

**Town of Blanchard  
Blanchard, Louisiana  
Financial Statement with Auditors' Report  
As of and For the Year Ended June 30, 2021**

Town of Blanchard  
Blanchard, Louisiana

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# COOK & MOREHART

*Certified Public Accountants*

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA  
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

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

## 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, 2021, 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, 2021, 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 4 – 11, the budgetary comparison information on page 46, the Schedule of Proportionate Share of Net Pension Liability on page 47, and the Schedule of Contributions on page 48 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*

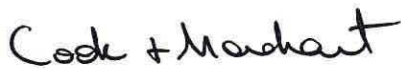
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Blanchard's basic financial statements. The accompanying other supplementary information listed in the table of contents and shown on pages 49-53 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, shown on page 54, is presented for purposes of additional analysis and is also 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.

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. As disclosed in Note 1 to the financial statements, the Town of Blanchard prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. The other supplementary information schedule, Justice System Funding Schedules, shown on page 55, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The schedule is presented to satisfy the requirements of Act 87 of the 2020 Regular Legislative Session (R.S. 24:515.2) and must be presented on the cash basis of accounting which differs significantly from those principles used to present financial statements in accordance with accounting principles generally accepted in the United States of America. 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 Justice System Funding Schedule, shown on page 55, is fairly stated in all material respects, in relation to the 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 29, 2021, 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 29, 2021

## 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, 2021. Please read it in conjunction with the Town's financial statements, which begin on page 12.

#### FINANCIAL HIGHLIGHTS

- The Town of Blanchard's net position of our governmental activities increased by \$291,817 or 765%. The Town of Blanchard's net position of our business-type activities increased by \$1,822,772 or 31%.
- In the Town's governmental activities, total general and program revenues were \$1,415,241 in 2021 compared to \$1,124,483 in 2020. Total expenses, excluding depreciation, totaled \$1,073,815 for the year ended June 30, 2021, compared to \$1,103,138 for 2020.
- In the Town's business-type activities, revenues increased by \$2,051,624, while expenses increased by \$632,530.

#### 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 12 and 13) 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 14. 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 12. 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 14. The fund financial statements begin on page 14 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 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 \$5,954,295 to \$8,068,884. 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	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 520,062	\$ 271,378	\$ 5,554,697	\$ 4,133,519	\$6,074,759	\$ 4,404,897
Capital assets	334,721	220,443	18,674,596	17,753,768	19,009,317	17,974,211
Total assets	<u>854,783</u>	<u>491,821</u>	<u>24,229,293</u>	<u>21,887,287</u>	<u>25,084,076</u>	<u>22,379,108</u>
Deferred outflows of resources	166,850	196,330	10,347	49,177	177,197	245,507
Current Liabilities	106,900	55,730	1,613,979	860,872	1,720,879	916,602
Long-term liabilities	490,996	559,581	14,886,719	15,159,422	15,377,715	15,719,003
Total liabilities	<u>597,896</u>	<u>615,311</u>	<u>16,500,698</u>	<u>16,020,294</u>	<u>17,098,594</u>	<u>16,635,605</u>
Deferred inflows of resources	93,795	34,715			93,795	34,715
Net position:						
Net investment in capital assets	287,621	220,443	3,244,404	2,935,340	3,532,025	3,155,783
Restricted			207,547	1,355,776	207,547	1,355,776
Unrestricted	42,321	(182,318)	4,286,991	1,625,054	4,329,312	1,442,736
Total net position	<u>\$ 329,942</u>	<u>\$ 38,125</u>	<u>\$ 7,738,942</u>	<u>\$ 5,916,170</u>	<u>\$8,068,884</u>	<u>\$ 5,954,295</u>

Net position of the Town of Blanchard's governmental activities increased by \$291,817 or 765%. Net position of the Town of Blanchard's business-type activities increased by \$1,822,772 or 31%.

**Table 2**  
**Change in Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 345,597	\$ 305,747	\$ 4,268,789	\$ 4,192,564	\$ 4,614,386	\$ 4,498,311
Capital grants and contributions	116,077	9,176	2,006,231	23,540	2,122,308	32,716
Operating grants and contributions	49,985	42,057			49,985	42,057
<b>General revenues:</b>						
Ad valorem taxes	151,969	151,628	105,111	101,726	257,080	253,354
Sales taxes	451,625	336,955			451,625	336,955
Licenses and permits	102,108	88,018			102,108	88,018
Franchise taxes	182,212	156,768			182,212	156,768
Investment earnings			1,806	2,851	1,806	2,851
Miscellaneous	15,668	34,134	27,863	37,495	43,531	71,629
<b>Total Revenues</b>	<u>1,415,241</u>	<u>1,124,483</u>	<u>6,409,800</u>	<u>4,358,176</u>	<u>7,825,041</u>	<u>5,482,659</u>
<b>Expenses:</b>						
General government	74,614	138,907			74,614	138,907
Public safety	746,110	728,330			746,110	728,330
Public works	278,627	265,101			278,627	265,101
Culture and Recreation	24,073	15,030			24,073	15,030
Water and Sewer Utility			4,587,028	3,954,498	4,587,028	3,954,498
<b>Total expenses</b>	<u>1,123,424</u>	<u>1,147,368</u>	<u>4,587,028</u>	<u>3,954,498</u>	<u>5,710,452</u>	<u>5,101,866</u>
<b>Increases (decreases) in net position</b>	<u>\$ 291,817</u>	<u>\$ (22,885)</u>	<u>\$ 1,822,772</u>	<u>\$ 403,678</u>	<u>\$ 2,114,589</u>	<u>\$ 380,793</u>

