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# VILLAGE OF BASKIN
# BASKIN, LOUISIANA

## Annual Financial Statements
## With Independent Auditor's Report
## As of and for the Year Ended June 30, 2005
## With Supplemental Schedules

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 1-4-2006

VILLAGE OF BASKIN, LOUISIANA

Annual Financial Statements
As of and for the Year Ended June 30, 2005

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VILLAGE OF BASKIN, LOUISIANA

Annual Financial Statements
As of and for the Year Ended June 30, 2005

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To the Honorable Jean Clark, Mayor
and the Members of the Board of Alderman
Baskin, Louisiana

I have audited the accompanying basic financial statements of the Village of Baskin, Louisiana, as of and for the year ended June 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the Village of Baskin's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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 basic 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Village of Baskin, Louisiana, as of June 30, 2005, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards,* I have also issued a report dated November 1, 2005, on my consideration of the Village of Baskin's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Management's discussion and analysis, and the other supplementary information on pages 6 through 13 and page 35, respectively, are not a required part of the basic financial statements, but are supplementary information required by the Governmental Auditing Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information and reviewing the source of selected information. However, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Baskin's basic financial statements. The supplemental information schedule listed in the table of contents as Schedule 2 is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Village of Baskin, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Zoe P. Mendoza, APAC

Rayville, Louisiana
November 1, 2005

# Required Supplemental Information (Part I)

## VILLAGE OF BASKIN, LOUISIANA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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 15.

**Financial Highlights**

- Assets of the Village at the close of its fiscal year ended June 30, 2005 exceeded its liabilities by $787,943. 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, 2005.

- The Village received a grant in the amount of $30,000 from the United States Department of Agriculture Community Facilities Program in the prior fiscal year to be used to purchase capital assets for use in the operations of the Village, with a provision that the Village would provide $10,000 in matching funds. As of June 30, 2004 $15,223 has been expended to purchase a tractor and cutter for use in maintenance of the Village's property. The remainder of the grant was used for the acquisition of a new police vehicle and equipment in the current fiscal year.

- The Village was awarded a Community Development Block grant in the amount of $461,184 in the prior fiscal year to replace and improve water lines utilized by the Village and its residents. The Village does not own the water facilities and distribution lines, but the system is the source of water for the Village's fire protection. The purpose of the grant is to upgrade the system to provide an adequate amount of water for fire fighting, and eighteen new fire hydrants will be installed for additional coverage. As of the end of the prior fiscal year, $43,534 had been expended for engineering and planning costs. The Village expended $355,581 of the grant funds for the project in the current fiscal year. The project was substantially complete in April of 2005. The final payments for the project will be made in the fiscal year ending June 30, 2006.

- The Net Assets of the Village increased by $119,328 or 18% over the course of the year's operations. The Village transferred $150,000 into certificates of deposit during the year ended June 30, 2005 and purchased capital assets to be used for public safety and administration in the amount of $43,189.

- The Revenues of the General Fund of the Village exceeded budgeted amounts by $118,039 during the fiscal year and the actual expenditures for the year were $17,109 less than budgeted amounts. This provided a net increase in fund balance of the General Fund of $135,148 over the budgeted increase.

**Overview of the Financial Statements**

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

1. Government-wide Financial Statements
2. Fund Financial Statements
3. 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 Assets (Exhibit A) presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The Statement of Activities (Exhibit B) presents information showing how the Village's net assets changed during the most recent fiscal year. All changes in net assets 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 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 14 through 19 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, used 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.

