	26,000	22,870	3,130	22,155
Total police department	<u>412,000</u>	<u>461,800</u>	<u>445,984</u>	<u>15,816</u>	<u>431,435</u>
Fire department -					
General operations	3,700	3,700	3,050	650	2,950
Gas, oil and maintenance	2,500	1,500	1,656	(156)	2,309
Total fire department	<u>6,200</u>	<u>5,200</u>	<u>4,706</u>	<u>494</u>	<u>5,259</u>
Total public safety	<u>418,200</u>	<u>467,000</u>	<u>450,690</u>	<u>16,310</u>	<u>436,694</u>
Streets and drainage:					
Miscellaneous	100	100	945	(845)	1,081
Gas, oil and maintenance	25,000	19,000	17,607	1,393	19,468
Salaries	35,000	53,000	67,285	(14,285)	70,174
Supplies	5,000	4,000	3,763	237	4,255
Repairs and maintenance	25,000	30,000	28,425	1,575	26,043
Payroll taxes and retirement	4,000	5,800	9,470	(3,670)	8,879
Street lighting	32,000	32,000	26,546	5,454	31,286
Total streets and drainage	<u>126,100</u>	<u>143,900</u>	<u>154,041</u>	<u>(10,141)</u>	<u>161,186</u>
Park Expense	<u>6,000</u>	<u>6,000</u>	<u>9,503</u>	<u>(3,503)</u>	<u>8,175</u>
Capital outlay:					
Equipment & buildings	96,000	87,000	165,942	(78,942)	14,127
Total expenditures	<u>\$ 915,100</u>	<u>\$ 1,042,000</u>	<u>\$ 1,019,774</u>	<u>\$ 22,226</u>	<u>\$ 859,375</u>

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF BASILE, LOUISIANA
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2010

	Special Revenue	Debt Service	2010 Totals
ASSETS			
Cash and cash equivalents	\$ 5,402	\$ 34,275	\$ 39,677
Total assets	\$ 5,402	\$ 34,275	\$ 39,677
 LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Total liabilities	-	-	-
Fund balances:			
Reserved debt service	-	34,275	34,275
Unreserved, undesignated	5,402	-	5,402
Total fund balances	5,402	34,275	39,677
 Total liabilities and fund balances	\$ 5,402	\$ 34,275	\$ 39,677

TOWN OF BASILE, LOUISIANA
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes in
 Fund Balances
 Year Ended June 30, 2010

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>2010 Totals</u>
Revenues:			
Taxes	\$ 91,724	\$ -	\$ 91,724
Total revenues	<u>91,724</u>	<u>-</u>	<u>91,724</u>
 LIABILITIES AND FUND BALANCE			
Expenditures:			
Current-			
General Government	-	-	-
Debt service-			
Principal retirement	-	20,000	20,000
Interest paid	-	43,125	43,125
Other	-	15	15
Total expenditures	<u>-</u>	<u>63,140</u>	<u>63,140</u>
Excess (deficiency) of revenues over expenditures	<u>91,724</u>	<u>(63,140)</u>	<u>28,584</u>
Other financing sources (uses):			
Bond issue cost	-	-	-
Operating transfers in	-	63,140	63,140
Operating transfers out	<u>(91,140)</u>	<u>-</u>	<u>(91,140)</u>
Total other financing sources (uses)	<u>(91,140)</u>	<u>63,140</u>	<u>(28,000)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	584	-	584
Fund balances, beginning	<u>4,818</u>	<u>34,275</u>	<u>39,093</u>
Fund balances, ending	<u>\$ 5,402</u>	<u>\$ 34,275</u>	<u>\$ 39,677</u>

NONMAJOR SPECIAL REVENUE FUNDS

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

Special Tax Fund

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

TOWN OF BASILE, LOUISIANA
 Nonmajor Governmental Funds - Special Tax Fund
 Balance Sheet
 June 30, 2010
 With Comparative Amounts for June 30, 2009

	2010	2009
ASSETS		
Cash	\$ 5,402	\$ 4,818
Investments	-	-
Total assets	\$ 5,402	\$ 4,818
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accrued liabilities	\$ -	\$ -
Due to other funds	-	-
Total liabilities	-	-
Fund balances:		
Reserved	-	-
Unreserved, undesignated	5,402	4,818
Total fund balances	5,402	4,818
Total liabilities and fund balances	\$ 5,402	\$ 4,818