The Town's total revenues increased by 43% or \$2,342,382. The Town's total expenditures increased by 12% or \$608,586. Our analysis below separately considers the operations of the governmental and business-type activities.

### **Governmental Activities**

Total revenues for the governmental activities increased \$290,758, from total revenues in the year ended June 30, 2020 of \$1,124,483 to total revenues of \$1,415,241, in the year ended June 30, 2021.

The cost of all governmental activities this year was \$1,123,424. These costs were covered by \$511,659 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 \$2,051,624, from total revenues in the year ended June 30, 2020 of \$4,358,176 to total revenues of \$6,409,800, in the year ended June 30, 2021, due to an increase in capital grants and contributions.

The cost of all business-type activities this year was \$4,587,028. These costs were covered largely by program revenues of \$6,275,020, consisting of charges for services assessed to users and capital grants and contributions.

## **THE TOWN'S FUNDS**

As the Town completed the year, its governmental funds (as presented in the balance sheet on page 14) reported a *combined* fund balance of \$398,085, which is more than last year's fund balance of \$179,764.

### **General Fund Budgetary Highlights**

The Town adopted a budget for its General Fund for the year ended June 30, 2021. 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 46. Highlights for the year are as follows:

- Final actual revenues were more than budgeted revenues in the amount of \$44,470.
- Actual expenditures were more than final budget expenditures in the amount of \$29,360.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of June 30, 2021 and 2020, the Town of Blanchard had invested \$19,009,317 and \$17,974,211, respectively in capital assets. (see table 3 below)

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

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Construction in Progress	\$ 2,550	\$ 2,550	\$ 1,930,673	\$ 58,679	\$ 1,933,223	\$ 61,229
Land	2,000	2,000	145,049	145,049	147,049	147,049
Buildings	71,326	80,805			71,326	80,805
Improvements	127,494	37,193			127,494	37,193
Vehicles and equipment	131,351	97,895			131,351	97,895
Administration			208,370	197,728	208,370	197,728
Water equipment			14,398,291	15,255,927	14,398,291	15,255,927
Sewer equipment			1,992,213	2,096,385	1,992,213	2,096,385
Total assets (net)	<u>\$ 334,721</u>	<u>\$ 220,443</u>	<u>\$ 18,674,596</u>	<u>\$ 17,753,768</u>	<u>\$ 19,009,317</u>	<u>\$ 17,974,211</u>

This year's major additions included:

Construction in progress	\$	\$ 1,930,673
Administration		38,977
Improvements	94,000	
Vehicles and equipment	69,887	
	<u>\$ 163,887</u>	<u>\$ 1,969,650</u>

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

## Debt

At year-end, the Town had \$15,377,715 in bonds, notes, and other long-term liabilities outstanding, versus \$15,719,003 last year, as described below.

**Table 4**  
**Outstanding Debt At Year End**

	Governmental Activities		Business-type Activities		Total	Total
	2021	2020	2021	2020	2021	2020
Water Revenue Bonds	\$	\$	\$ 13,313,735	\$ 13,494,438	\$ 13,313,735	\$ 13,494,438
Sewer Revenue Bonds			1,281,162	1,373,162	1,281,162	1,373,162
Net Pension Liability	481,137	552,257			481,137	552,257
Compensated absences	9,859	7,324			9,859	7,324
URAF Agreement			291,822	291,822	291,822	291,822
Totals	<u>\$ 490,996</u>	<u>\$ 559,581</u>	<u>\$ 14,886,719</u>	<u>\$ 15,159,422</u>	<u>\$ 15,377,715</u>	<u>\$ 15,719,003</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, 2022 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same. Expenditures for 2022 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, 2021

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 514,390	\$ 3,242,626	\$ 3,757,016
Receivables	119,977	871,470	991,447
Prepaid expenses	15,077	44,922	59,999
Restricted assets:			
Cash and cash equivalents		1,266,297	1,266,297
Capital assets, net			
Non-depreciable	4,550	2,075,722	2,080,272
Depreciable (net)	330,171	16,598,874	16,929,045
Internal balances	(129,382)	129,382	
Total assets	<u>854,783</u>	<u>24,229,293</u>	<u>25,084,076</u>
<b>Deferred Outflows of Resources</b>			
Deferred loss on refunding		10,347	10,347
Pension related	166,850		166,850
Total deferred outflows of resources	<u>166,850</u>	<u>10,347</u>	<u>177,197</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	106,900	987,773	1,094,673
Payable from restricted assets:			
Customer deposits		626,206	626,206
Non-current liabilities:			
Due within one year	9,859	1,029,535	1,039,394
Due in more than one year	481,137	13,857,184	14,338,321
Total liabilities	<u>597,896</u>	<u>16,500,698</u>	<u>17,098,594</u>
<b>Deferred Inflows of Resources</b>			
Pension related	93,795		93,795
<b>Net Position</b>			
Net investment in capital assets	287,621	3,244,404	3,532,025
Restricted:			
Debt service		207,547	207,547
Unrestricted	42,321	4,286,991	4,329,312
Total net position	<u>\$ 329,942</u>	<u>\$ 7,738,942</u>	<u>\$ 8,068,884</u>

