

Village of Baskin
Baskin, Louisiana

Annual Financial Report

As of and For the Year Ended
June 30, 2013

With Supplemental Information Schedules

KENNETH D. FOLDEN & CO.

CERTIFIED PUBLIC ACCOUNTANTS

302 EIGHTH STREET, JONESBORO, LA 71251

(318) 259-7316

FAX (318) 259-7315

Village of Baskin
Village of Baskin, Louisiana
Annual Financial Statements
As of and For the Year Ended June 30, 2013
With Supplemental Information Schedules

CONTENTS

	<u>Statement or Schedule</u>	<u>Page</u>
Accountant's Review Report		2
Required Supplementary Information - Part I		
Management's Discussion and Analysis		4 - 9
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Assets	A	12
Statement of Activities	B	13
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	D	16
Statement of Revenues, Expenditures, and Changes in Fund Balances	E	17
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	F	18
Notes to the Financial Statements		20 - 31
Required Supplementary Information - Part II		
Budgetary Comparison Schedule - General Fund	1	33
Supplemental Information Schedules:		
Schedule of Compensation Paid Councilpersons	2	35
Independent Accountant's Report on Applying Agreed- Upon Procedures		36 - 38
Louisiana Attestation Questionnaire		39 - 40

Kenneth D. Folden & Co.

Kenneth D. Folden, CPA

Members

Society of Louisiana

Certified Public Accountants

email: kfolden@foldencpa.com

Certified Public Accountants

302 Eighth Street

Jonesboro, LA 71251

(318) 259-7316

FAX (318) 259-7315

Ted W. Sanderlin, CPA

Members

American Institute of

Certified Public Accountants

email: tsanderlin@foldencpa.com

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Village of Baskin
Baskin, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and each major fund of the Village of Baskin as of and for the year ended June 30, 2013, which collectively comprise the Village's basic financial statements as listed in the Table of Contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Village of Baskin, Louisiana. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of Village of Baskin, Louisiana is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The Management's Discussion and Analysis and budgetary comparison information on pages 4 through 9 and page 32, are presented for purposes of additional analysis. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated September 11, 2013 on the results of our agreed-upon procedures.

Kenneth D. Folden & Co., CPAs

Kenneth D. Folden & Co., CPAs
Jonesboro, Louisiana
September 11, 2013

**REQUIRED SUPPLEMENTARY
INFORMATION**

PART I

Village of Baskin
Management's Discussion and Analysis

As of and For the Year Ended
June 30, 2013

As financial management of the Village of Baskin, Louisiana, we offer readers of this financial statement an overview and analysis of the financial activities of the Village of Baskin, Louisiana. This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in the Village's financial position, identify any material deviations from the approved budget documents, and identify individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts. It should be read in conjunction with the financial statements that begin on page 12.

Financial Highlights

Assets of the Village at the close of its fiscal year ended June 30, 2013 exceeded its liabilities by \$1,186,474. Note that the Village had no long-term debt outstanding to encumber the assets. The capital asset inventory was reviewed prior to the end of the year to determine the existence, usefulness and value of all assets listed. Assets having no value and those that were obsolete or no longer useable were removed from the inventory prior to June 30, 2013.

The Village received an LGAP grant from the State of Louisiana in the amount of \$20,000. The grant was expended for a new police patrol vehicle.

The Net Position of the Village increased by \$34,776 or 3% over the course of the year's operations. The Village reinvested \$5,304 of investment earnings and \$70,000 from other sources into certificates of deposit during the fiscal year ended June 30, 2013.

The budgeted revenues of the General Fund of the Village exceeded budgeted amounts by \$23,550 during the fiscal year, and the actual expenditures for the year were \$15,927 less than budgeted amounts.

Overview of the Financial Statements

The basic financial statements of the Village of Baskin, Louisiana are comprised of three components:

Government-wide Financial Statements

Fund Financial Statements

Notes to the Financial Statements

Government-wide Financial Statements

The government-wide financial statements (see Statements A and B) are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business. These statements, for the first time, combine governmental fund's current financial resources with capital assets and long-term obligations.

The Statement of Net Position (Statement A) presents information on all of the assets and liabilities of the Village, with the difference between the two reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The Statement of Activities (Statement B) presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. For example, uncollected taxes and earned but unused vacation leave result in cash flows for future periods. The focus of the Statement of Activities is on both the gross and net cost of various activities that are provided by the government's general tax and other revenues. This is intended to summarize information and simplify the user's analysis of the cost and/or subsidy of various governmental services and business-type activities.

Both of the government-wide financial statements distinguish functions of the Village of Baskin that are principally supported by taxes, traffic fines, and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities reflect the Village's basic services including general government (executive, legislative, judicial, finance, administrative services), public safety (fire and law enforcement), and public works, (streets and parks). These services are financed primarily with taxes and fines. Business-type activities reflect private sector type operations where the fee for service typically covers all or most of the cost of operations including depreciation. The Village of Baskin has no business-type activities.

