

**Town of Blanchard
Blanchard, Louisiana
Financial Statement with Auditors' Report
As of and For the Year Ended June 30, 2020**

Town of Blanchard
Blanchard, Louisiana

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Blanchard, Louisiana
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Independent Auditors' Report

The Honorable Jim Galambos, Mayor
and Members of the Town Council
Town of Blanchard
Blanchard, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Blanchard, Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Blanchard, Louisiana, as of June 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 10, the budgetary comparison information on page 45, the Schedule of Proportionate Share of Net Pension Liability on page 46, and the Schedule of Contributions on page 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Blanchard's basic financial statements. The accompanying other supplementary information listed in the table of contents and shown on pages 48 – 52 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020, on our consideration of the Town of Blanchard's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Blanchard's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Blanchard's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
December 17, 2020

TOWN OF BLANCHARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Blanchard's financial performance provides an overview of the Town of Blanchard's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the Town's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- The Town of Blanchard's net position of our governmental activities decreased by \$22,885 or 38%. The Town of Blanchard's net position of our business-type activities increased by \$403,678 or 7%.
- In the Town's governmental activities, total general and program revenues were \$1,124,483 in 2020 compared to \$1,088,245 in 2019. Total expenses, excluding depreciation, totaled \$1,103,138 for the year ended June 30, 2020, compared to \$1,045,096 for 2019.
- In the Town's business-type activities, revenues increased by \$141,789, while expenses decreased by \$76,831.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 11 and 12) provide information about the activities of the Town of Blanchard as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town of Blanchard's operations in more detail than the government-wide statements by providing information about the Town of Blanchard's most significant funds.

Reporting the Town of Blanchard, Louisiana as a Whole

Our analysis of the Town of Blanchard as a whole begins on page 11. One of the most important questions asked about the Town of Blanchard's finances is "Is the Town of Blanchard as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the funds maintained by the Town of Blanchard as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town of Blanchard's *net position* and changes in it. You can think of the Town of Blanchard's net position – as the difference between assets and liabilities – as one way to measure the Town of Blanchard's financial health, or *financial position*. Over time, *increases* or *decreases* in the Town of Blanchard's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, we divide the Town into two kinds of activities:

Governmental activities – Most of the Town's basic services are reported here, including the police, public works, and general administration. Property taxes, franchise fees, sales taxes, and police department fines, and various other revenues finance most of these activities.

Business-type activities – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water and sewer system are reported here.

Reporting the Town's Most Significant Funds

Our analysis of the major funds maintained by the Town of Blanchard begins on page 13. The fund financial statements begin on page 13 and provide detailed information about the most significant funds maintained by the Town of Blanchard – not the Town of Blanchard as a whole. The Town of Blanchard's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

Governmental funds – Most of the Town of Blanchard's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town of Blanchard's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Town of Blanchard's expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

Proprietary funds – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE TOWN OF BLANCHARD AS A WHOLE

The Town of Blanchard's combined net position changed from a year ago, increasing from \$5,573,502 to \$5,954,295. A comparative analysis of the funds maintained by the Town of Blanchard is presented below.

**Table 1
Net Position**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 271,378	\$ 257,670	\$ 4,133,519	\$ 3,529,387	\$4,404,897	\$ 3,787,057
Capital assets	220,443	255,378	17,753,768	18,726,650	17,974,211	18,982,028
Total assets	<u>491,821</u>	<u>513,048</u>	<u>21,887,287</u>	<u>22,256,037</u>	<u>22,379,108</u>	<u>22,769,085</u>
Deferred outflows of resources	196,330	140,832	49,177	67,117	245,507	207,949
Current Liabilities	55,730	102,506	860,872	843,576	916,602	946,082
Long-term liabilities	559,581	437,772	15,159,422	15,967,086	15,719,003	16,404,858
Total liabilities	<u>615,311</u>	<u>540,278</u>	<u>16,020,294</u>	<u>16,810,662</u>	<u>16,635,605</u>	<u>17,350,940</u>
Deferred inflows of resources	34,715	52,592			34,715	52,592
Net position:						
Net investment in capital assets	220,443	212,141	2,935,340	3,162,024	3,155,783	3,374,165
Restricted			1,355,776	1,250,644	1,355,776	1,250,644
Unrestricted	(182,318)	(151,131)	1,625,054	1,099,824	1,442,736	948,693
Total net position	<u>\$ 38,125</u>	<u>\$ 61,010</u>	<u>\$ 5,916,170</u>	<u>\$ 5,512,492</u>	<u>\$5,954,295</u>	<u>\$ 5,573,502</u>

Net position of the Town of Blanchard's governmental activities decreased by \$22,885 or 38%. Net position of the Town of Blanchard's business-type activities increased by \$403,678 or 7%.

Table 2
Change in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 305,747	\$ 351,999	\$ 4,192,564	\$ 3,978,635	\$ 4,498,311	\$ 4,330,634
Capital grants and contributions	9,176	27,500	23,540	125,000	32,716	152,500
Operating grants and contributions	42,057	10,079			42,057	10,079
General revenues:						
Ad valorem taxes	151,628	138,130	101,726	64,696	253,354	202,826
Sales taxes	336,955	279,810			336,955	279,810
Licenses and permits	88,018	93,042			88,018	93,042
Franchise taxes	156,768	164,568			156,768	164,568
Investment earnings		142	2,851	2,627	2,851	2,769
Miscellaneous	34,134	22,975	37,495	45,429	71,629	68,404
Total Revenues	<u>1,124,483</u>	<u>1,088,245</u>	<u>4,358,176</u>	<u>4,216,387</u>	<u>5,482,659</u>	<u>5,304,632</u>
Expenses:						
General government	138,907	167,970			138,907	167,970
Public safety	728,330	648,769			728,330	648,769
Public works	265,101	250,175			265,101	250,175
Culture and Recreation	15,030	12,391			15,030	12,391
Water and Sewer Utility			3,954,498	3,877,667	3,954,498	3,877,667
Total expenses	<u>1,147,368</u>	<u>1,079,305</u>	<u>3,954,498</u>	<u>3,877,667</u>	<u>5,101,866</u>	<u>4,956,972</u>
 Increases (decreases) in net position	 <u>\$ (22,885)</u>	 <u>\$ 8,940</u>	 <u>\$ 403,678</u>	 <u>\$ 338,720</u>	 <u>\$ 380,793</u>	 <u>\$ 347,660</u>

The Town's total revenues increased by 3% or \$178,027. The Town's total expenditures decreased by 3% or \$144,894. Our analysis below separately considers the operations of the governmental and business-type activities.