The accompanying notes are an integral part of this statement.

Town of Blanchard  
Blanchard, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2021

Functions / Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities</b>							
General government	\$ 74,614	\$	\$	\$	\$ (74,614)	\$	\$ (74,614)
Public safety	746,110	52,757	40,193	20,000	(633,160)		(633,160)
Public works	278,627	292,840			14,213		14,213
Culture and recreation	24,073		9,792	96,077	81,796		81,796
<b>Total governmental activities</b>	<b>1,123,424</b>	<b>345,597</b>	<b>49,985</b>	<b>116,077</b>	<b>(611,765)</b>		<b>(611,765)</b>
<b>Business-type Activities</b>							
Water	4,195,014	3,915,185		2,006,231		1,726,402	1,726,402
Sewer	392,014	353,604				(38,410)	(38,410)
<b>Total business-type activities</b>	<b>4,587,028</b>	<b>4,268,789</b>		<b>2,006,231</b>		<b>1,687,992</b>	<b>1,687,992</b>
<b>Total Government</b>	<b>\$ 5,710,452</b>	<b>\$ 4,614,386</b>	<b>\$ 49,985</b>	<b>\$ 2,122,308</b>	<b>(611,765)</b>	<b>1,687,992</b>	<b>1,076,227</b>
			General revenues:				
					151,969	105,111	257,080
					451,625		451,625
					102,108		102,108
					182,212		182,212
						1,806	1,806
					15,668	27,863	43,531
					<u>903,582</u>	<u>134,780</u>	<u>1,038,362</u>
					291,817	1,822,772	2,114,589
					<u>38,125</u>	<u>5,916,170</u>	<u>5,954,295</u>
					<u>\$ 329,942</u>	<u>\$ 7,738,942</u>	<u>\$ 8,068,884</u>

The accompanying notes are an integral part of this statement.



Town of Blanchard  
Blanchard, Louisiana  
Balance Sheet  
Governmental Fund  
June 30, 2021

	General Fund
<b>Assets</b>	
Cash and cash equivalents	\$ 514,390
Receivables	119,977
Total assets	\$ 634,367
 <b>Liabilities and Fund Balances</b>	
Liabilities:	
Accounts payable and accrued expenses	\$ 106,900
Due to other funds	129,382
Total liabilities	236,282
 Fund balances:	
Unassigned	398,085
Total fund balances	398,085
Total liabilities and fund balances	\$ 634,367

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, 2021

Fund balances - total governmental fund	\$	398,085
<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>		334,721
<p>Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds</p>		
Prepaid insurance		15,077
Deferred outflows - pension related		166,850
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
Compensated absences		(9,859)
Net pension liability		(481,137)
Deferred inflows - pension related		(93,795)
		(584,791)
Net position of governmental activities	\$	329,942

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, 2021

	<u>General Fund</u>
Revenues:	
Ad valorem taxes	\$ 151,969
Sales taxes	451,625
Licenses and permits	102,108
Charges for services	292,840
Fines and forfeitures	52,757
Franchise taxes	182,212
Intergovernmental	154,715
Miscellaneous	15,668
Total revenues	<u>1,403,894</u>
Expenditures:	
Current:	
General government	62,519
Public safety	663,688
Public works	278,627
Culture and recreation	16,852
Capital Outlay	163,887
Total expenditures	<u>1,185,573</u>
Excess (deficiency) of revenues over expenditures	218,321
Fund balances at beginning of year	<u>179,764</u>
Fund balances at end of year	<u><u>\$ 398,085</u></u>

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, 2021

Net change in fund balances - total governmental fund \$ 218,321

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 capital outlays (\$163,887) exceeded depreciation (\$49,609) in the current period. 114,278

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 11,347

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 (28,787)  
Prepaid insurance (20,807)  
Other (2,535)

Change in net position of governmental activities \$ 291,817

The accompanying notes are an integral part of this statement.