The government-wide financial statements can be found on pages 12 through 13 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Baskin, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus is now on major funds, rather than generic fund types. All of the funds of the Village of Baskin are governmental funds. The fund financial statements can be found on pages 15 through 18 of this report.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The governmental funds (see Statements C and E) presentation is on a spending or "current financial resources" measurement and the modified accrual basis of accounting. This is the manner in which the financial plan is typically developed. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better

understand the long-term impact of the government's near-term financing decisions. Both the balance sheet and the statement of revenues, expenditures and changes in fund balances for the governmental funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village of Baskin currently maintains two individual governmental funds. Information is presented separately for the General Fund, USDA and LCDBG Fund, both of which are considered to be major funds.

The total columns for the governmental funds in the fund financial statements require reconciliation to those amounts presented in the government-wide statements. The governmental funds differences result from the different measurement focus, and the reconciliation is presented on the page following each statement (see Statements D and F). The flow of current financial resources will reflect interfund transfers as other financing sources and uses as well as capital expenditures as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets into the *Governmental Activities* column in the government-wide statements.

Capital Assets

General capital assets include land, buildings and improvements, vehicles, machinery and equipment, and all other assets of a tangible nature that are used in operations and that exceed the capitalization threshold of the Village. All projects completed and acquisitions occurring in fiscal year ended June 30, 2013 have been capitalized. Prior to the implementation of the new reporting model, no depreciation was charged on general capital assets. Accumulated depreciation was recorded for the first time in the 2004 financial statements based on the date of acquisition and the life span of the asset.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found on pages 20 through 30 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required *supplementary information*, the budgetary comparison schedules. Required supplementary information can be found in Schedule 1 of this report.

Following is a condensed comparative statement of net position for the governmental activities of the Village of Baskin as of June 30, 2013 and 2012:

Condensed Statement of Net Position
As of June 30, 2013 and 2012

	2013	2012
Assets		
Current and other assets	\$ 811,792	\$ 762,538
Restricted assets	-	37
Capital assets	397,838	411,595
Total assets	<u>\$ 1,209,630</u>	<u>\$ 1,174,170</u>
Liabilities		
Current liabilities	<u>\$ 23,156</u>	<u>\$ 22,472</u>
Net Position		
Invested in capital assets	\$ 397,838	\$ 411,595
Restricted	-	37
Unrestricted	788,636	740,066
Total net position	<u>\$ 1,186,474</u>	<u>\$ 1,151,698</u>

The Village's net assets at year-end total \$1,186,474. A total of \$397,838 or thirty-four percent of the Village's net position is invested in capital assets with no debt outstanding against those capital assets. The Village uses these capital assets to provide services to its residents; therefore, these assets are not available for future spending. The remaining \$788,636 or sixty-six percent of the Village's net position, referred to as unrestricted, may be used to meet the ongoing obligations of the Village to its citizens and creditors.

Following is a summary of the changes in net position of the governmental activities of the Village of Baskin for the years ended June 30, 2013 and 2012:

Condensed Statement of Changes in Net Position
For the Years Ended June 30, 2013 and 2012

	2013	2012
Revenues:		
Program revenues		
Fees, fines, and charges for services	\$ 290,061	\$ 391,802
Operating grants and contributions	540	600
Capital grants	20,000	30,000
General revenues		
Taxes	27,326	27,134
Licenses and permits	2,133	2,490
Rental and investment earnings	5,195	5,426
Intergovernmental	2,072	2,041
Other general revenues	15,686	3,500
Total revenues	<u>363,013</u>	<u>462,993</u>
Expenses:		
General government	92,313	95,011
Public safety	183,008	172,754
Streets and highways	47,638	43,838
Community development	5,278	5,708
Total expenses	<u>328,237</u>	<u>317,311</u>
Changes in net position	34,776	145,682
Net Position - Beginning	1,151,698	1,006,016
Net Position - Ending	<u>\$ 1,186,474</u>	<u>\$ 1,151,698</u>

The Village's total revenues were \$363,013 and the total cost of all of its programs and services was \$328,237 providing an increase in net position of \$34,776 for the year ended June 30, 2013. Revenues decreased by \$99,980 or 22% over the prior fiscal year. This increase was due to a decrease in traffic citations.

Financial Analysis of the Government's Funds

As discussed in the preceding paragraphs, the Village of Baskin uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of the end of the fiscal year, the governmental funds of the Village reported total ending fund balances of \$788,636, an increase of \$48,533 over the prior year. The total ending fund balance was unrestricted.

General Fund Budgetary Highlights

Revenues were substantially less than originally budgeted due primarily to an increase in citations issued by the police department.