Governmental Activities

Total revenues for the governmental activities increased \$36,238, from total revenues in the year ended June 30, 2019 of \$1,088,245 to total revenues of \$1,124,483, in the year ended June 30, 2020.

The cost of all governmental activities this year was \$1,147,368. These costs were covered by \$356,980 of program revenues, with the remaining costs covered by property taxes, sales taxes, and other general revenues.

Business-type Activities

Total revenues for the business-type activities increased \$141,789, from total revenues in the year ended June 30, 2019 of \$4,216,387 to total revenues of \$4,358,176, in the year ended June 30, 2020, due to an increase in charges for services from a rate increase.

The cost of all business-type activities this year was \$3,954,498. These costs were covered largely by program revenues of \$4,216,104, consisting of charges for services assessed to users.

THE TOWN'S FUNDS

As the Town completed the year, its governmental funds (as presented in the balance sheet on page 13) reported a *combined* fund balance of \$179,764, which is more than last year's fund balance of \$141,921.

General Fund Budgetary Highlights

The Town adopted a budget for its General Fund for the year ended June 30, 2020. There was one amendment to the budget during the year. The Town's budgetary comparison is presented as required supplementary information and shown on page 45. Highlights for the year are as follows:

- Final actual revenues were more than budgeted revenues in the amount of \$37,552.
- Actual expenditures were more than final budget expenditures in the amount of \$34,295.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2020 and 2019, the Town of Blanchard had invested \$17,974,211 and \$18,982,028, respectively in capital assets. (see table 3 below)

Table 3
Capital Assets At Year End
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Construction in Progress	\$ 2,550	\$ 2,550	\$ 58,679	\$	\$ 61,229	\$ 2,550
Land	2,000	2,000	145,049	145,049	147,049	147,049
Buildings	80,805	86,361			80,805	86,361
Improvements	37,193	35,237			37,193	35,237
Vehicles and equipment	97,895	129,230			97,895	129,230
Administration			197,728	193,326	197,728	193,326
Water equipment			15,255,927	16,141,465	15,255,927	16,141,465
Sewer equipment			2,096,385	2,246,810	2,096,385	2,246,810
Total assets (net)	<u>\$ 220,443</u>	<u>\$ 255,378</u>	<u>\$ 17,753,768</u>	<u>\$ 18,726,650</u>	<u>\$ 17,974,211</u>	<u>\$ 18,982,028</u>

This year's major additions included:

Construction in progress	\$	\$ 58,679
Administration		26,372
Improvements	5,372	
Buildings	3,923	
	<u>\$ 9,295</u>	<u>\$ 85,051</u>

More detailed information about the capital assets are presented in Note 7 to the financial statements.

Debt

At year-end, the Town had \$15,719,003 in bonds, notes, and other long-term liabilities outstanding, versus \$16,404,858 last year, as described below.

Table 4
Outstanding Debt At Year End

	Governmental Activities		Business-type Activities		Total	Total
	2020	2019	2020	2019	2020	2019
Water Revenue Bonds	\$	\$	\$ 13,494,438	\$ 14,162,581	\$ 13,494,438	\$ 14,162,581
Sewer Revenue Bonds			1,373,162	1,469,162	1,373,162	1,469,162
Net Pension Liability	552,257	431,774			552,257	431,774
Compensated absences	7,324	5,998			7,324	5,998
URAF Agreement			291,822	335,343	291,822	335,343
Totals	<u>\$ 559,581</u>	<u>\$ 437,772</u>	<u>\$ 15,159,422</u>	<u>\$ 15,967,086</u>	<u>\$ 15,719,003</u>	<u>\$ 16,404,858</u>

More detailed information about the debt is presented in Note 11 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Town of Blanchard's management considered many factors when setting a fiscal year June 30, 2021 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same. Expenditures for 2021 are expected to remain substantially the same.

It is anticipated that management will consider and monitor the economic uncertainties of COVID-19 and the impact on available financial resources.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Town of Blanchard and to show the Town of Blanchard's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Mayor at P.O. Box 428, Blanchard, LA 71009.

Town of Blanchard
Blanchard, Louisiana
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 214,082	\$ 1,532,139	\$ 1,746,221
Receivables	89,877	480,849	570,726
Prepaid expenses	35,884	88,525	124,409
Restricted assets:			
Cash and cash equivalents		1,963,541	1,963,541
Capital assets, net			
Non-depreciable	4,550	203,728	208,278
Depreciable (net)	215,893	17,550,040	17,765,933
Internal balances	(68,465)	68,465	
Total assets	491,821	21,887,287	22,379,108
Deferred Outflows of Resources			
Deferred loss on refunding Pension related		49,177	49,177
	196,330		196,330
	196,330	49,177	245,507
Liabilities			
Accounts payable and accrued expenses	55,730	253,107	308,837
Payable from restricted assets:			
Customer deposits		607,765	607,765
Non-current liabilities:			
Due within one year	7,324	811,765	819,089
Due in more than one year	552,257	14,347,657	14,899,914
Total liabilities	615,311	16,020,294	16,635,605
Deferred Inflows of Resources			
Pension related	34,715		34,715
	34,715		34,715
Net Position			
Net investment in capital assets	220,443	2,935,340	3,155,783
Restricted:			
Debt service		1,355,776	1,355,776
Unrestricted (deficit)	(182,318)	1,625,054	1,442,736
Total net position	\$ 38,125	\$ 5,916,170	\$ 5,954,295

The accompanying notes are an integral part of this statement.

Town of Blanchard
Blanchard, Louisiana
Statement of Activities
For the Year Ended June 30, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions / Programs:							
Governmental Activities							
General government	\$ 138,907	\$ 13,550	\$	\$ 9,176	(116,181)	\$	\$ (116,181)
Public safety	728,330	59,037	42,057		(627,236)		(627,236)
Public works	265,101	233,160			(31,941)		(31,941)
Culture and recreation	15,030				(15,030)		(15,030)
Total governmental activities	1,147,368	305,747	42,057	9,176	(790,388)		(790,388)
Business-type Activities							
Water	3,517,837	3,873,896		23,540		379,599	379,599
Sewer	436,661	318,668				(117,993)	(117,993)
Total business-type activities	3,954,498	4,192,564		23,540		261,606	261,606
Total Government	\$ 5,101,866	\$ 4,498,311	\$ 42,057	\$ 32,716	(790,388)	261,606	(528,782)
General revenues:							
					151,628	101,726	253,354
					336,955		336,955
					88,018		88,018
					156,768		156,768
						2,851	2,851
					34,134	37,495	71,629
Total general revenues					767,503	142,072	909,575
						(22,885)	380,793
					61,010	5,512,492	5,573,502
					\$ 38,125	\$ 5,916,170	\$ 5,954,295

The accompanying notes are an integral part of this statement.