**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 D) presentation is on a sources and uses of liquid resources basis. 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 maintains three individual governmental funds. Information is presented separately for the General Fund, USDA Fund, and LCDBG Fund, all 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 pages following each statement (see Statements C-1 and D-1). 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, 2005 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 21 through 33 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 assets for the governmental activities of the Village of Baskin as of June 30, 2005 and 2004:

Village of Baskin, Louisiana
Condensed Statement of Net Assets
June 30, 2005 and 2004

| | 2005 | 2004 |
|---|---|---|
| **Assets** | | |
| Current and other assets | $321,393 | $186,047 |
| Restricted Assets | 37 | 25,389 |
| Capital Asset | 477,755 | 468,523 |
| Total Assets | 799,185 | 679,959 |
| **Liabilities** | | |
| Current liabilities | 11,242 | 11,344 |
| **Net assets** | | |
| Invested in capital asset | 477,755 | 468,523 |
| Restricted | 37 | 25,089 |
| Unrestricted | 310,151 | 175,003 |
| **Total net assets** | $787,943 | $668,615 |

The Village's net assets at year end total $787,943. $477,755 or sixty-one percent of the Village's net assets are 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. $37 of the remaining assets of the Village is restricted to be expended in accordance with contractual obligations of the grants which provide the funds for use by the Village of Baskin for specific purposes. The remaining $310,151 of the Village's net assets, referred to as unrestricted, may be used to meet the ongoing obligations of the Village to citizens and creditors.

Following is a summary of the changes in net assets of the governmental activities of the Village of Baskin for the years ended June 30, 2005 and 2004:

Village of Baskin, Louisiana
Condensed Statement of Changes in Net Assets
For the Years Ended June 30, 2005 and 2004

| | 2005 | 2004 |
|---|---|---|
| **Revenues:** | | |
| Program revenues | | |
| Fees, fines and charges for services | $320,173 | $300,540 |
| Operating grants and contribution | 355,306 | 44,470 |
| Capital grants | 15,000 | 30,000 |
| General revenues | | |
| Taxes | 10,187 | 9,099 |
| Permits & licenses | 3,320 | 2,790 |
| Rental & investment earnings | 4,603 | 2,768 |
| Intergovernmental | 556 | 544 |
| Miscellaneous | 200 | 593 |
| Total revenues | 709,345 | 390,804 |
| **Expenses:** | | |
| General Government | 96,619 | 72,898 |
| Public Safety | 491,797 | 185,708 |
| Streets and Parks | 1,601 | 2,901 |
| Total expenses | 590,017 | 261,507 |
| **Increase in Net Assets** | 119,328 | 129,297 |
| **Net Assets**, July 1, 2004 | 668,615 | 539,318 |
| **Net Assets,** June 30, 2005 | $787,943 | $668,615 |

The Village's total revenues were $709,345 and the total cost of all of its programs and services was $590,017 providing an increase in net assets of $119,328 for the year ended June 30, 2005.

## 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 $310,188, an increase of $110,096 over the prior year. A total of $37 of the fund balance is reserved for use in accordance with grant commitments, leaving an unreserved fund balance of $310,151. The total of the unreserved fund balance is in the General Fund. The reserved balance represents the total fund balance of the special revenue funds, which are used to account for grant revenues and expenditures.

## General Fund Budgetary Highlights

There were no amendments to the General Fund Budget during the year ended June 30, 2005. As noted earlier, actual revenues exceeded budgeted amounts by $118,039 and budgeted expenditures exceeded actual amounts by $17,109 creating an overall positive budgetary variance of $135,148. The positive variance in revenues was due primarily to greater than anticipated revenues from fines levied by law enforcement officers.

## Capital Assets

As of June 30, 2005, the Village of Baskin had an investment in capital assets in the amount of $477,755 (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, 2005 to encumber its capital assets. The net increase in the Village's investment in capital assets for the current fiscal year is $9,232 for its governmental activities.

Major capital asset purchases during the year included the acquisition of one police vehicle, a storage building and a fence. The police vehicle was purchased with funds from a USDA Community Facilities Grant.

## Economic Factors and Next Year's Budget

The General Fund budget for the fiscal year ending June 30, 2006 is similar to that of the current year with little change in operating costs for the Village. The Village has applied for a one million dollar LCDGB grant to build a waste-water sewer system which will allow the Village to grow if it is funded.