Capital Assets

As of June 30, 2013, the Village of Baskin had an investment in capital assets in the amount of \$397,838 (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, vehicles, and equipment owned by the Village of Baskin. The Village has no investment in infrastructure. The Village has no outstanding debt as of June 30, 2013 to encumber its capital assets. The net decrease in the Village's investment in capital assets for the current fiscal year is \$13,757 for its governmental activities which resulted from depreciation and the disposal of a police vehicle.

Major capital asset purchases during the year included a new police patrol vehicle and law enforcement software and electronics. The funds for the police vehicle were provided primarily by a grant from the State of Louisiana.

Economic Factors and Next Year's Budget

The General Fund budget for the fiscal year ending June 30, 2014 includes budgeted expenditures including capital outlay at an increase of \$66,142 or 21% over the 2012-2013 actual expenditures for the Village. Projected increased expenditures of grant funds for capital outlay account for \$30,000 of the increase. The 2013-2014 budget includes an increase of 15% in revenues from the actual revenues in the prior fiscal year primarily from the amount budgeted for revenues from traffic citations and increased capital grants.

Requests for Information

This financial report is designed to provide a general overview of the Village of Baskin's finances and to demonstrate accountability for monies received. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Village of Baskin, Louisiana, Post Office Box 359, Baskin, Louisiana 71219-0359.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

Village of Baskin
Baskin, Louisiana

Statement of Net Position
As of June 30, 2013

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 74,002
Investments	658,145
Accounts receivable	68,086
Prepaid expenses	11,559
Capital assets (net of acc depr)	397,837
TOTAL ASSETS	\$ 1,209,629
LIABILITIES	
Accounts, salaries, and other payables	\$ 14,155
Accrued liabilities	9,001
TOTAL LIABILITIES	23,156
NET POSITION	
Invested in capital assets, net of related debt	397,837
Unrestricted	788,636
TOTAL NET POSITION	\$ 1,186,474

See accompanying notes and independent accountant's review report.

Village of Baskin
Baskin, Louisiana

Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	Governmental Activities
Governmental activities:					
General government	\$ 92,314	\$ 1,575	\$ -	\$ -	\$ (90,739)
Public Safety	183,008	285,146	500	20,000	122,638
Highways and Streets	47,638	3,340	-	-	(44,298)
Community Development	5,278	-	40	-	(5,238)
Total governmental activities	<u>328,238</u>	<u>290,061</u>	<u>540</u>	<u>20,000</u>	<u>(17,636)</u>
Total primary government	<u>\$ 328,238</u>	<u>\$ 290,061</u>	<u>\$ 540</u>	<u>\$ 20,000</u>	<u>(17,636)</u>
GENERAL REVENUES					
Taxes:					
Insurance taxes					11,158
Sales taxes					16,168
Franchise taxes					2,577
License & permits					2,133
Rental income					575
Investment earnings					4,620
Intergovernmental					2,072
Gain on sale of capital asset					13,109
Operating transfers					-
Total general revenues and transfers					<u>52,412</u>
Change in net position					34,775
Net position - Beginning					<u>1,151,699</u>
Net position - Ending					<u>\$ 1,186,474</u>

See accompanying notes and independent accountant's review report.

FUND FINANCIAL STATEMENTS

Village of Baskin
Baskin, Louisiana

Governmental Funds - Balance Sheet
As of June 30, 2013

	General Fund	Capital Projects Fund	Total
ASSETS			
Cash and equivalents	\$ 74,002	\$ -	\$ 74,002
Investments	658,145	-	658,145
Receivables, net	68,086	-	68,086
Prepaid Insurance	11,559	-	11,559
TOTAL ASSETS	<u>\$ 811,792</u>	<u>\$ -</u>	<u>\$ 811,792</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payables	\$ 14,155	-	14,155
Accrued expenses	9,001	-	9,001
TOTAL LIABILITIES	<u>23,156</u>	<u>-</u>	<u>23,156</u>
Fund Balances:			
Reserved for development	-	-	-
Unassigned	788,636	-	788,636
TOTAL FUND BALANCE	<u>788,636</u>	<u>-</u>	<u>788,636</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 811,792</u>	<u>\$ -</u>	<u>811,792</u>

See accompanying notes and independent accountant's review report.

Village of Baskin
Baskin, LouisianaReconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
For the Year Ended June 30, 2013

Total Fund Balances - Governmental Funds (Statement C)	\$ 788,636
--	------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.

Governmental Capital Assets	843,351
Less: Accumulated Depreciation	<u>(445,513)</u>

Net Position of Governmental Activities (Statement A)	<u>\$ 1,186,474</u>
---	---------------------

See accompanying notes and independent accountant's review report.