Town of Blanchard  
Blanchard, Louisiana  
Statement of Net Position  
Proprietary Fund  
June 30, 2021

	<u>Business-Type Activities- Enterprise Fund</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 3,242,626
Restricted cash and cash equivalents	626,206
Receivables charges for service (net of allowance for uncollectibles)	451,282
Receivables grants	420,188
Prepaid expenses	44,922
Due from other funds	129,382
Total current assets	<u>4,914,606</u>
Noncurrent assets:	
Restricted cash and cash equivalents	640,091
Capital assets:	
Land	145,049
Construction in progress	1,930,673
Plant and equipment	32,243,940
Less: accumulated depreciation	<u>(15,645,066)</u>
Total noncurrent assets	<u>19,314,687</u>
Total assets	<u>24,229,293</u>
Deferred Outflows of Resources	
Deferred loss on refunding	<u>10,347</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and accrued expenses	987,773
Water revenue bonds	864,843
Sewer revenue bonds	93,000
Current portion of other long term debt	71,692
Payable from restricted assets:	
Customer deposits	626,206
Total current liabilities	<u>2,643,514</u>
Noncurrent liabilities:	
Water revenue bonds	12,448,892
Sewer revenue bonds	1,188,162
Other long-term debt	220,130
Total noncurrent liabilities	<u>13,857,184</u>
Total liabilities	<u>16,500,698</u>
<b>Net Position</b>	
Net investment in capital assets	3,244,404
Restricted for debt service	207,547
Unrestricted	4,286,991
Total net position	<u>\$ 7,738,942</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, 2021

	<u>Business-type Activities- Enterprise Fund</u>
Operating revenues:	
Water sales	\$ 3,915,185
Sewerage service charges	353,604
Miscellaneous revenues	27,863
Total operating revenues	<u>4,296,652</u>
Operating expenses:	
Water department expenses	2,855,511
Sewer department expenses	239,718
Depreciation expense	1,048,822
Total operating expenses	<u>4,144,051</u>
Operating income (loss)	<u>152,601</u>
Non-operating revenues (expenses):	
Ad valorem taxes	105,111
Interest income	1,806
Interest expense	(442,977)
Total non-operating revenues (expenses)	<u>(336,060)</u>
Change in net position before contributions	(183,459)
Capital contributions	<u>2,006,231</u>
Change in net position	1,822,772
Net position - beginning of year	<u>5,916,170</u>
Net position - end of year	<u><u>\$ 7,738,942</u></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, 2021

	<u>Business-type Activities- Enterprise Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 4,316,797
Cash payments to suppliers for goods and services	(1,943,901)
Cash payments to employees for services	(1,174,699)
Other receipts (payments)	27,863
Net Cash from Operating Activities	<u>1,226,060</u>
Cash Flows From Non-Capital Financing Activities	
Ad valorem taxes	105,111
Net Cash from Non-capital Financing Activities	<u>105,111</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition/construction of capital assets	(1,124,008)
Principal paid on capital debt	(12,015,354)
Proceeds from capital debt	11,737,242
Interest paid on capital debt	(547,673)
Capital contributions	1,586,043
Other receipts (payments)	44,016
Net Cash (used in) Capital and Related Financing Activities	<u>(319,734)</u>
Cash Flow From Investing Activities	
Interest income	1,806
Net Cash from Investing Activities	<u>1,806</u>
Net increase in cash and cash equivalents	1,013,243
Cash, Beginning of year	<u>3,495,680</u>
Cash, End of year	<u>\$ 4,508,923</u>
Cash and cash equivalents are reflected on the Statement of Net Position as follows:	
Cash and cash equivalents	\$ 3,242,626
Cash and cash equivalents - restricted	1,266,297
Total	<u>\$ 4,508,923</u>
Reconciliation of Operating Loss to Net Cash provided (Used) by Operating Activities	
Operating income (loss)	\$ 152,601
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation expense	1,048,822
Accounts receivable	29,567
Accounts payable and accrued expenses	(6,057)
Due to and from other funds	(60,917)
Prepaid expenses	43,603
Customer deposits	18,441
Net Cash Flows From Operating Activities	<u>\$ 1,226,060</u>
Noncash Capital Financing Activities:	
Acquisition of property	
Acquisition/construction of capital assets	\$ 1,969,650
Accounts payable	(845,642)
Cash used to acquire/construct capital assets	<u>\$ 1,124,008</u>

The accompanying notes are an integral part of this statement.

Town of Blanchard  
Blanchard, Louisiana  
Notes to Financial Statements  
June 30, 2021

## 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, 2021  
(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, 2021  
(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, 2021  
(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, 2021  
(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, 2021.

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, 2021  
(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, 2021  
(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, 2021 of \$451,625 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, 2021  
(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, 2021  
(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	6.40	N/A
Sewerage System	4.51	4.43	N/A

Approximately 11% of the Town's ad valorem taxes are derived from 10 tax payers.

(3) Cash and Cash Equivalents

At June 30, 2021, the Town has cash and cash equivalents (book balances), totaling \$5,023,313, as detailed below.

A. Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2021 (book balances) totaled \$5,023,313, of which \$1,266,297 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, 2021, \$4,317,503 of the Town's bank balances totaling \$5,089,755 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	\$ 4,317,503
Uninsured – no pledged collateral	<u>22,252</u>
	<u>\$ 4,339,755</u>

(Continued)



Town of Blanchard  
Blanchard, Louisiana  
Notes to Financial Statements  
June 30, 2021  
(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, 2021:

Class of Receivable		
Governmental activities –		
Property taxes	\$	2,256
Sales taxes		48,095
Franchise taxes		42,212
Licenses and permits		27,414
Total Governmental Activities	\$	<u>119,977</u>
Business-type activities –		
Grants receivable		420,188
Accounts receivable – water and sewer charges		451,282
Total Business-type Activities	\$	<u>871,470</u>

(5) Restricted Assets

Restricted assets were applicable to the following at June 30, 2021:

	Enterprise Fund
Customer deposits	\$ 626,206
Debt service	207,547
Capital improvements – water system	432,544
	<u>\$ 1,266,297</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, 2021, 2020, and 2019 were \$7,131, \$7,101 and \$8,087 respectively.

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(7) Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance at 07/01/20	Additions	Deletions	Balance at 6/30/2021
<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	4,550			4,550
Capital assets, being depreciated:				
Buildings	291,206			291,206
Improvements	530,623	94,000		624,623
Vehicles and equipment	265,415	69,887		335,302
Total capital assets, being depreciated at historical cost	1,087,244	163,887		1,251,131
Less accumulated depreciation:				
Buildings	(210,401)	(9,479)		(219,880)
Improvements	(493,430)	(3,699)		(497,129)
Vehicles and equipment	(167,520)	(36,431)		(203,951)
Total accumulated depreciation	(871,351)	(49,609)		(920,960)
Total capital assets, being depreciated, net	215,893	114,278		330,171
Governmental activities capital assets, net	\$ 220,443	\$ 114,278	\$	\$ 334,721

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	Balance at 07/01/20	Additions	Deletions	Transfers	Balance at 6/30/2021
<b><u>Business-type Activities:</u></b>					
Capital assets, not being depreciated:					
Land	\$ 145,049	\$	\$	\$	\$ 145,049
Construction in progress	58,679	1,930,673		(58,679)	1,930,673
Total capital assets, not being depreciated	<u>203,728</u>	<u>1,930,673</u>		<u>(58,679)</u>	<u>2,075,722</u>
Capital assets, being depreciated:					
Administration	670,939	38,977			709,916
Water Equipment	27,305,237			13,645	27,318,882
Sewer Equipment	4,170,108			45,034	4,215,142
Total capital assets, being depreciated at historical cost	<u>32,146,284</u>	<u>38,977</u>		<u>58,679</u>	<u>32,243,940</u>
Less accumulated depreciation:					
Administration	(473,211)	(28,335)			(501,546)
Water equipment	(12,049,310)	(871,281)			(12,920,591)
Sewer equipment	(2,073,723)	(149,206)			(2,222,929)
Total accumulated depreciation	<u>(14,596,244)</u>	<u>(1,048,822)</u>			<u>(15,645,066)</u>
Total capital assets, being depreciated, net	<u>17,550,040</u>	<u>(1,009,845)</u>		<u>58,679</u>	<u>16,598,874</u>
Business-type activities capital assets, net	<u>\$ 17,753,768</u>	<u>\$ 920,828</u>	<u>\$</u>	<u>\$</u>	<u>\$ 18,674,596</u>

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	32,908		32,908
Recreation	7,222		7,222
Water and Sewer		1,048,822	1,048,822
	<u>\$ 49,609</u>	<u>\$ 1,048,822</u>	<u>\$ 1,098,431</u>

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(8) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2021, consisted of the following:

<u>Class of Payable</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 95,208	\$ 893,147	\$ 988,355
Salaries and payroll taxes	11,117	37,666	48,783
Accrued interest		33,591	33,591
Compensated absences	575	23,369	23,944
	<u>\$ 106,900</u>	<u>\$ 987,773</u>	<u>\$ 1,094,673</u>

(9) Customers' Deposits

Deposits held for customers that are currently active on the water system total \$626,206 at June 30, 2021.

(10) Litigation and Claims

At June 30, 2021, the Town is involved in one lawsuit. In the opinion of legal counsel for the Town, the outcome of the lawsuit is not presently determinable.

(11) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021, 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	\$ 552,257	\$	\$ 71,120	\$ 481,137	\$
Compensated absences	<u>9,301</u>	<u>1,133</u>	<u></u>	<u>10,434</u>	<u>10,434</u>
Total-Governmental activities long-term liabilities	<u>\$ 561,558</u>	<u>\$ 1,133</u>	<u>\$ 71,120</u>	<u>491,571</u>	<u>10,434</u>
Less amounts due within period of availability				<u>( 575)</u>	<u>( 575)</u>
Total long-term liabilities, government-wide statements				<u>\$ 490,996</u>	<u>\$ 9,859</u>