Town of Blanchard
Blanchard, Louisiana
Balance Sheet
Governmental Fund
June 30, 2020

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 214,082
Receivables	89,877
Total assets	<u>\$ 303,959</u>
Liabilities and Fund Balances	
Liabilities:	
Accounts payable and accrued expenses	\$ 55,730
Due to other funds	68,465
Total liabilities	<u>124,195</u>
Fund balances:	
Unassigned	<u>179,764</u>
Total fund balances	<u>179,764</u>
Total liabilities and fund balances	<u>\$ 303,959</u>

The accompanying notes are an integral part of this statement.

Town of Blanchard
Blanchard, Louisiana
Reconciliation of the Balance Sheet of Governmental Fund
to the Statement of Net Position
June 30, 2020

Fund balances - total governmental fund	\$	179,764
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds</p>		220,443
<p>Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds</p>		
Prepaid insurance		35,884
Deferred outflows - pension related		196,330
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
Compensated absences		(7,324)
Net pension liability		(552,257)
Deferred inflows - pension related		(34,715)
		(594,296)
Net position of governmental activities	\$	38,125

The accompanying notes are an integral part of this statement.

Town of Blanchard
Blanchard, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
For the Year Ended June 30, 2020

	General Fund
Revenues:	
Ad valorem taxes	\$ 151,628
Sales taxes	336,955
Licenses and permits	88,018
Charges for services	246,710
Fines and forfeitures	59,037
Franchise taxes	156,768
Intergovernmental	38,714
Miscellaneous	34,134
Total revenues	1,111,964
Expenditures:	
Current:	
General government	152,069
Public safety	639,564
Public works	265,101
Culture and recreation	8,092
Capital Outlay	9,295
Total expenditures	1,074,121
Excess (deficiency) of revenues over expenditures	37,843
Fund balances at beginning of year	141,921
Fund balances at end of year	\$ 179,764

The accompanying notes are an integral part of this statement.

Town of Blanchard
Blanchard, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2020

Net change in fund balances - total governmental fund \$ 37,843

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$44,230) exceeded capital outlays (\$9,295) in the current period. (34,935)

Revenues that are not available to pay current obligations are not reported in the fund financial statements, but they are presented as revenues in the statement of activities

Non-employer contributions to cost-sharing pension plan 12,519

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Pension expense (59,627)
Prepaid insurance 22,641
Other (1,326)

Change in net position of governmental activities \$ (22,885)

The accompanying notes are an integral part of this statement.

Town of Blanchard
Blanchard, Louisiana
Statement of Net Position
Proprietary Fund
June 30, 2020

	<u>Business-Type Activities- Enterprise Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 1,532,139
Restricted cash and cash equivalents	607,765
Receivables charges for service (net of allowance for uncollectibles)	480,849
Prepaid expenses	88,525
Due from other funds	68,465
Total current assets	<u>2,777,743</u>
Noncurrent assets:	
Restricted cash and cash equivalents	1,355,776
Capital assets:	
Land	145,049
Construction in progress	58,679
Plant and equipment	32,146,284
Less: accumulated depreciation	<u>(14,596,244)</u>
Total noncurrent assets	<u>19,109,544</u>
Total assets	<u>21,887,287</u>
Deferred Outflows of Resources	
Deferred loss on refunding	<u>49,177</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued expenses	253,107
Water revenue bonds	691,594
Sewer revenue bonds	92,000
Current portion of other long term debt	28,171
Payable from restricted assets:	
Customer deposits	607,765
Total current liabilities	<u>1,672,637</u>
Noncurrent liabilities:	
Water revenue bonds	12,802,844
Sewer revenue bonds	1,281,162
Other long-term debt	263,651
Total noncurrent liabilities	<u>14,347,657</u>
Total liabilities	<u>16,020,294</u>
Net Position	
Net investment in capital assets	2,935,340
Restricted for debt service	
Debt service	1,355,776
Unrestricted	1,625,054
Total net position	<u>\$ 5,916,170</u>

The accompanying notes are an integral part of this statement.

Town of Blanchard
 Blanchard, Louisiana
 Statement of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Fund
 For the Year Ended June 30, 2020

	<u>Business-type Activities- Enterprise Fund</u>
Operating revenues:	
Water sales	\$ 3,873,896
Sewerage service charges	318,668
Miscellaneous revenues	37,495
Total operating revenues	<u>4,230,059</u>
Operating expenses:	
Water department expenses	2,171,566
Sewer department expenses	284,942
Depreciation expense	1,055,921
Total operating expenses	<u>3,512,429</u>
Operating income (loss)	<u>717,630</u>
Non-operating revenues (expenses):	
Ad valorem taxes	101,726
Interest income	2,851
Interest expense	(442,069)
Total non-operating revenues (expenses)	<u>(337,492)</u>
Change in net position before contributions	380,138
Capital contributions	<u>23,540</u>
Change in net position	403,678
Net position - beginning of year	<u>5,512,492</u>
Net position - end of year	<u>\$ 5,916,170</u>

The accompanying notes are an integral part of this statement.