Village of Baskin
Baskin, Louisiana

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2013

	General Fund	Capital Projects Fund	Total
REVENUES			
Taxes:			
Insurance tax	\$ 11,158	\$ -	\$ 11,158
Sales tax	16,168	-	16,168
Franchise tax	2,577	-	2,577
Licenses and permits	2,133	-	2,133
Fines and forfeitures	285,146	-	285,146
Charges for services	1,575	-	1,575
Interest earnings	4,620	-	4,620
Intergovernmental	25,412	-	25,412
Sale of capital assets	15,500	-	15,500
Other Revenues			
Rent	575	-	575
Miscellaneous	540	-	540
Total revenues	<u>365,404</u>	<u>-</u>	<u>365,404</u>
EXPENDITURES			
General government	87,861	5	87,866
Public safety	143,298	-	143,298
Streets and highways	42,319	-	42,319
Community development	2,767	-	2,767
Capital outlay	40,621	-	40,621
Total expenditures	<u>316,866</u>	<u>5</u>	<u>316,871</u>
EXCESS (Deficiency) OF REVENUES			
Over(Under) Expenditures	<u>48,538</u>	<u>(5)</u>	<u>48,533</u>
Operating transfers in	32	-	32
Operating transfers out	-	(32)	(32)
Total other financing sources (uses)	<u>32</u>	<u>(32)</u>	<u>-</u>
Net changes in Fund Balances	48,570	(37)	48,533
FUND BALANCES - June 30, 2012	<u>740,066</u>	<u>37</u>	<u>740,103</u>
FUND BALANCES - June 30, 2013	<u>\$ 788,636</u>	<u>\$ -</u>	<u>\$ 788,636</u>

See accompanying notes and independent accountant's review report.

Village of Baskin
Baskin, LouisianaReconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes
In Fund Balances to the Statement of Activities
For the Year Ended June 30, 2013

Total net change in fund balances - governmental funds (Statement E)	\$	48,533
--	----	--------

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation charged and the basis of capital assets sold exceeded capital outlay in the current period.

Depreciation expense	(51,987)
Basis of capital assets sold	(2,391)
Capital Outlay	<u>40,621</u>

Change in net position of governmental activities (Statement B)	<u>\$</u>	<u>34,775</u>
---	-----------	---------------

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements
For the Year Ended June 30, 2013

INTRODUCTION

The Village of Baskin, Louisiana was incorporated under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Alderman form of government. The Board of Aldermen consists of three board members who are elected and compensated. The Village is located in Northeast Louisiana with a population of approximately 254. The Village provides the following services: public safety (police and fire), streets, culture and recreation, public improvements, and general and administrative services.

The accounting and reporting policies of the Village of Baskin, Louisiana conform to generally accepted accounting principles as applicable to governments. 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*.

The following is a summary of certain significant accounting policies:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included with the reporting entity. For Financial Reporting purposes, in conformance with GASB Codification Section 2100, the Village includes all funds which are controlled by or dependent on the Village which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation of management or governing authority, and authority to issue debt. Certain units of local government over which the Village exercises no oversight responsibility, such as the parish police jury, parish school board, other independently elected officials, and other municipalities within the parish, are excluded from the accompanying financial statements.

These units of government are considered separate reporting entities and issue financial statements separate from those of the Village.

GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual financial reports easier to understand and more useful to the people who use governmental financial information to make decisions.

Management's Discussion and Analysis - GASB State No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of Management's Discussion and Analysis (MD&A). This analysis is similar to the analysis that the private sector provides in their annual reports.

Government-Wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable), but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Position - The Schedule of Net Position is designed to display the financial position of the primary government (government and business-type activities) and its discretely presented component units. Governments will report all capital assets, including infrastructure, in the government-wide Schedule of Net Position and will report depreciation expense, the cost of "using up" capital assets, in the Schedule of Activities. The net assets of a government will be broken down into three categories: (1) invested in capital assets, net of related debt; (2) restricted; and (3) unrestricted.

Statement of Activities - The new government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial process of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the new reporting model, governments will continue to provide budgetary comparison information in their annual reports. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results.

As required by the accounting principles generally accepted in the United States, these financial statements present the primary government and its component units, entities for which the government is considered financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The Village has no component units.

B. Government-Wide and Fund Accounting

The basic financial statements include both government-wide (based on the Village as a whole) and fund types (the total of all funds of a particular type). In the new reporting model, the focus is on either the Village as a whole or on major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. The Village generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The Village may defer the use of restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, streets and parks, etc.) which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the

function (public safety, streets and parks, etc.) or a business-type activity. The Village does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The governmental funds major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. These funds are normally budgeted in this manner. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile funds based on financial statements with the governmental column of the government-wide presentation.