TOWN OF BASILE, LOUISIANA
 Nonmajor Governmental Funds - Special Tax Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Year Ended June 30, 2010
 With Comparative Actual Amounts for the Year Ended June 30, 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Taxes	\$ 91,724	\$ 93,561
Total revenues	<u>91,724</u>	<u>93,561</u>
Expenditures:		
Miscellaneous	-	250
Total expenditures	<u>-</u>	<u>250</u>
Excess (deficiency) of revenues over expenditures	<u>91,724</u>	<u>93,311</u>
Other financing sources (uses):		
Operating transfers in	-	-
Operating transfers out	(91,140)	(88,493)
Total other financing sources (uses)	<u>(91,140)</u>	<u>(88,493)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	584	4,818
Fund balances, beginning	<u>4,818</u>	<u>-</u>
Fund balances, ending	<u>\$ 5,402</u>	<u>\$ 4,818</u>

NONMAJOR DEBT SERVICE FUNDS

Debt Service Fund

To accumulate monies for payment of Series 2009A Revenue Bonds.

TOWN OF BASILE, LOUISIANA
 Nonmajor Governmental Funds - Debt Service
 Balance Sheet
 June 30, 2010
 With Comparative Amounts for June 30, 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash	\$ 34,275	\$ 34,275
Investments	-	-
Total assets	<u>\$ 34,275</u>	<u>\$ 34,275</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accrued liabilities	\$ -	\$ -
Due to other funds	-	-
Total liabilities	<u>-</u>	<u>-</u>
Fund balances:		
Reserved	34,275	34,275
Unreserved, undesignated	-	-
Total fund balances	<u>34,275</u>	<u>34,275</u>
Total liabilities and fund balances	<u>\$ 34,275</u>	<u>\$ 34,275</u>

TOWN OF BASILE, LOUISIANA
 Nonmajor Governmental Funds - Debt Service
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Year Ended June 30, 2010
 With Comparative Actual Amounts for the Year Ended June 30, 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Miscellaneous interest	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>
Expenditures:		
Debt service-		
Principle retirement	20,000	30,000
Interest charges	43,125	29,267
Other	15	15
Total expenditures	<u>63,140</u>	<u>59,282</u>
Excess (deficiency) of revenues over expenditures	<u>(63,140)</u>	<u>(59,282)</u>
Other financing sources (uses):		
Bond issue cost	-	(49,129)
Operating transfers in	63,140	142,686
Operating transfers out	-	-
Total other financing sources (uses)	<u>63,140</u>	<u>93,557</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	34,275
Fund balances, beginning	<u>34,275</u>	<u>-</u>
Fund balances, ending	<u>\$ 34,275</u>	<u>\$ 34,275</u>

TOWN OF BASILE, LOUISIANA
 Enterprise Fund
 Utility Fund
 Comparative Departmental Analysis of Operating Revenues and Expenses
 Year Ended June 30, 2010

	Totals		Gas	
	2010	2009	2010	2009
Operating revenues:				
Customer service charges	\$ 890,619	\$ 933,663	\$ 358,661	\$ 368,636
Connection charges	7,345	7,643	3,011	3,134
Delinquent charges	18,014	16,338	7,386	6,699
Miscellaneous	2,652	517	1,087	212
Total operating revenues	<u>918,630</u>	<u>958,161</u>	<u>370,145</u>	<u>378,681</u>
Operating expenses:				
Salaries	81,028	79,341	34,258	33,516
Payroll taxes and retirement	11,475	10,963	4,887	4,735
Insurance	28,568	25,147	-	-
Repairs, maintenance and supplies	53,789	82,638	9,046	17,704
Gas and water purchased	220,296	269,999	105,460	153,369
Depreciation	105,898	103,166	13,561	13,408
Office expense	2,060	2,543	-	-
Telephone and utilities	32,989	42,274	3,202	3,658
Auto expenses and travel	1,626	1,434	-	-
Dues	864	1,064	-	-
Professional fees	-	5,300	-	-
Bad debts	722	661	-	-
Miscellaneous	20,934	21,646	1,803	1,778
Allocation of general and administrative expenses	-	-	21,719	23,208
Total operating expenses	<u>560,249</u>	<u>646,176</u>	<u>193,936</u>	<u>251,376</u>
Net operating income	<u>358,381</u>	<u>311,985</u>	<u>\$ 176,209</u>	<u>\$ 127,305</u>
Nonoperating revenues (expenses):				
Interest income	474	885		
Interest expense	(34,977)	(35,723)		
Grant revenue	364,667	-		
Miscellaneous	(436)	(436)		
Gain on sale of fixed asset	-	537		
Total nonoperating expenses	<u>329,728</u>	<u>(34,737)</u>		
Income (loss) before operating transfers	<u>688,109</u>	<u>277,248</u>		
Operating transfers in (out):				
Operating transfers in	112,000	138,862		
Operating transfers out	<u>(528,424)</u>	<u>(468,638)</u>		
Total operating transfers	<u>(416,424)</u>	<u>(329,776)</u>		
Net income (loss)	271,685	(52,528)		
Net assets, beginning	<u>2,157,066</u>	<u>2,209,594</u>		
Net assets, ending	<u>\$2,428,751</u>	<u>\$2,157,066</u>		