## 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.

# Basic Financial Statements

**Statement A**

# VILLAGE OF BASKIN, LOUISIANA
# STATEMENT OF NET ASSETS

## June 30, 2005

| | Governmental Activities |
|---|---|
| **Assets** | |
| Cash and Cash Equivalents | $ 79,912 |
| Investments | 227,855 |
| Receivables, Net | 3,918 |
| Prepaid Insurance | 9,708 |
| Restricted Cash & Cash Equivalents | 37 |
| Capital Assets, Net | 477,755 |
| Total Assets | $ 799,185 |
| **Liabilities** | |
| Accounts Payable | 3,479 |
| Accrued Liabilities | 7,763 |
| Total Liabilities | $ 11,242 |
| **Net Assets** | |
| Invested in Capital Assets, Net of Related Debt | 477,755 |
| Restricted for Debt Service | - |
| Restricted for Development | 37 |
| Unrestricted | 310,151 |
| Total Net Assets | $ 787,943 |

The accompanying notes are an integral part of this financial statement.

**Statement B**

# VILLAGE OF BASKIN, LOUISIANA

## STATEMENT OF ACTIVITIES
## For the Year Ended June 30, 2005

| Functions / Programs | Expenses | Program Revenues: Fees, Fines and Charges For Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Assets: Governmental Activities | Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities | Net (Expense) Revenue and Changes in Net Assets: Total |
|---|---|---|---|---|---|---|---|
| Governmental Activities | | | | | | | |
| General Government | $ 96,619 | $ 8,042 | $ - | $ 15,000 | $ (73,577) | - | $ (73,579) |
| Public Safety | 491,797 | 312,131 | 355,306 | - | 175,640 | - | 175,640 |
| Streets and Parks | 1,601 | - | - | - | (1,601) | - | (1,601) |
| Total Governmental Activities | $ 590,017 | $ 320,173 | $ 355,306 | $ 15,000 | 100,462 | - | 100,462 |
| Total Primary Government | $ 590,017 | $ 320,173 | $ 355,306 | $ 15,000 | $ 100,462 | - | $ 100,462 |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Franchise Taxes | | | | | $ 9,746 | - | $ 9,746 |
| Alcoholic Beverage Tax | | | | | 441 | - | 441 |
| Permits & Licenses | | | | | 3,320 | - | 3,320 |
| Rental Income | | | | | 1,475 | - | 1,475 |
| Investment Earnings | | | | | 3,128 | - | 3,128 |
| Intergovernmental | | | | | 556 | - | 556 |
| Miscellaneous | | | | | 200 | - | 200 |
| Total General Revenues and Transfers | | | | | 18,866 | - | 18,866 |
| Change in Net Assets | | | | | 119,328 | - | 119,328 |
| Net Assets - Beginning of the Year | | | | | 668,615 | - | 668,615 |
| Net Assets - End of the Year | | | | | $ 787,943 | - | $ 787,943 |

The accompanying notes are an integral part of this financial statement.

Statement C

## VILLAGE OF BASKIN, LOUISIANA

### BALANCE SHEET
### GOVERNMENTAL FUNDS
### June 30, 2005

| | General Fund | LCDBG Economic Development | USDA Community Facilities | Total |
|---|---|---|---|---|
| ASSETS | | | | |
| Cash and Cash Equivalents | $ 79,912 | $ - | $ - | $ 79,912 |
| Investments | 227,855 | - | - | 227,855 |
| Revenues Receivable | 3,918 | - | - | 3,918 |
| Prepaid Insurance | 9,708 | - | - | 9,708 |
| Restricted Cash & Cash Equivalents | - | 37 | - | 37 |
| TOTAL ASSETS | 321,393 | 37 | - | 321,430 |
| LIABILITIES AND FUND EQUITY: | | | | |
| Liabilities: | | | | |
| Accounts Payable | 3,479 | - | - | 3,479 |
| Accrued Salaries | 4,869 | - | - | 4,869 |
| Accrued Payroll Taxes | 2,894 | - | - | 2,894 |
| TOTAL LIABILITIES | 11,242 | - | - | 11,242 |
| FUND EQUITY | | | | |
| Fund Balances: | | | | |
| Reserved for Fire Protection - Water Line | - | 37 | - | 37 |
| Unreserved - Undesignated | 310,151 | - | - | 310,151 |
| TOTAL FUND EQUITY | 310,151 | 37 | - | 310,188 |
| TOTAL LIABILITIES AND FUND EQUITY | $ 321,393 | $ 37 | - | $ 321,430 |

The accompanying notes are an integral part of this financial statement.