The focus of the revised model is on the Village as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

In the fund financial statements, financial transactions and accounts of the Village are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and / or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Governmental Funds

Governmental funds account for most of the Village's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated resources which may be used to finance future period programs or operations of the Village. According to GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balance can be classified as nonspendable, restricted, committed, assigned, and unassigned. Nonspendable funds are typically noncash or prepaid items that are identified as a part of fund balance, but they are not available to be expended. Spendable items included restricted, committed, assigned, and unassigned funds. The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Unassigned fund balance is the residual classification for the government's General Fund and includes all spendable amounts not contained in the other classifications. The following are the Village's primary governmental funds:

General Fund - The General Fund is the general operating fund of the Village. This fund is used to account for all financial transactions and resources except for those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services, and interest income.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance

specific activities. The LCDBG Economic Development Fund is considered a major fund for reporting purposes.

Debt Service Funds - Debt Service Funds account for resources set aside to pay interest and principal on long-term debt. The Village has no long-term debt.

Proprietary Funds

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities. The Village has no proprietary funds.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All government funds, including General, Special Revenue, and Debt Service Funds, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statements of net assets and statements of activities, all proprietary funds, and private purpose trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the balance sheet or on the statement of fiduciary net assets. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The fund financial statements of the General and Special Revenue Funds are maintained and reported on the modified accrual basis of accounting. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. Interest income is recorded as earned. Federal and State reimbursement-type grants are recorded as revenue when related eligible expenditures are incurred. Expenditures are recorded when the fund liability is incurred.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then to use unrestricted resources as they are needed.

D. Budgets

The Board of Aldermen follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. No later than fifteen days prior to the beginning of each fiscal year, the Village Clerk submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. The budget is submitted in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. On June 12, 2012, the budget was legally enacted through passage of an ordinance. The budget was legally amended through an ordinance passed on June 11, 2013.
- d. The budget for the General Fund is adopted on the modified accrual basis of accounting, which is in accordance with generally accepted accounting principles.
- e. Appropriations lapse at the end of each fiscal year.

E. Cash and Investments

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the Village may deposit funds in demand deposits, interest bearing demand deposits, money markets accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, the Village may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost, which approximates market value.

F. Receivables and Payables

Activity between funds that are representative of lending / borrowing arrangements outstanding at the end of the fiscal year are referred to either as "due to / from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All revenue receivables are shown net of any applicable allowance for uncollectibles. As of June 30, 2013, all revenues receivable are deemed collectible.

G. Inventories

The cost value of inventories was immaterial at the close of the fiscal year and, accordingly, was not recorded in these financial statements.

H. Capital Assets

Capital outlays are recorded as expenditures of the General and Special Revenue Funds, and are reported as assets in the government-wide financial statements to the extent the Village's capitalization threshold is met. General infrastructure assets acquired prior to July 1, 2003, are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to July 1, 2003. Interest incurred during construction is capitalized on a government-wide basis. Depreciation is recorded on capital assets on a government-wide basis. All fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. The Village does not capitalize historical treasures or works of art.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

I. Compensated Absences

All full-time employees receive eight hours sick leave pay per month and ten days' vacation leave per year. All accumulated leave days expire each December 31. The amount to be accrued is immaterial to the financial statements. Thus, this liability is not accrued.

J. Pension Plans

The Village has no pension plans that cover the employees of the Village.

K. Fund Equity

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

- 1) 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 borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted net position - Consists of net position with constraints placed on the use either by:
 1. External groups such as creditors, grantors, contributors, or laws or regulations of other governments, or
 2. Law through constitutional provisions or enabling legislation.

- 3) Unrestricted net position - All other net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation as non-spendable. Restricted fund balances are legally restricted by outside parties, purposes stipulated by constitution, or through enabling legislation for use for a specific purpose. Committed fund balances include amounts that can only be used for a specific purpose determined by a formal action of the government's highest level of decision-making authority. Assigned fund balances are intended to be used by the Village for a specific purpose but do not meet the criteria for restricted or committed classification. Unassigned fund balances are the residual classification for the Village's General Fund and include all spendable amounts not designated as restricted, committed, or assigned. Proprietary fund equity is classified the same as in the government-wide statements.

L. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and all special revenue funds.

B. Deposits and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at lower of market or par. As reflected in Note 3 regarding cash, cash equivalents, and investments, the Village was not in compliance with the deposit and investment laws and regulations. An investment in a certificate of deposit in the amount of \$20,000 was made on June 27, 2013. The investment caused the Village's investments to exceed the amount by which securities in the name of and held by the fiscal agent pledged to the Village by \$19,298. Additional securities were pledged on July 1, 2013.

C. Deficit Fund Equity

As of June 30, 2013, the Village had no funds with deficit equities.

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the Village may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Village may invest in United States bonds, treasury notes, or certificates. These investments are considered to be cash equivalents if they have a maturity of three months or less when purchased. They are classified as investments if their original maturities exceed three months. Investments

are stated at cost, which approximates market value.