Town of Blanchard
Blanchard, Louisiana
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2020

	<u>Business-type Activities- Enterprise Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 4,153,604
Cash payments to suppliers for goods and services	(1,256,721)
Cash payments to employees for services	(1,162,928)
Other receipts (payments)	<u>37,495</u>
Net Cash from Operating Activities	<u>1,771,450</u>
Cash Flows From Non-Capital Financing Activities	
Ad valorem taxes	101,726
Net Cash from Non-capital Financing Activities	<u>101,726</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition/construction of capital assets	(61,511)
Principal paid on capital debt	(771,000)
Interest paid on capital debt	(428,448)
Payment made on other long-term debt	(43,521)
Other receipts (payments)	2,012
Net Cash (used in) Capital and Related Financing Activities	<u>(1,302,468)</u>
Cash Flow From Investing Activities	
Interest income	2,851
Net Cash from Investing Activities	<u>2,851</u>
Net increase in cash and cash equivalents	573,559
Cash, Beginning of year	<u>2,922,121</u>
Cash, End of year	<u>\$ 3,495,680</u>
Cash and cash equivalents are reflected on the Statement of Net Position as follows:	
Cash and cash equivalents	\$ 1,532,139
Cash and cash equivalents - restricted	1,963,541
Total	<u>\$ 3,495,680</u>
Reconciliation of Operating Loss to Net Cash provided (Used) by Operating Activities	
Operating income (loss)	\$ 717,630
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation expense	1,055,921
Accounts receivable	(66,705)
Accounts payable and accrued expenses	727
Due to and from other funds	80,320
Prepaid expenses	(44,188)
Customer deposits	27,745
Net Cash Flows From Operating Activities	<u>\$ 1,771,450</u>
Noncash Capital Financing Activities:	
Acquisition of property	
Acquisition/construction of capital assets	\$ 85,051
Donated infrastructure	(23,540)
Cash used to acquire/construct capital assets	<u>\$ 61,511</u>

The accompanying notes are an integral part of this statement.

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2020

INTRODUCTION

The Town of Blanchard was incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor–Board of Aldermen form of government.

(1) Summary of Significant Accounting Policies

The Town of Blanchard's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town of Blanchard are discussed below.

A. Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of Blanchard is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Town of Blanchard), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the Town of Blanchard are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB established criteria for determining which component units should be considered part of the Town of Blanchard for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Town to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

In addition, the GASB states that a legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if *all* of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2020
(Continued)

2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

In addition, other organizations should be evaluated as potential component units if they are closely related to, or financially integrated with, the primary government. There were no entities that were determined to be component units of the Town of Blanchard.

B. Basic Financial Statements – Government-Wide Statements

The Town of Blanchard's basic financial statements include both government-wide (reporting the funds maintained by the Town of Blanchard as a whole) and fund financial statements (reporting the Town of Blanchard's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's general fund is classified as governmental activities, and the Town's utility fund is classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental activities and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The Town of Blanchard's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town of Blanchard's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function.

Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations of providing water and sewer services. The net costs (by function) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, interest income, etc.).

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2020
(Continued)

This government-wide focus is more on the sustainability of the Town of Blanchard as an entity and the change in the Town of Blanchard's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town of Blanchard are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town of Blanchard:

1. Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Town of Blanchard:
 - a. General fund is the general operating fund of the Town of Blanchard. It is used to account for all financial resources except those required to be accounted for in another fund.
2. Proprietary Funds – the focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the Town:
 - a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of fund category) for the determination of major funds.

The following major funds are presented in the fund financial statements:

General Fund – accounts for all financial resources except those required to be accounted for in another fund.

Enterprise Fund – accounts for the provision of water and sewer services of the Town.

There are no non-major funds for the Town.

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2020
(Continued)

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Budget and Budgetary Accounting

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

1. The Mayor prepares a proposed budget and submits to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2020
(Continued)

7. The budget for the General fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts in the accompanying statements are as originally adopted, or as amended by the Board of Aldermen. There was one amendment to the budget for the year ended June 30, 2020.

F. Cash, Cash Equivalents, and Investments

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

Investments are limited by R.S. 33:2955 and the Town's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, net of interest earned on specific project related debt, during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed.

Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings & improvements	15-30 years
Equipment	5-30 years
Water and sewer systems	10-50 years

In accordance with GASB Statement No. 34, because of the costs involved in retroactively capitalizing infrastructure, the Town has elected an exception for local governments with annual revenues of less than \$10 million and will prospectively capitalize infrastructure from the date of implementation of GASB Statement No. 34 forward and will not retroactively capitalize infrastructure.

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2020
(Continued)

H. Revenues

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed. The Caddo Parish Tax Assessor determines assessed values of property and generates bills for property taxes. The Town mails and collects the taxes. Sales tax revenues are recorded in the period in which the underlying exchange has occurred. Fines, forfeitures, licenses, and permits are recognized in the period they are collected. Interest income on demand and time deposits is recorded when earned. Federal and state grants are recorded when the Town is entitled to the funds.

I. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position invested in capital assets, net investment in capital assets; consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

J. Fund Balance

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the board of alderman (the Town's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the board of aldermen removes those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2020
(Continued)

4. Assigned fund balances are amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Amounts are assigned through the Town's budgetary process.
5. Unassigned fund balance is the residual classification for the Town's general fund and includes all spendable amounts not contained in the other classifications.

When both restricted and unrestricted fund balances are available for use, it is the Town's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

K. Sales Taxes

Proceeds of a 1% sales and use tax levied by the Town of Blanchard, with collections for the year ended June 30, 2020 of \$336,955 were dedicated for operations of the Town's police department.

L. Compensated Absences

Employees are allowed to accumulate 1 day of sick leave per month, up to a maximum of 720 hours. Unused sick leave is forfeited upon cessation of employment. Vacation leave is based on the employee's years of service. Employees must use all vacation during the year in which it is earned, based upon the employee's anniversary date. Unused vacation days earned but not taken during the year will be paid to an employee on their anniversary date.

M. Interfund Activity

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

N. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2020
(Continued)

O. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net assets. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

P. Bad Debts

Uncollectible amounts due for ad valorem taxes, customer's utility receivables, and special assessments are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

Q. Capitalized Interest

The Town capitalizes net interest costs and interest earned as part of the cost of constructing various water and sewer projects when material.

R. Statement of Cash Flows

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

S. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has deferred outflows of resources related to pensions, as well as a deferred charge on refunding reported in the government-wide statement of net position and the statement of net position for proprietary funds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town currently has deferred inflows of resources related to pensions.

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2020
(Continued)

T. Pension Plan

The Town is a participating employer in a cost-sharing, multiple-employer, defined benefit pension plan as described in Note 12. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions for the plans fiduciary net position have been determined on the same basis as they are reported by the plan.

(2) Levied Taxes

Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. State law requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31.

The following is a summary of authorized and levied ad valorem taxes for the year:

	Authorized Millage	Levied Millage	Expiration Date
General	6.51	6.51	N/A
Sewerage System	4.51	4.51	N/A

(3) Cash and Cash Equivalents

At June 30, 2020, the Town has cash and cash equivalents (book balances), totaling \$3,709,762, as detailed below.

A. Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2020 (book balances) totaled \$3,709,762, of which \$1,963,541 is shown as a restricted asset. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

B. Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2020, \$3,033,043 of the Town's bank balances totaling \$3,760,329 were exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's trust department not in the Town's name:	
Cash and cash equivalents	<u>\$ 3,033,043</u>

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2020
(Continued)

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, as amended by GASB Statement 40, 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 clerk that the fiscal agent has failed to pay deposited funds upon demand.

(4) Receivables

The following is a summary of receivables at June 30, 2020:

Class of Receivable		
Governmental activities –		
Property taxes	\$	3,853
Sales taxes		35,760
Franchise taxes		34,664
Licenses and permits		15,600
Total Governmental Activities	\$	<u>89,877</u>
Business-type activities –		
Accounts receivable – water and sewer charges		480,849
Total Business-type Activities	\$	<u>480,849</u>

(5) Restricted Assets

Restricted assets were applicable to the following at June 30, 2020:

	Enterprise Fund
Customer deposits	\$ 607,765
Debt service	1,355,776
	<u>\$ 1,963,541</u>

(6) Deferred Compensation Plan

Certain employees of the Town participate in a 457 Deferred Compensation Plan. The amounts contributed by the Town during the years ended June 30, 2020, 2019, and 2018 were \$7,101, \$8,087 and \$9,161 respectively.

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2020
(Continued)

(7) Capital Assets

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance at 07/01/19	Additions	Deletions	Balance at 6/30/2020
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 2,000	\$	\$	\$ 2,000
Construction in progress	2,550			2,550
Total capital assets, not being depreciated	<u>4,550</u>			<u>4,550</u>
Capital assets, being depreciated:				
Buildings	287,283	3,923		291,206
Improvements	525,251	5,372		530,623
Vehicles and equipment	265,415			265,415
Total capital assets, being depreciated at historical cost	<u>1,077,949</u>	<u>9,295</u>		<u>1,087,244</u>
Less accumulated depreciation:				
Buildings	(200,922)	(9,479)		(210,401)
Improvements	(490,014)	(3,416)		(493,430)
Vehicles and equipment	(136,185)	(31,335)		(167,520)
Total accumulated depreciation	<u>(827,121)</u>	<u>(44,230)</u>		<u>(871,351)</u>
Total capital assets, being depreciated, net	<u>250,828</u>	<u>(34,935)</u>		<u>215,893</u>
Governmental activities capital assets, net	<u>\$ 255,378</u>	<u>\$ (34,935)</u>	<u>\$</u>	<u>\$ 220,443</u>

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2020
(Continued)

	Balance at 07/01/19	Additions	Deletions	Balance at 6/30/2020
<u>Business-type Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 145,049	\$	\$	\$ 145,049
Construction in progress		58,679		58,679
Total capital assets, not being depreciated	145,049	58,679		203,728
Capital assets, being depreciated:				
Administration	673,671	26,372	(29,104)	670,939
Water Equipment	27,305,237			27,305,237
Sewer Equipment	4,192,033		(21,925)	4,170,108
Total capital assets, being depreciated at historical cost	32,170,941	26,372	(51,029)	32,146,284
Less accumulated depreciation:				
Administration	(480,345)	(21,970)	29,104	(473,211)
Water equipment	(11,163,772)	(885,538)		(12,049,310)
Sewer equipment	(1,945,223)	(148,413)	19,913	(2,073,723)
Total accumulated depreciation	(13,589,340)	(1,055,921)	49,017	(14,596,244)
Total capital assets, being depreciated, net	18,581,601	(1,029,549)	(2,012)	17,550,040
Business-type activities capital assets, net	\$ 18,726,650	\$ (970,870)	\$ (2,012)	\$ 17,753,768

Depreciation expense was charged to Governmental and Business-type Activities as follows:

	Governmental Activities	Business -type Activities	Total
General Government:			
General Government	\$ 9,479	\$	\$ 9,479
Public Safety	27,813		27,813
Recreation	6,938		6,938
Water and Sewer		1,055,921	1,055,921
	\$ 44,230	\$ 1,055,921	\$ 1,100,151

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2020
(Continued)

(8) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2020, consisted of the following:

<u>Class of Payable</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 39,218	\$ 58,504	\$ 97,722
Salaries and payroll taxes	14,535	39,284	53,819
Accrued interest		138,287	138,287
Compensated absences	1,977	17,032	19,009
	<u>\$ 55,730</u>	<u>\$ 253,107</u>	<u>\$ 308,837</u>

(9) Customers' Deposits

Deposits held for customers that are currently active on the water system total \$607,765 at June 30, 2020.

(10) Litigation and Claims

At June 30, 2020, the Town is involved several lawsuits. In the opinion of legal counsel for the Town, the outcome of the lawsuits is not presently determinable.

(11) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Other long-term liabilities –					
Net pension liability	\$ 431,774	\$ 120,483	\$	\$ 552,257	\$
Compensated absences	8,026	1,275		9,301	9,301
Total-Governmental activities long-term liabilities	<u>\$ 439,800</u>	<u>\$ 121,758</u>	<u>\$</u>	<u>561,558</u>	<u>9,301</u>
Less amounts due within period of availability				(1,977)	(1,977)
Total long-term liabilities, government-wide statements				<u>\$ 559,581</u>	<u>\$ 7,324</u>

(Continued)

Town of Blanchard
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Notes to Financial Statements
June 30, 2020
(Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-type Activities:					
Direct borrowings and direct placements:					
Water Revenue Bonds Series 2012A	\$ 5,599,927	\$	\$ (318,000)	\$ 5,281,927	\$ 329,000
Sewer Revenue Bonds Series 2013	1,469,162		(96,000)	1,373,162	92,000
Water Revenue Bonds Series 2014	4,921,424		(1,000)	4,920,424	1,000
Water Revenue Bonds Series 2015	2,044,000		(226,000)	1,818,000	234,000
Unamortized discount—Series 2015	<u>(19,770)</u>		<u>6,857</u>	<u>(12,913)</u>	<u>(5,406)</u>
Total direct borrowings and direct placements	14,014,743		(634,143)	13,380,600	650,594
Other Bonds:					
Water Revenue Bonds Series 2010B	<u>1,617,000</u>		<u>(130,000)</u>	<u>1,487,000</u>	<u>133,000</u>
Total other bonds	<u>1,617,000</u>		<u>(130,000)</u>	<u>1,487,000</u>	<u>133,000</u>
Total Revenue bonds	15,631,743		(764,143)	14,867,600	783,594
Other long-term liabilities –					
URAF Agreement	335,343		(43,521)	291,822	28,171
Compensated absences	<u>19,772</u>		<u>(2,740)</u>	<u>17,032</u>	<u>17,032</u>
Total–business-type activities long-term liabilities	<u>\$ 15,986,858</u>	<u>\$</u>	<u>\$ (810,404)</u>	15,176,454	828,797
Less amounts due within period of availability				<u>(17,032)</u>	<u>(17,032)</u>
Total long-term liabilities, government-wide statements				<u>\$ 15,159,422</u>	<u>\$ 811,765</u>

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2020
(Continued)

Payments on water revenue bonds, sewer revenue bonds, and URAF agreement are made from the utility fund. Payments on compensated absences are made by the fund for which the employee worked.