Water		Sewer		General and Administrative	
2010	2009	2010	2009	2010	2009
\$ 352,818	\$ 389,809	\$ 179,140	\$ 175,218	\$ -	\$ -
2,938	3,057	1,396	1,452	-	-
7,206	6,535	3,422	3,104	-	-
1,061	207	504	98	-	-
<u>364,023</u>	<u>399,608</u>	<u>184,462</u>	<u>179,872</u>	<u>-</u>	<u>-</u>
20,010	19,333	26,760	26,492	-	-
2,799	2,771	3,789	3,457	-	-
-	-	-	-	28,568	25,147
11,020	16,496	33,723	48,438	-	-
114,836	116,630	-	-	-	-
40,612	40,236	51,725	48,934	-	588
-	-	-	-	2,060	2,543
3,261	3,363	26,526	35,253	-	-
-	-	-	-	1,626	1,434
-	-	-	-	864	1,064
-	-	-	-	-	5,300
-	-	-	-	722	661
-	-	-	-	19,131	19,868
<u>21,188</u>	<u>22,642</u>	<u>10,064</u>	<u>10,755</u>	<u>(52,971)</u>	<u>(56,605)</u>
<u>213,726</u>	<u>221,471</u>	<u>152,587</u>	<u>173,329</u>	<u>-</u>	<u>-</u>
<u>\$ 150,297</u>	<u>\$ 178,137</u>	<u>\$ 31,875</u>	<u>\$ 6,543</u>	<u>\$ -</u>	<u>\$ -</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

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 Berline Boone Sonnier
and Members of the Board of Alderman
Town of Basile, Louisiana

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate fund information of the Town of Basile as of and for the year ended June 30, 2010, which collectively comprise the Town of Basile's basic financial statements and have issued our report thereon dated November 15, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Basile's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Basile's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Town of Basile's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as items #2009-1 through #2009-3, that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Basile's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items #2009-1 through #2009-3.

Town of Basile's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Town of Basile's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, federal awarding agencies and pass-through entities, and others within the entity. It is not intended to be and should not be used by anyone other than these specified parties.

Vige, Tujague & Noël
Vige, Tujague & Noël, CPAs
November 15, 2010

TOWN OF BASILE, LOUISIANA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

We have audited the financial statements of Town of Basile as of and for the year ended June 30, 2010, and have issued our report thereon dated November 15, 2010. 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, 2010, resulted in an unqualified 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

Compliance Material to Financial Statement ___ Yes x No

b. Federal Awards

Internal Control

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

Section II. Financial Statement Findings

#2010-1 – Segregation of Duties

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

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

Effect: Inadequate segregation of duties exists in all areas of the financial cycle.

Recommendation and response: Management is aware of and has evaluated this inadequacy and concluded that the related costs versus benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation. We are in agreement with the town that it would not be costs beneficial or possible with the limited resources available to create a segregated accounting environment.

#2010-2 Budgeting

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

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

Effect: The Town's budgeted revenues and expenses exceeded certain budget line items by greater than 5%.

Recommendation and response: We recommend, and the town will comply, that all year end adjustments be posted or estimated as correctly as possible to ensure that this is not a reoccurring problem.

TOWN OF BASILE, LOUISIANA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

#2010-3 Control Deficiency

Findings: The person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the organization's financial transactions or preparing its financial statements.

Cause: The organization's personnel lacks training in implementation of generally accepted accounting principles.

Effect: The person responsible for the accounting and reporting function is unable to prepare financial statements in conformity with generally accepted accounting principles.

Recommendation and response: The CPA will prepare the financial statements; however, the organizations personnel will review and take responsibility for the financial statements and any adjusting journal entries.