As reflected on Statement A, the Village of Baskin, Louisiana has cash totaling \$74,002 and investments totaling \$658,145 at June 30, 2013. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. These pledged securities are held by and in the name of the fiscal agent bank but pledged to the Village of Baskin. These deposits are secured from risk by \$574,002 of federal deposit insurance and \$138,847 of pledged securities held by a custodial bank in the name of the fiscal agent bank.

The following is a summary of cash and investments (book balances) at June 30, 2013, with the related federal deposit insurance and pledged securities:

	Bank Balances, June 30, 2013		FDIC Insured	Balance Uninsured
Cash:				
Demand deposits	\$	74,002	\$	74,002
Investments:				
Certificates of deposit		658,145	500,000	(158,145)
Total	\$	732,147	\$	574,002
				(158,145)
Securities in the name of and held by the Fiscal Agent Pledged to the Village				
			\$	138,847
Uncollateralized				
			\$	(19,298)

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 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 Village that the fiscal agent has failed to pay deposited funds upon demand.

4. RECEIVABLES

Receivables of the Village at June 30, 2013 consist of the following:

Fines	\$	62,141
Sales and insurance premium taxes		4,206
Franchise fees - utility companies		610
Interst		210
Other		919
Total	\$	68,086

5. CAPITAL ASSETS

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2013:
Governmental Activities:

	Balance, June 30, 2012	Increases	Decreases	Balance, June 30, 2013
Capital assets not depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Land and land improvements	14,600	-	-	14,600
Total capital assets not depreciated	14,600	-	-	14,600
Other capital assets:				
Buildings/improvements	339,178	-	-	339,178
Infrastructure	-	-	-	-
Equipment and vehicles	469,448	40,621	20,496	489,573
Total other capital assets	808,626	40,621	20,496	828,751
Less accumulated depreciation:				
Buildings/improvements	93,864	9,459	-	103,323
Infrastructure	-	-	-	-
Equipment and vehicles	317,767	42,528	18,105	342,190
Total accumulated depreciation	411,631	51,987	18,105	445,513
Other capital assets, net	396,995	(11,366)	2,391	383,238
Total	\$ 411,595	\$ (11,366)	\$ 2,391	\$ 397,838

Governmental activities capital assets net of accumulated depreciation at June 30, 2013 are comprised of the following:

General government	\$ 106,075
Public safety	213,603
Streets and highways	26,497
Community development	<u>51,663</u>
	<u>\$ 397,838</u>

Property, plant, and equipment are stated at cost, less an allowance for accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets as follows:

Infrastructure	20-50 Years
Vehicles	5-15 Years
Buildings	40 Years
Equipment	5-15 Years

Capital outlays are reported as expenditures in the governmental funds; however, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. The adjustment from the governmental fund statements to the government-wide statements are summarized as follows:

Primary government:	
Capital Outlay	\$ 40,621
Basis of capital assets sold	(2,391)
Depreciation expense	<u>(51,987)</u>
Total adjustment	<u>\$ (13,757)</u>

Depreciation expense was charged to functions or programs of the Village as follows:

Governmental activities:	
General government	\$ 4,447
Public safety	39,710
Streets and highways	5,319
Community development	<u>2,511</u>
Total depreciation expense - Governmental activities	<u>\$ 51,987</u>

6. COMMITMENTS AND CONTINGENCIES

Grant Programs:

The Village participates in several state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Village has not complied with the rules

and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2013 may be impaired. In the opinion of the Village there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements of such contingencies.

7. RESTRICTED NET ASSETS

The Village has no restricted net position as of June 30, 2013.

8. POST-EMPLOYMENT BENEFITS

The Village does not provide health care, life insurance benefits, or any other post employment benefits for its retirees.

9. LEASES

The Village records assets acquired through capital leases as assets and records the lease as an obligation. The Village had no leases outstanding as of June 30, 2013.

10. PENSION COMMITMENTS

All employees are covered under social security and do not participate in any other form of retirement.

11. RISK MANAGEMENT

The Village is exposed to a variety of risks that may result in losses. These risks include the possible loss from acts of God, injury to employees, property damage, or breach of contract. The Village manages these potential losses through purchasing insurance from several commercial insurance companies. The level of coverage has remained constant. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village. The Village is not a member of a risk pool.

12. LITIGATION

The Village of Baskin, Louisiana is not involved in any litigation.

13. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

In November 2010, the GASB issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASB 60 provides financial reporting guidance for service concession arrangements (SCAs). SCAs are defined as an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This statement is effective for periods beginning after December 15, 2011. The Village does not have SCAs and therefore the adoption of GASB 60 does not have any impact on the Village's financial statements.

In November 2010, the GASB issued Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASB 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This statement is

effective for periods beginning after June 15, 2012. Management has adopted the provisions of this statement for the year ended June 30, 2013.