## VILLAGE OF BASKIN, LOUISIANA

## RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS GOVERNMENTAL FUNDS
**For the Year Ended June 30, 2005**

| | |
|---|---|
| Fund Balances - Total Governmental Funds (Statement C) | $ 310,188 |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. | |
| Governmental Capital Assets | 617,613 |
| Less: Accumulated Depreciation | (139,858) |
| Net Assets of Governmental Activities (Statement A) | $ 787.943 |

The accompanying notes are an integral part of this financial statement.

**Statement D**

## VILLAGE OF BASKIN, LOUISIANA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES GOVERNMENTAL FUNDS
### For the Year Ended June 30, 2005

| | General Fund | LCDBG Economic Development | USDA Community Facilities | Total |
|---|---|---|---|---|
| REVENUES | | | | |
| Taxes | $ 10,187 | $ - | $ - | $ 10,187 |
| Franchise Fees | 3,927 | - | - | 3,927 |
| Licenses and Permits | 3,320 | - | - | 3,320 |
| Fines and Forfeitures | 309,482 | - | - | 309,482 |
| Charges for Services | 4,540 | - | - | 4,540 |
| Interest | 3,128 | - | - | 3,128 |
| Intergovernmental | 15,556 | 355,306 | - | 370,862 |
| Miscellaneous | 3,899 | - | - | 3,899 |
| TOTAL REVENUES | $ 354,039 | $ 355,306 | - | $ 709,345 |
| EXPENDITURES | | | | |
| General Government | 89,511 | - | - | 89,511 |
| Public Safety | 110,163 | 355,581 | - | 465,744 |
| Streets & Parks | 805 | - | - | 805 |
| Capital Outlay | 18,412 | - | 24,777 | 43,189 |
| TOTAL EXPENDITURES | $ 218,891 | 355,581 | 24,777 | $ 599,249 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 135,148 | (275) | (24,777) | 110,096 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | - | - | - | - |
| Transfers Out | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | 135,148 | (275) | (24,777) | 110,096 |
| FUND BALANCE - BEGINNING OF THE YEAR | 175,003 | 312 | 24,777 | 200,092 |
| FUND BALANCE - END OF THE YEAR | $ 310,151 | $ 37 | $ - | $ 310,188 |

The accompanying notes are an integral part of this financial statement.

VILLAGE OF BASKIN, 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, 2005**

| | |
|---|---|
| Net Change in Fund Balances - Total Governmental Funds (Statement D) | $ 110,096 |
| 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 exceeded capital outlay in the current period. | |
| Depreciation Expense | (33,957) |
| Capital Outlay | 43,189 |
| Change in net assets of Governmental Activities (Statement B) | $ 119,328 |

The accompanying notes are an integral part of this financial statement.

**VILLAGE OF BASKIN, LOUISIANA**

**Notes to the Financial Statements**
**June 30, 2005**

## 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 248. 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 of soon thereafter

*Statement of Net Assets* - The Schedule of net Assts 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 Assets 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 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 Assets, 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 no 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 are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

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 and the USDA Community Facilities funds are considered major funds for reporting purposes.

Debt Service Funds - Debt Service Funds account for resources set aside to pay interest and principal on long-term dept. 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 proposal 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 8, 2004, the budget was legally enacted through passage of an ordinance.

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.

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, 2005, 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 as assets in the government-wide financial statements to the extent the Village's capitalization threshold is met. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively to 1980. 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 assets - Consists 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.

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

*Fund 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.

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 except for the deviations discussed in Note 1-D. All annual appropriations lapse at fiscal year end. See Note 1-D regarding the adoption of operating budgets.

The Village was in compliance with the Local Budget Act.

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 in compliance with the deposit and investment laws and regulations.

C. Deficit Fund Equity

As of June 30, 2005, 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 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.