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	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-type Activities:					
Direct borrowings and direct placements:					
Water Revenue Bonds Series 2012A	\$ 5,281,927	\$	\$ (5,281,927)	\$	\$
Sewer Revenue Bonds Series 2013	1,373,162		(92,000)	1,281,162	93,000
Water Revenue Bonds Series 2014	4,920,424		(4,920,424)		
Excess Revenue Bonds Series 2020		1,382,801	(1,382,801)		
Water Revenue Bonds Series 2015	1,818,000		(234,000)	1,584,000	242,000
Unamortized discount—Series 2015	(12,913)		5,406	(7,507)	(5,406)
Total direct borrowings and direct placements	13,380,600	1,382,801	(11,905,746)	2,857,655	329,594
Other Bonds:					
Water Revenue Bonds Series 2021		11,305,000		11,305,000	595,000
Unamortized premium—Series 2021		432,242		432,242	33,249
Water Revenue Bonds Series 2010B	1,487,000		(1,487,000)		
Total other bonds	1,487,000	11,737,242	(1,487,000)	11,737,242	628,249
Total Revenue bonds	14,867,600	13,120,043	(13,392,746)	14,594,897	957,843
Other long-term liabilities –					
URAF Agreement	291,822			291,822	71,692
Compensated absences	17,032	6,337		23,369	23,369
Total-business-type activities long-term liabilities	\$ 15,176,454	\$13,126,380	\$(13,392,746)	14,910,088	1,052,904
Less amounts due within period of availability				(23,369)	(23,369)
Total long-term liabilities, government-wide statements				\$ 14,886,719	\$ 1,029,535

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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 \$10,347.

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.

\$ 1,584,000

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.

\$ 1,281,162

Water Revenue Refunding Bonds – Series 2021

\$11,305,000 dated 6/9/2021. Due in annual installments of principal and semi-annual installments of interest through March 2034; interest at 2.00%. Payable from income and revenues derived from the waterworks system. Proceeds from the bonds were used to refund outstanding balances in Water Revenue Bonds Series 2012A, Series 2014, and Series 2010B.

\$ 11,305,000

Excess Revenue Bonds – Series 2020

\$2,300,000 dated 11/30/20. Upon the payment of each principal draw by the LDH, without any further action on the part of the department or Town, 100% of the principal amount of each such draw on the loan shall immediately and irrevocably be deemed to be forgiven by the Department, and no interest shall accrue on the principal amount that is so forgiven. Included in capital contributions is \$1,382,801, the amount drawn down and forgiven as of June 30, 2021.

\$

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The annual requirements to amortize all debt outstanding at June 30, 2021 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>
2022	\$ 242,000	\$ 55,440
2023	250,000	46,970
2024	259,000	38,220
2025	268,000	29,155
2026	278,000	19,775
2027 – 2031	<u>287,000</u>	<u>10,045</u>
	<u>\$ 1,584,000</u>	<u>\$ 199,605</u>

<u>Fiscal Year</u>	<u>Other Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 595,000	\$ 164,550
2023	750,000	214,200
2024	765,000	199,200
2025	775,000	183,900
2026	790,000	168,400
2027 – 2031	4,470,000	590,700
2032 – 2036	<u>3,160,000</u>	<u>127,100</u>
	<u>\$11,305,000</u>	<u>\$ 1,648,050</u>

Business-type Activities – Sewer Revenue Bonds

<u>Fiscal Year</u>	<u>Direct borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 93,000	\$ 5,765
2023	94,000	5,347
2024	95,000	4,924
2025	96,000	4,496
2026	97,000	4,064
2027 – 2031	496,000	13,724
2032 – 2036	<u>310,162</u>	<u>2,801</u>
	<u>\$ 1,281,162</u>	<u>\$ 41,121</u>

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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 Town did not receive an invoice to make the required payment for 2021, and therefore did not make the payment. The payment was made on October 19, 2021, and is reflected in the 2022 maturity. The annual requirements to amortize the URAF debt outstanding at June 30, 2021 were as follows:

<u>Fiscal Year</u>	
2022	\$ 71,692
2023	28,171
2024	28,171
2025	28,171
2026	28,171
2027 – 2031	46,048
2032 – 2036	61,398
	<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.

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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.

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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, 2021, 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 33.75% and 7.5%, respectively. The Town contributions to the System for the years ended June 30, 2021, 2020, and 2019 were \$59,192, \$57,878, and \$59,738, respectively.

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**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 \$11,347 are recognized as revenue during the year ended June 30, 2021, 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, 2021, the Town reported a liability of \$481,137 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, as compared to the total of all employers' contributions to the System for the year ended June 30, 2020. At June 30, 2020, the Town's proportion was .052058%, which was a decrease of .00875% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$84,841, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$6,488.

At June 30, 2021, 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	\$	\$ 18,952
Changes of assumptions	11,433	11,874
Net difference between projected and actual earnings on pension plan investments	57,722	
Changes in proportion and differences between employer contributions and proportionate share of contributions	38,503	62,969
Employer contributions subsequent to the measurement Date	<u>59,192</u>	
Total	<u>\$ 166,850</u>	<u>\$ 93,795</u>

The Town reported a total of \$59,192 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020, which will be recognized as a reduction in net pension liability in the year ended June 30, 2022.