Included as deferred outflows of resources in the Statement of Net Position is a deferred loss on refunding on water revenue bonds in the amount of \$49,177.

Water Revenue Bonds – Series 2010B

\$2,657,000 dated 01/12/10. Due in annual installments of principal and semi-annual installments of interest through March 2030; interest at 2.95%. Payable from income and revenues derived from the waterworks system. \$ 1,487,000

Water Revenue Bonds – Series 2012A

\$8,400,000 dated 08/10/12. Due in annual installments of principal and semi-annual installments of interest through March 2033; interest at 2.95%. Payable from income and revenues derived from the waterworks system. \$ 5,281,927

Water Revenue Bonds – Series 2014

\$4,930,000 dated 8/7/2014. Due in annual installments of principal and semi-annual installments of interest through March 2034; interest at 2.95%. Payable from income and revenues derived from the waterworks system. \$ 4,920,424

Water Revenue Bonds – Series 2015

\$2,895,000 dated 6/23/2015. Due in annual installments of principal and semi-annual installments of interest through March 2027; interest at 3.5%. Payable from income and revenues derived from the waterworks system. \$ 1,818,000

Sewer Revenue Bonds – Series 2013

\$2,000,000 dated 8/15/2013. Due in annual installments of principal and semi-annual installments of interest through March 2034; interest at .45%. Payable from income and revenues derived from the waterworks system. \$ 1,373,162

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2020
(Continued)

The annual requirements to amortize all debt outstanding at June 30, 2020 were as follows:

Business-type Activities – Water Revenue Bonds

<u>Fiscal Year</u>	<u>Direct borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 564,000	\$ 364,600
2022	583,000	346,674
2023	807,000	328,145
2024	836,000	302,963
2025	861,000	276,877
2026 – 2030	4,158,000	990,657
2031 – 2035	4,211,351	323,099
	<u>\$12,020,351</u>	<u>\$ 2,933,015</u>

Business-type Activities – Sewer Revenue Bonds

<u>Fiscal Year</u>	<u>Direct borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 92,000	\$ 6,179
2022	93,000	5,765
2023	94,000	5,347
2024	95,000	4,924
2025	96,000	4,496
2026 – 2030	492,000	15,938
2031 – 2035	411,162	4,651
	<u>\$ 1,373,162</u>	<u>\$ 47,300</u>

Business-type Activities – Water Revenue Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 133,000	\$ 43,867
2022	136,000	39,943
2023	140,000	35,931
2024	143,000	31,801
2025	147,000	27,582
2026 – 2030	788,000	70,859
	<u>\$ 1,487,000</u>	<u>\$ 249,983</u>

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2020
(Continued)

Business-type Activities – URAF Agreement

The Town entered into an agreement (URAF Agreement dated August 18, 2011) with the Louisiana Department of Transportation and Development (DOTD) related to the relocation of utilities for three state projects that had taken place in 1990, 1993, and 2001. The agreement calls for monthly payments by the Town to DOTD, upon execution of the agreement by both parties, beginning on or before January 15 of each consecutive year until the outstanding debt is paid in full. The Town is obligated to submit to DOTD a minimum of ten (10%) of one outstanding URAF debt per year. The 10% shall be calculated on the oldest debt first. Subsequent payments applied to each debt in chronological order. The annual requirements to amortize the URAF debt outstanding at June 30, 2020 were as follows:

<u>Fiscal Year</u>	
2021	\$ 28,171
2022	28,171
2023	28,171
2024	28,171
2025	28,171
2026 – 2030	89,568
2031 – 2035	<u>61,399</u>
	<u>\$ 291,822</u>

(12) Pension Plan

The Municipal Police Employees' Retirement System (System) is a cost-sharing multiple-employer defined benefit plan administered by a separate board of trustees. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana, 70809.

Plan Description

The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2020
(Continued)

Membership Prior to January 1, 2013

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200.00 per month, whichever is greater.

Membership Commencing January 1, 2013

Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent (generally) and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

(Continued)

Town of Blanchard
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Notes to Financial Statements
June 30, 2020
(Continued)

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

Deferred Retirement Option Plan

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is 36 months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional services. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

Initial Benefit Option Plan

In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

Contributions

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2020, total contributions due from employers and employees was 42.50%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 32.50% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 32.50% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 34.25% and 7.5%, respectively. The Town contributions to the System for the years ended June 30, 2020, 2019, and 2018 were \$57,878, \$59,738, and \$46,101, respectively.

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2020
(Continued)

Non-Employer Contributions

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions totaling \$12,519 are recognized as revenue during the year ended June 30, 2020, and excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the Town reported a liability of \$552,257 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on the employer's contributions to the System during the year ended June 30, 2019, as compared to the total of all employers' contributions to the System for the year ended June 30, 2019. At June 30, 2019, the Town's proportion was .0608100%, which was an increase of .00974% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$116,805, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, (\$1,571).

At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,159	\$ 16,990
Changes of assumptions	30,947	
Net difference between projected and actual earnings on pension plan investments	35,879	
Changes in proportion and differences between employer contributions and proportionate share of contributions	72,736	17,725
Employer contributions subsequent to the measurement Date	55,609	
Total	<u>\$ 196,330</u>	<u>\$ 34,715</u>

The Town reported a total of \$55,609 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2019, which will be recognized as a reduction in net pension liability in the year ended June 30, 2021.