As reflected on Statement A, the Village of Baskin, Louisiana has cash totaling $79,949 and investments totaling $227,855 at June 30, 2005. 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 the cash balances, $37 is restricted to be used in accordance with grant contracts.

The following is a summary of cash and investments (bank balances) at June 30, 2005, with the related federal deposit insurance and pledged securities:

| | Confirmed Bank Balances June 30, 2005 | FDIC Insurance | Balance Uninsured |
|---|---|---|---|
| Cash: | | | |
| Demand Deposits | $ 79,949 | $ 79,949 | $ - |
| Interest Bearing Demand Deposits | - | - | - |
| Time Deposits | - | - | - |
| Total Cash | 79,949 | 79,949 | - |
| Investments: | | | |
| Certificates of Deposit | 227,855 | 176,141 | 51,714 |
| Totals | $ 201,554 | $ 175,532 | $ 51,714 |
| Uncollateralized - Securities in the name of and held by the Fiscal Agent Pledged to the Village | | | $ 51,714 |

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, 2005 consist of the following:

| | |
|---|---|
| Charges For Services | $ 1,532 |
| Franchise Fees | 793 |
| Interest | 311 |
| Fines | 633 |
| Total | $ 3,269 |

## 5. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2005:

Governmental Activities:

| | Balance 06/30/04 | Increases | Decreases | Balance 06/30/05 |
|---|---|---|---|---|
| Capital Assets Not Depreciated: | | | | |
| Land and Land Improvements | $ 29,100 | $ - | $ - | $ 29,100 |
| Total Capital Assets Not Being Depreciated | 29,100 | - | - | 29,100 |
| Other Capital Assets: | | | | |
| Buildings / Improvements | 256,802 | - | - | 256,802 |
| Infrastructure | - | - | - | - |
| Machinery, Equipment, and Vehicles | 288,522 | 43,189 | - | 331,711 |
| Total Other Capital Assets | 545,324 | 43,189 | - | 588,513 |
| Less Accumulated Depreciation: | | | | |
| Buildings / Improvements | 31,108 | 6,799 | - | 37,907 |
| Infrastructure | - | - | - | - |
| Machinery, Equipment, and Vehicles | 74,793 | 27,158 | - | 101,951 |
| Total Accumulated Depreciation | 105,901 | 33,957 | - | 139,858 |
| Other Capital Assets, Net | 439,423 | 9,232 | - | 448,655 |
| Totals | $ 468,523 | $ 9,232 | $ - | $ 477,755 |

Governmental activities capital assets net of accumulated depreciation at June 30, 2005 are comprised of the following:

| | |
|---|---|
| General Capital Assets, Net | $ 477,755 |
| Total | $ 477,755 |

Property, plant, and equipment are stated at cost, less and 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 governmental funds to the government-wide statements are summarized as follows:

| | |
|---|---|
| Primary Government: | |
| Capital Outlay | $ 43,189 |
| Depreciation Expense | (33,957) |
| Total Adjustment | $ 9,232 |

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

| | |
|---|---|
| Governmental Activities: | |
| General Government | $ 7,108 |
| Public Safety | 26,053 |
| Streets and Parks | 796 |
| Total Depreciation Expense - Governmental Activities | $ 33,957 |

## 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 collectibility of any related receivable at June 30, 2005 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. Post Employment Benefits

The Village does not provide health care and life insurance benefits for retirees.

## 8. Leases

The Village records assets acquired through capital leases as an asset and records the lease as an obligation. The Village had no leases outstanding as of June 30, 2005.