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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
2022	\$ (5,781)
2023	15,830
2024	(7,239)
2025	11,053
Total	\$ 13,863

**Actuarial Methods and Assumptions**

The actuarial assumptions used in the June 30, 2020 valuation were based on the assumptions used in the June 30, 2020 actuarial funding valuation and were based on the results of an actuarial experience study for the period of July 1, 2014 through June 30, 2019. 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, 2020 are as follows:

Valuation Date	June 30, 2020	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	6.950%, net of investment expense	
Expected Remaining Service Lives	2020 – 4 years 2019 – 4 years 2018 – 4 years 2017 – 4 years	
Inflation Rate	2.50%	
	<u>Years of Service</u>	<u>Salary Growth Rate</u>
Salary increases, including inflation and merit	1-2	12.3%
	above 2	4.70%
Mortality	For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.	
	For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.	

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For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.

**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 of July 1, 2014 through June 30, 2019, and review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2020 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%	3.08%
Fixed income	33.50%	0.54%
Alternatives	18.00%	1.02%
Other	<u>0.00%</u>	<u>0.00%</u>
Totals	<u>100.00%</u>	<u>4.64%</u>
Inflation		<u>2.55%</u>
Expected Arithmetic Nominal Return		<u>7.19%</u>

The discount rate used to measure the total pension liability was 6.950%. 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.

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**Sensitivity to Changes in Discount Rate**

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.950%, 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 5.95% or one percentage point higher 7.95% than the current rate as of June 30, 2020.

	Changes in Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
	<u>5.950%</u>	<u>6.950%</u>	<u>7.950%</u>
Net Pension Liability	\$675,947	\$481,137	\$318,285

**Change in Net Pension Liability**

The changes in the net pension liability for the year ended June 30, 2021 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.

(Continued)

Town of Blanchard  
Blanchard, Louisiana  
Notes to Financial Statements  
June 30, 2021  
(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, 2020. Access to these reports can be found on the Louisiana Legislative Auditor's website, [www.lila.la.gov](http://www.lila.la.gov).

(13) Leases

For the year ended June 30, 2021, the Town had three operating leases. Lease payments on the leases for the year ended June 30, 2021 totaled \$2,827. Future minimum lease payments under non-cancelable operating leases are as follows:

<u>Year Ending</u> <u>December 31,</u>	
2022	\$ 2,783
2023	2,783
2024	2,783
2025	2,783
2026 and after	<u>102,000</u>
Total	<u>\$ 113,132</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

The Town has commitments for signed engineering and construction contracts of approximately \$2,820,702, related to the Bel-Di-Gil water system improvements. As of June 30, 2021, approximately \$1,901,473 had been incurred on those contracts, with the balance remaining in those contracts to be incurred subsequent to June 30, 2021. Funding for this project is to be provided by a grant in the amount of up to \$990,000, and a forgivable loan in the amount of up to \$2,300,000, through the State of Louisiana's Drinking Water Revolving Loan Program.

(Continued)

Town of Blanchard  
Blanchard, Louisiana  
Notes to Financial Statements  
June 30, 2021  
(Continued)

(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 reasonable estimated at this time.

(17) Subsequent Events

Subsequent events have been evaluated through December 29, 2021, 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 \$28,846 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, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 155,000	\$ 177,000	\$ 151,969	\$ (25,031)
Sales taxes	292,000	453,000	451,625	(1,375)
Licenses and permits	89,800	86,000	102,108	16,108
Intergovernmental	20,000	116,077	154,715	38,638
Charges for services	267,368	294,700	292,840	(1,860)
Fines and forfeitures	50,000	54,000	52,757	(1,243)
Franchise taxes	164,703	161,000	182,212	21,212
Investment earnings				
Miscellaneous	6,003	17,647	15,668	(1,979)
<b>Total revenues</b>	<b>1,044,874</b>	<b>1,359,424</b>	<b>1,403,894</b>	<b>44,470</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	118,454	67,700	62,519	5,181
Public safety	610,786	653,933	663,688	(9,755)
Public works	269,837	276,400	278,627	(2,227)
Culture and recreation	5,041	93,855	16,852	77,003
Capital outlay	38,000	64,325	163,887	(99,562)
<b>Total expenditures</b>	<b>1,042,118</b>	<b>1,156,213</b>	<b>1,185,573</b>	<b>(29,360)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>2,756</b>	<b>203,211</b>	<b>218,321</b>	<b>15,110</b>
<b>Fund balances at beginning of year</b>	<b>234,282</b>	<b>179,764</b>	<b>179,764</b>	
<b>Fund balances at end of year</b>	<b>\$ 237,038</b>	<b>\$ 382,975</b>	<b>\$ 398,085</b>	<b>\$ 15,110</b>

Town of Blanchard  
Blanchard, Louisiana  
Schedule of Proportionate Share of Net Pension Liability  
For the Year Ended June 30, 2021

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
2021	0.052058%	\$ 481,137	\$ 178,085	270.17%	70.94%
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  
For the Year Ended June 30, 2021

Municipal Police Employees' Retirement System

Year Ended June 30	Statutorily Required Contribution	Contributions in relation to the statutorily required contribution	Contribution Deficiency (Excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2021	\$ 59,192	\$ 59,192	\$	\$ 175,931	33.65%
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, 2021