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. The requirements in this statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source, thereby resulting in a more consistent application of applicable guidance in financial statements of state and local governments. This statement is effective for periods beginning after December 15, 2011. The adoption of GASB 62 does not have any impact on the Village's financial statements.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components: assets, deferred outflows of resources, liabilities and deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

In June 2011, the GASB issued Statement 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*. GASB 64 provides clarification on whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement is effective for periods beginning after June 15, 2011. The adoption of GASB 64 does not have any impact on the Village's current financial statements.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 revises the treatment of a variety of transactions previously reported as either assets or liabilities on the statement of financial position to classification as either deferred outflows of resources or deferred inflows of resources, as required by GASBS No. 63. The Statement also amends the requirements for the determination of major funds. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The adoption of GASB 64 does not have any impact on the Village's current financial statements.

14. SUBSEQUENT EVENTS

The Village of Baskin has evaluated subsequent events through the date that the financial statements were available to be issued, September 11, 2013, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

PART II

Village of Baskin
Baskin, Louisiana

Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Favorable / (Unfavorable)
REVENUES				
Taxes:				
Insurance tax	\$ 8,000	\$ 8,750	\$ 11,158	\$ 2,408
Sales tax	14,000	16,000	16,168	168
Franchise tax	3,300	2,700	2,577	(123)
Licenses and permits	2,750	2,600	2,133	(468)
Fines and forfeitures	375,425	311,566	285,146	(26,420)
Charges for services	1,900	1,700	1,575	(125)
Interest earnings	4,200	4,000	4,620	620
Intergovernmental	30,280	25,398	25,412	14
Sale of capital assets	15,000	15,500	15,500	-
Other Revenues:				
Rent	700	700	575	(125)
Miscellaneous	-	40	540	500
TOTAL REVENUES	<u>455,555</u>	<u>388,954</u>	<u>365,404</u>	<u>(23,550)</u>
EXPENDITURES				
General government	126,860	129,390	87,861	41,529
Public safety	126,439	141,637	143,298	(1,661)
Streets and highways	34,775	39,441	42,319	(2,878)
Community development	2,500	2,325	2,767	(442)
Capital outlay	25,000	20,000	40,621	(20,621)
TOTAL EXPENDITURES	<u>315,574</u>	<u>332,793</u>	<u>316,866</u>	<u>15,927</u>
EXCESS (Deficiency) OF REVENUES				
Over(Under) Expenditures	<u>139,981</u>	<u>56,161</u>	<u>48,538</u>	<u>(7,623)</u>
Operating transfers in	-	-	32	32
Total other financing sources (uses)	-	-	32	32
Net Changes in Fund Balances	<u>139,981</u>	<u>56,161</u>	<u>48,570</u>	<u>(7,591)</u>
FUND BALANCES - June 30, 2012	<u>740,066</u>	<u>740,066</u>	<u>740,066</u>	<u>-</u>
FUND BALANCES - June 30, 2013	<u>\$ 880,047</u>	<u>\$ 796,227</u>	<u>\$ 788,636</u>	<u>\$ (7,591)</u>

See accompanying notes and independent accountant's review report.

**SUPPLEMENTAL INFORMATION
SCHEDULES**

Village of Baskin
Baskin, Louisiana

Schedule of Compensation Paid Councilpersons
For the Year Ended June 30, 2013

<u>Name</u>	<u>Amount</u>
Jean S. Clark - Mayor	12,863
Marie M. Barber - Alderman	1,200
Joseph E. Chase - Alderman	1,200
Larry R. LaBorde - Alderman	1,200
	<u>\$ 16,463</u>

Kenneth D. Folden & Co.

Kenneth D. Folden, CPA
Members
Society of Louisiana
Certified Public Accountants
email: kfolden@foldencpa.com

Certified Public Accountants
302 Eighth Street
Jonesboro, LA 71251
(318) 259-7316
FAX (318) 259-7315

Ted W. Sanderlin, CPA
Members
American Institute of
Certified Public Accountants
email: tsanderlin@foldencpa.com

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Baskin
Baskin, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Village of Baskin and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Baskin's compliance with certain laws and regulations during the year ended June 30, 2013, included in the *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures made during the year for materials and supplies exceeding \$30,000 or for public works exceeding \$150,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of the Village as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the payroll records that listed all employees during the review period.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedures (3) were also included on the listing obtained from management in agreed-upon procedures (2) as immediate family members.

Review of the list of related parties showed transactions with one related party throughout the review period. Chase Electronics, owned by Alderman Joseph Chase's father, was paid \$21,195.28 during the year ended

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget.

6. Trace the budget adoption to the minute book.

We traced the adoption of the budget, for the year ended June 30, 2013, to the minutes of a meeting held on June 12, 2012, which indicated that the budget had been approved by all of the Aldermen. An amendment was passed through an ordinance on June 11, 2013.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

The actual revenues and actual expenses for the year were compared to the budgeted revenues and budgeted expenses. Actual revenues were less than budgeted revenues by 6%. Actual expenditures were less than budgeted expenditures.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

- (a) Trace payments to supporting documentation as to proper amount and payee:

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) Determine if payments were properly coded to the correct fund and general ledger account:

Each disbursement appeared to be coded correctly.