## 9. Pension Commitments

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

# Required Supplemental Information (Part II)

Schedule 1

## VILLAGE OF BASKIN, LOUISIANA

## BUDGETARY COMPARISON SCHEDULE
## GENERAL FUND
## For the Year Ended June 30, 2005

| | General Fund | | |
|---|---|---|---|
| | Original And Final Budget | Actual (Budgetary Basis) | Variance Favorable (Unfavorable) |
| REVENUES | | | |
| Taxes | $ 9,010 | $ 10,187 | $ 1,177 |
| Franchise Fees | 4,000 | 3,927 | (73) |
| Licenses and Permits | 2,600 | 3,320 | 720 |
| Fines and Forfeitures | 210,000 | 309,482 | 99,482 |
| Charges for Services | 4,500 | 4,540 | 40 |
| Interest | 800 | 3,128 | 2,328 |
| Intergovernmental Revenues | 540 | 15,556 | 15,016 |
| Miscellaneous | 4,550 | 3,899 | (651) |
| TOTAL REVENUES | 236,000 | 354,039 | 118,039 |
| EXPENDITURES | | | |
| General Government | 98,729 | 89,511 | 9,218 |
| Public Safety | 119,271 | 110,163 | 9,108 |
| Streets & Parks | 1,000 | 805 | 195 |
| Capital Outlay | 17,000 | 18,412 | (1,412) |
| TOTAL EXPENDITURES | 236,000 | 218,891 | 17,109 |
| EXCESS OF REVEUES OVER EXPENDITURES | - | 135,148 | 135,148 |
| Other Financing Services (Uses) | | | |
| Transfers Out | - | - | - |
| Excess of Revenues and Other Sources Over Expenditures and Other Uses | - | 135,148 | 135,148 |
| Fund Balance - Beginning of Year | 175,003 | 175,003 | - |
| Fund Balance - End of Year | $ 175,003 | $ 310,151 | $ 135,148 |

# Other Supplemental Schedules (Part III)

**Schedule 2**

## VILLAGE OF BASKIN, LOUISIANA

### SCHEDULE OF COMPENSATION ELECTED OFFICIALS
### For the Year Ended June 30, 2005

| NAME | AMOUNT |
|---|---|
| Jean Clark - Mayor | $ 9,600 |
| Danny Barber - Alderman | 610 |
| Billy Joe Cupp - Alderman | 610 |
| Gloria Lively - Alderman | 610 |
| | $ 11,430 |

# Reports and Schedules Required by *Government Auditing Standards* (Part IV)

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Zoe P. Meeks
Certified Public Accountant

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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

To the Honorable Jean Clark, Mayor
And Members of the Board of Aldermen
Baskin, Louisiana

I have audited the basic financial statements of Village of Baskin, Louisiana, as of and for the year ended June 30, 2005, and have issued my report thereon dated November 1, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Baskin, Louisiana's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.*

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Village of Baskin, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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

Zoe D. Meeks, APAC

November 1, 2005

**Schedule 3**

## VILLAGE OF BASKIN, LOUISIANA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
**For the Year Ended June 30, 2005**

| Federal Grantor/Pass-Through Grantor/Program Name | CFDA Number | Revenue Recognized | Expenditures |
|---|---|---|---|
| United States Department of Agriculture- Rural Development /Community Facilities Grant Program | 10.766 | $ - | $ 24,777 |
| Department of Housing and Urban Development- Community Planning and Development: Community Development Block Grants/ State's Program | 14.228 | 355,306 | 355,581 |
| Total | | $ 355,306 | $ 380,358 |

**Schedule 4**

## VILLAGE OF BASKIN, LOUISIANA

## CURRENT YEAR AUDIT FINDINGS, RECOMMENDATIONS, AND CURRENT ACTION PLAN
**For the Year Ended June 30, 2005**

Internal Control Findings

There are no new findings or recommendations for the current year.

**Schedule 5**

## VILLAGE OF BASKIN, LOUISIANA

## SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
**Year Ended June 30, 2005**

Reference Number:

4-01

Fiscal year Finding Initially Occurred

06/30/2004

Description of Finding:

The size of the Village's accounting and administrative staff precludes certain internal control that would be preferred if the office staff were large enough to provide for adequate segregations of duties. This situation dictates that the Mayor and Board of Aldermen be actively involved in the financial affairs of the Village to provide oversight and review functions.

Recommendation:

I recommended that the Village's Mayor and Board of Aldermen continue to be actively involved in the financial affairs of the Village.

Corrective Action Taken (Yes, No, Partially):

Partially

Planned Corrective Action/Partial Corrective Action Taken:

The Mayor and Board of Aldermen will be active in the review and oversight functions related to the Village's finances.