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2020
(Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Year	Amount
2021	\$ 55,450
2022	8,924
2023	32,676
2024	8,956
Total	\$ 106,006

Actuarial Methods and Assumptions

The actuarial assumptions used in the June 30, 2019 valuation were based on the assumptions used in the June 30, 2019 actuarial funding valuation, and were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 are as follows:

Valuation Date	June 30, 2019	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	7.125%, net of investment expense	
Expected Remaining Service Lives	2019 – 4 years 2018 – 4 years 2017 – 4 years 2016 – 4 years	
Inflation Rate	2.50%	
	<u>Years of Service</u>	<u>Salary Growth Rate</u>
Salary increases, including inflation and merit	1-2	9.75%
	3 – 23	4.75%
	Over 23	4.25%
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants. RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.	

(Continued)

Town of Blanchard
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Notes to Financial Statements
June 30, 2020
(Continued)

Cost-of-Living Adjustments The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	48.50%	3.28%
Fixed income	33.50%	0.80%
Alternatives	18.00%	1.06%
Other	<u>0.00%</u>	<u>0.00%</u>
Totals	<u>100.00%</u>	<u>5.14%</u>
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Return		<u>7.89%</u>

The discount rate used to measure the total pension liability was 7.125%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2020
(Continued)

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.125%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.125% or one percentage point higher 8.125% than the current rate as of June 30, 2019.

	Changes in Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
	<u>6.125%</u>	<u>7.125%</u>	<u>8.125%</u>
Net Pension Liability	\$769,475	\$552,257	\$370,032

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2020 were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience:

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Differences between Projected and Actual Investment Earnings:

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

Changes of Assumptions or Other Inputs:

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

Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using a the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

Contributions – Proportionate Share

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

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Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2020
(Continued)

Pension Plans Fiduciary Net Positions

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan.

Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 2019. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.lla.la.gov.

(13) Leases

For the year ended June 30, 2020, the Town had two operating leases. Lease payments on the leases for the year ended June 30, 2020 totaled \$2,928. Future minimum lease payments under non-cancelable operating leases are as follows:

Year Ending <u>December 31,</u>	
2021	\$ <u>432</u>

(14) Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

(15) Commitments

In May 2020, the Town signed a contract for improvements to be made to the Library. The estimated costs for the project are approximately \$99,200. Funding for this project is to be provided by a grant in the amount of \$100,000. As of June 30, 2020, approximately \$5,200 had been incurred on this project, with the balance remaining on this project to be incurred subsequent to June 30, 2020.

(16) Uncertainty

As a result of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact financial resources. While the duration on the economic impact is expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2020
(Continued)

(17) Subsequent Events

In November 2020, the Town issued Revenue Bonds Series 2020, in the amount of \$2,300,000. This amount represents the town's participation in the State of Louisiana's Drinking Water Revolving Loan Program. No amounts had been incurred under the contracts as of June 30, 2020. The first drawdown on the approved funds occurred in November 2020 and was equal to \$287,507.81. That amount was for professional services/partial costs of issuance, and constitutes the the only funds received from the Loan Program in 2020. Remaining proceeds will be taken as milestones are met during the construction phase of the approved project.

The proceeds of the bonds will be for the purpose of paying the cost of acquisition, construction and installation of improvements, extensions and replacements to the Town's drinking water system including the physical consolidation of the Bel-Di-Gil Water System. Total costs for Phase One of the project are estimated to be \$2,755,471.

The Caddo Parish Commission has approved additional funding up to \$990,000 to increase the capacity of the project. This is not an additional debt of the Town of Blanchard. Bids awarded for engineering and construction total approximately \$2,590,471. The debt incurred as a result of the town's participation in the State of Louisiana's Loan Program is one-hundred percent (100%) forgivable. All indications are that this loan will be forgiven upon completion of this project.

In December 2020, the Town passed an ordinance authorizing the issuance of not to exceed \$11,600,000 of Water Revenue Refunding Bonds, to refund certain portions of Series 2010B Water Revenue Bonds, Series 2012A Water Revenue Bonds, and Series 2014 Water Revenue Bonds.

In August 2020, the Town ordered a Police vehicle with a cost of \$32,187. The Town is planning to fund the cost of the vehicle with a grant received in the amount of approximately \$20,000, and the remainder from the Town's general fund.

Subsequent events have been evaluated through December 17, 2020, the date the financial statements were available to be issued.

(18) On-behalf Payments

Employees of the Town's police department received a total of \$30,000 in police supplemental from the State of Louisiana. The Town recognizes this supplemental pay received by the employees as revenues and expenditures of the Town. The revenue is reported in the General Fund under intergovernmental revenues and the expenditure is reported as public safety expenditures.

Town of Blanchard
Blanchard, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 151,000	\$ 155,000	\$ 151,628	\$ (3,372)
Sales taxes	300,000	292,000	336,955	44,955
Licenses and permits	92,000	89,800	88,018	(1,782)
Intergovernmental		20,000	9,176	(10,824)
Charges for services	236,400	256,073	246,710	(9,363)
Fines and forfeitures	68,000	50,000	59,037	9,037
Franchise taxes	167,364	164,703	156,768	(7,935)
Investment earnings	20			
Miscellaneous	11,714	17,298	34,134	16,836
Total revenues	1,026,498	1,044,874	1,082,426	37,552
Expenditures:				
Current:				
General government	133,320	115,884	152,069	(36,185)
Public safety	579,000	595,526	610,026	(14,500)
Public works	261,100	269,837	265,101	4,736
Culture and recreation	7,550	5,041	8,092	(3,051)
Capital outlay	38,000	24,000	9,295	14,705
Total expenditures	1,018,970	1,010,288	1,044,583	(34,295)
Excess (deficiency) of revenues over expenditures	7,528	34,586	37,843	3,257
Fund balances at beginning of year	49,545	141,922	141,921	(1)
Fund balances at end of year	\$ 57,073	\$ 176,508	\$ 179,764	\$ 3,256

Town of Blanchard
Blanchard, Louisiana
Schedule of Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2020

Municipal Police Employees' Retirement System

Year Ended June 30	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered-employee payroll	Proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	0.060810%	\$ 552,257	\$ 185,849	297.15%	71.01%
2019	0.051073%	431,774	149,922	288.00%	71.89%
2018	0.055655%	485,892	166,150	292.44%	70.08%
2017	0.04772%	447,308	133,685	334.60%	66.04%
2016	0.04984%	390,452	133,321	292.87%	70.73%
2015	0.03507%	219,420	133,322	164.58%	75.10%

*Amounts presented were determined as of the measurement date (fiscal year ended June 30).