Section III. Summary of Other Audit Results

1. The auditor's report expresses an unqualified opinion of the financial statement of Town of Basile, Louisiana.
2. There was no single audit required under OMB Circular A-133.
3. Town of Basile, Louisiana was considered a low risk auditee.

TOWN OF BASILE, LOUISIANA
Status of Prior Years
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

#2009-1 Segregation of Duties

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

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

Response: No response is considered necessary.

Status: No response required.

#2009-2 Budgeting

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

Recommendation: We recommend that all year end adjustments be posted or estimated as correctly as possible to ensure that this is not a reoccurring problem.

Response: The Town will comply with this recommendation.

Status: This finding was repeated for June 30, 2010.

#2009-3 Control Deficiency

Findings: The person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the organization's financial transactions or preparing its financial statements.

Recommendation: The CPA will prepare the financial statements; however, the organizations personnel will review and take responsibility for the financial statements and any adjusting journal entries.

Response: The Town will comply with this recommendation.

Status: This finding was repeated for June 30, 2010.

TOWN OF BASILE, LOUISIANA
Schedule of Mayor and Alderman Compensation
Year Ended June 30, 2010

<u>Name</u>	<u>Office</u>	<u>Compensation</u>
Berline Boone Sonnier	Mayor	\$ 18,000
Frank Ceasar	Alderman	3,000
Ronald Denette	Alderman	3,000
Mona Jenkins	Alderwoman	3,000
Jessica G. Denette	Alderwoman	3,000
Rodney Bellon	Alderman	3,000
		<u>\$ 33,000</u>

TOWN OF BASILE, LOUISIANA
 Schedule of Meters and Rates and Accounts Receivable
 Year Ended June 30, 2010

Total Water Meters

Meters ¼"	0
Meters 1"	802
Meters 2"	12
Meters 4"	<u>2</u>
TOTAL	816

Water Rates

Effective 11/01/01 to 11/12/07

Residential rates 13.50 First 2000 Gallons 2.00 Per Thousand After
 Commercial rates 15.00 First 2000 Gallons 3.00 Per Thousand After

Effective 11/13/07 to current

Residential rates 17.50 First 2000 Gallons 2.50 Per Thousand After
 Commercial rates 20.00 First 2000 Gallons 4.00 Per Thousand After

Customer Deposits

Renters: 125 – Gas
 80 – Water

Homeowners: 75 – Gas
 80 – Water

Effective 8/11/09

Renters: 150 – Gas
 100 – Water

Homeowners: 100 – Gas
 100 – Water

Amounts Receivable (Water, Gas, Sewer)

<u>Days</u>	<u>Amounts</u>
0-30	\$ 57,885
31-60	1,978
61-90	-
Over -90	-
	<u>\$ 59,863</u>

TOWN OF BASILE, LOUISIANA
 Schedule of Insurance
 Year Ended June 30, 2010

<u>Insurance</u>	<u>Coverage</u>	<u>Limits</u>	<u>Policy Period</u>
Cassidy Insurance Agency	Employee Dishonesty Bond	\$100,000	1/03/10 – 1/03/11
Essex Insurance Company	Auto	\$500,000	9/13/09 – 9/13/10
LA Risk Management Agency	Commercial Premises General Medical Liability Fire	\$500,000 \$ 10,000 \$ 50,000	5/01/10 – 5/01/11
LA Risk Management Agency	Police Comprehensive Liability	\$500,000	5/01/10 – 5/01/11
LA Risk Management Agency	Public Officials Errors / Omissions	\$500,000	5/01/10 – 5/01/11
LA Risk Management Agency	Workers Compensation	Statutory	1/01/10 – 1/01/11
Scottsdale Insurance Company	Commercial - Building Property Contents 80% Coinsurance	\$368,480 \$ 30,000	3/05/10 – 3/05/11

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, 2010.

2010-1 Segregation of Duties

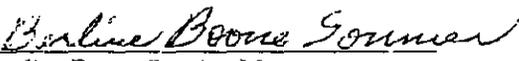
We are aware of and have evaluated this inadequacy and concluded that the related costs vs benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation of duties. However, we will try to segregate duties as much as possible with the existing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

2010-2 Budgeting

In the future we will take greater care in adjusting our financial statements at year end in order to properly amend the budget to not vary from actual amounts by greater than 5%.

2010-3 Control Deficiency

The CPA will prepare the financial statements; however, the organizations personnel will review and take responsibility for the statements and adjusting journal entries.


Berlina Boone Sonnier, Mayor