- (c) Determine whether payments received approval from proper authorities:

Inspection of documentation supporting each of the 6 selected disbursements indicated adequate approvals.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Meeting notices, including time and date, are published in the official journal before each meeting as part of the minutes that are published. The Village of Baskin also posts a notice of each meeting and the accompanying agenda on the door of the building where meetings are held. Management has informed us that these documents were properly posted and the meetings were advertised.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or any other indebtedness which have not been approved by the State Bond Commission.

We inspected copies of all bank deposits for the period under examination and noted no deposits that appeared to be proceeds of bank loans, bonds, or other indebtedness that had not been approved by the State Bond Commission.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advances, or gifts.

We noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

Prior Comments and Recommendations

Our report dated June 30, 2012, did not include any comments or unresolved matters.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Village of Baskin and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditors as a public document.

Kenneth D. Folden & Co., CPAs

Kenneth D. Folden & Co., CPAs
Jonesboro, Louisiana
September 11, 2013

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

June 10, 2013

Kenneth D. Folden & Co., CPAs
302 Eighth Street
Jonesboro, Louisiana 71251

In connection with your review of our financial statements as of June 30, 2013 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of 07/25/13 (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [☒] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [☒] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [☒] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [☒] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [☒] No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [☒] No []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [☒] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes [☒] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes ☒ No ☐

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

<u>Merlyn Ritchie</u>	Village Clerk	<u>07/25/13</u>	Date
<u>Jean Clark</u>	Mayor	<u>07/25/13</u>	Date

Kenneth D. Folden & Co.

Kenneth D. Folden, CPA

Certified Public Accountants

Ted W. Sanderlin, CPA

Members
Society of Louisiana
Certified Public Accountants
EMAIL: kfolden@foldencpa.com

302 Eighth Street
Jonesboro, LA 71251
(318) 259-7316
FAX (318) 259-7315

Members
American Institute of
Certified Public Accountants
EMAIL: tsanderlin@foldencpa.com

September 11, 2013

Mayor Jean Clark
And Board of Aldermen
Village of Baskin
Post Office Box 359
Baskin, Louisiana 71219

RE: Management Letter
Review Report – For the Year Ended June 30, 2013

Dear Mayor Clark:

We have performed our review of the Village of Baskin and have applied certain agreed-upon procedures. As part of those procedures, we have the following information to report to you.

- 1) As required by Louisiana Revised Statute 42:1101-1124, immediate family members of the Village's board members and the Village's employees, considered related parties, cannot participate in transactions of substantial economic interest involving the Village. Review of your related parties showed transactions with Chase Electronics, owned by Alderman Joseph Chase's father.
- 2) Louisiana state law requires that a budget be amended whenever actual revenues are less than budgeted revenues by more than five percent. For the year ended June 30, 2013, actual revenues were less than budgeted revenues by six percent and the budget was not amended accordingly.
- 3) Louisiana Revised Statute 39:1225 requires that the amount of security shall at all times be equal to one hundred percent of the amount of collected funds on deposit to the credit of each depositing authority. During the year ended June 30, 2013, the Village of Baskin had deposits in the Citizens Progressive Bank that were not secured by FDIC or pledged securities equal to one hundred percent of those deposits.

Sincerely,

Kenneth D. Folden & Co., CPAs

Kenneth D. Folden & Co., CPAs

VILLAGE OF BASKIN

1325 Highway 15
P.O. Box 359
Baskin, LA 71219
Phone: (318) 248-3700
Fax: (318) 248-2397
Email: baskin@inetsouth.com

PARISH OF FRANKLIN

Jean S. Clark, Mayor

Merlyn Ritchie, Town Clerk



Marie Barber, Alderwoman

Joseph Chase, Alderman

Larry LaBorde, Alderman

September 11, 2013

Louisiana Legislative Auditor
1600 Third Street
Baton Rouge, Louisiana 70804

The following is our response to the management letter issued to us by the firm, Kenneth D. Folden & Co., CPAs for the year ended June 30, 2013.

Management's Corrective Action Plan

- 1) The Village of Baskin will cease transactions with Chase Electronics.
- 2) The budget is reviewed on the accrual basis, but the budget is passed by the Board on the cash basis. If the budget had been reviewed on the cash basis, the revenues would have been more than budgeted revenues. However, we will ensure that in the future the budget will be amended whenever actual revenues or expenditures exceed the five percent variance allowed.
- 3) Pledged securities were increased to protect funds of the Village within three business day after making the deposit at the Citizens Progressive Bank.

Sincerely,

Jean Clark
Mayor, Village of Baskin