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Town of Blanchard
Blanchard, Louisiana
Schedule of Contributions
June 30, 2020

Municipal Police Employees' Retirement System

<u>Year Ended June 30</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2020	\$ 57,878	\$ 57,878	\$	\$ 178,085	32.50%
2019	59,738	59,738		185,849	32.14%
2018	46,101	46,101		149,922	30.75%
2017	52,752	52,752		166,150	31.75%
2016	39,437	39,437		133,684	29.50%
2015	41,996	41,996		133,322	31.50%

*Amounts presented were determined as of the end of the fiscal year (June 30).

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Town of Blanchard
Blanchard, Louisiana
Schedule of Compensation Paid to Board Members
For the Year Ended June 30, 2020

Mayor - Jim Galambos	\$ 18,000
Aldermen/Alderwomen:	
John Fuller	6,000
Patsy Lee	6,250
Jeffrey Guin	6,000
Judy Presley	6,000
Jimmy Whittington	6,000
	<hr/>
	\$ 48,250
	<hr/> <hr/>

Town of Blanchard
Blanchard, Louisiana
Schedule of Rates - User Fees
For the Year Ended June 30, 2020

	Usage	Base	Per Additional 1,000 Gallons	
WATER	Residential Inside:			
		0-2000 Gallons	\$22.72	N/A
		2,001 Gallons - 10,000		\$4.44
		10,001 - 20,000		\$5.71
		over 20,000		\$6.68
	Residential Outside:			
		0-2000 Gallons	\$36.24	N/A
		2,001 Gallons - 10,000		\$5.63
		10,001 - 20,000		\$7.06
		over 20,000		\$8.08
	Commercial Inside:			
		0-2000 Gallons	\$68.24	N/A
		2,001 Gallons - 10,000		\$4.44
		10,001 - 20,000		\$5.71
		over 20,000		\$6.68
	Commercial Outside:			
	0-2000 Gallons	\$88.14	N/A	
	2,001 Gallons - 10,000		\$5.63	
	10,001 - 20,000		\$7.06	
	over 20,000		\$8.08	
Industrial:				
	0-30,000 Gallons over 30,001	\$193.87	N/A \$8.71	
SEWER	Residential Inside:			
		Flat Rate	\$6.52	N/A
		1,000 - 10,000		\$1.97
		10,001 - 20,000		\$2.61
		20,001 - 30,000		\$3.27
		With cap at 30,000		
	Residential Outside:			
		Flat Rate	\$12.39	N/A
		1,000 - 10,000		\$1.97
		10,001 - 20,000		\$2.61
	20,001 - 30,000		\$3.27	
	With cap at 30,000			

(Continued)

Town of Blanchard
Blanchard, Louisiana
Schedule of Rates - User Fees
For the Year Ended June 30, 2020
(Continued)

Commercial Inside:	Flat Rate	\$19.52	N/A
	1,000 - 10,000		\$1.97
	10,001 - 20,000		\$2.61
	over 20,000		\$3.27
Commercial Outside:	Flat Rate	\$104.05	N/A
	1,000 - 10,000		\$2.03
	10,001 - 20,000		\$2.61
	20,001 and above NO CAP		\$3.27
Industrial Inside:	Flat Rate	\$104.05	N/A
	Per 1,000 gallons NO CAP		\$2.61
Industrial Outside:	Flat Rate	\$104.05	N/A
	Per 1,000 gallons NO CAP		\$2.61

System Users

System users at June 30, 2020 was as follows:

	Number of Customers
Water and sewer customers	1,324
Water customers only	3,354
	<u>4,678</u>

Aggregate Dollar Billed For Services Rendered by the System 7/1/19 - 6/30/20:

Water	\$ 3,729,671
Sewer	<u>309,068</u>
	4,038,739
Users	<u>4,678</u>
Average Monthly Billing Per User:	\$ 72

Town of Blanchard
Blanchard, Louisiana
Schedule of Insurance
June 30, 2020

Company	Type Insurance	Policy Period	Coverage Limits
LMRMA Louisiana Municipal Risk Management Agency	Workers Comp	1/1/2020 to 1/1/2021	100,000 each accident 500,000 policy limit 100,000 each employee
The Charter Oak Fire Insurance Co.	Commercial Gen Liability Law Enforcement Officer Automobile Liability	6/11/2020 to 6/11/2021	500,000 per occurrence 500,000 500,000
The Charter Oak Fire Insurance Co.	Auto Physical Damage	6/11/2020 to 6/11/2021	389,473
EMC Insurance Company	Property, Inland Marine	4/17/2019 to 4/17/2020	18,461,486
EMC Insurance Company	Commercial Crime	4/17/2020 to 4/17/2021	250,000 Blanket per loss 10,000 Theft of money 10,000 Outside Premises 10,000 Computer & funds TNSF fraud
EMC Insurance Company	Cybersolutions	4/17/2020 to 4/17/2021	50,000 Data Compromise, Attack, & Recover
C N A	Employee Dishonesty	3/3/2020 to 3/2/2021	60,000

Town of Blanchard
Blanchard, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2020

<u>Purpose</u>	<u>Amount</u>
Agency Head: Jim Galambos, Mayor	
Salary	\$ 18,000
Cell Phone	905
Reimbursements	1,209

COOK & MOREHART

Certified Public Accountants

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STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards

Independent Auditor's Report

The Honorable Jim Galambos, Mayor
and Members of the Town Council
Town of Blanchard
Blanchard, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities and each major fund of the Town of Blanchard, Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Blanchard's basic financial statements, and have issued our report thereon dated December 17, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Blanchard's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Blanchard's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Blanchard's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Blanchard's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
December 17, 2020

Town of Blanchard
Blanchard, Louisiana
Summary Schedule of Prior Audit Findings for Louisiana Legislative Auditor
June 30, 2020

There was one finding for the prior year audit for the year ended June 30, 2019.

2019-001 Finding - Budget

Condition: Actual expenditures and other financing uses for the General Fund exceeded budgeted expenditures by more than 5%.

Recommendation: We recommend a proper monitoring of budget to actual comparisons throughout the year and that budgets be appropriately amended when actual plus projected expenditures and other financing uses exceed budgeted amounts by more than 5%.

Current status: No finding in the current year.

Summary Schedule of Current Year Audit Findings for Louisiana Legislative Auditor
June 30, 2020

There are no findings for the current year audit for the year ended June 30, 2020.