Mayor - Jim Galambos	\$ 18,000
Aldermen/Alderwomen:	
John Fuller	6,000
Patsy Lee	6,300
Jeffrey Guin	6,000
Judy Presley	6,000
Jimmy Whittington	<u>6,000</u>
	<u>\$ 48,300</u>

Town of Blanchard  
Blanchard, Louisiana  
Schedule of Rates - User Fees  
For the Year Ended June 30, 2021

WATER	Usage	Base	Per Additional 1,000 Gallons	
<b>WATER</b>	<b>Residential Inside:</b>	0-2000 Gallons	\$23.36	N/A
		2,001 Gallons - 10,000		\$4.57
		10,001 - 20,000		\$5.87
		over 20,000		\$6.87
	<b>Residential Outside:</b>	0-2000 Gallons	\$37.26	N/A
		2,001 Gallons - 10,000		\$5.79
		10,001 - 20,000		\$7.26
		over 20,000		\$8.31
	<b>Commercial Inside:</b>	0-2000 Gallons	\$70.15	N/A
		2,001 Gallons - 10,000		\$4.57
		10,001 - 20,000		\$5.87
		over 20,000		\$6.87
	<b>Commercial Outside:</b>	0-2000 Gallons	\$90.61	N/A
		2,001 Gallons - 10,000		\$5.79
		10,001 - 20,000		\$7.26
		over 20,000		\$8.31
<b>Industrial:</b>	0-30,000 Gallons	\$199.30	N/A	
	over 30,001		\$8.96	
<b>SEWER</b>	<b>Residential Inside:</b>	Flat Rate	\$6.71	N/A
		1,000 - 10,000		\$2.03
		10,001 - 20,000		\$2.69
		20,001 - 30,000		\$3.37
		With cap at 30,000		
	<b>Residential Outside:</b>	Flat Rate	\$12.74	N/A
		1,000 - 10,000		\$2.03
		10,001 - 20,000		\$2.69
		20,001 - 30,000		\$3.37
		With cap at 30,000		

(Continued)

Town of Blanchard  
Blanchard, Louisiana  
Schedule of Rates - User Fees  
For the Year Ended June 30, 2021  
(Continued)

<b>Commercial Inside:</b>	Flat Rate	\$20.07	N/A
	1,000 - 10,000		\$2.03
	10,001 - 20,000		\$2.69
	over 20,000		\$3.37
<b>Commercial Outside:</b>	Flat Rate	\$106.97	N/A
	1,000 - 10,000		\$2.09
	10,001 - 20,000		\$2.69
	20,001 and above NO CAP		\$3.37
<b>Industrial Inside:</b>	Flat Rate	\$106.97	N/A
	Per 1,000 gallons NO CAP		\$2.69
<b>Industrial Outside:</b>	Flat Rate	\$106.97	N/A
	Per 1,000 gallons NO CAP		\$2.69

System Users

System users at June 30, 2021 was as follows:

	Number of Customers
Water and sewer customers	1,348
Water customers only	3,391
	<u>4,739</u>

Aggregate Dollar Billed For Services Rendered by the System 7/1/20 - 6/30/21:

Water	\$ 3,780,779
Sewer	325,776
	<u>4,106,555</u>
Users	4,739
Average Monthly Billing Per User:	<u>\$ 72</u>

Town of Blanchard  
Blanchard, Louisiana  
Schedule of Insurance  
June 30, 2021

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
		1/1/2021 to 1/1/2022	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
		6/11/2021 to 6/11/2022	500,000
			500,000
The Charter Oak Fire Insurance Co.	Auto Physical Damage	6/11/2020 to 6/11/2021	389,473
		6/11/2021 to 6/11/2022	421,611
EMC Insurance Company	Property, Inland Marine	4/17/2020 to 4/17/2021 4/17/2021 to 4/17/2022	
EMC Insurance Company	Commercial Crime	4/17/2020 to 4/17/2021 4/17/2021 to 4/17/2022	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 4/17/2021 to 4/17/2022	50,000 Data Compromise, Attack, & Recover
C N A	Employee Dishonesty	3/3/2020 to 3/2/2021 3/3/2021 to 3/2/2022	60,000

Town of Blanchard  
Blanchard, Louisiana  
Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the Year Ended June 30, 2021

<u>Purpose</u>	<u>Amount</u>
<b>Agency Head: Jim Galambos, Mayor</b>	
Salary	\$ 18,000
Cell Phone	900
Reimbursements	878



Town of Blanchard  
Blanchard, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

Federal Grantor / Pass-Through Grantor / Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>U.S. Environmental Protection Agency</u>				
Passed through the State of Louisiana, Department of Health and Hospitals Capitalization Grants for Drinking Water State Revolving Fund Cluster Excess Revenue Bonds Series 2020				
	66.468	Series 2020	\$ _____	\$ 1,382,801
Total Capitalization Grants for Drinking Water State Reveolving Fund Cluster			_____	1,382,801
Total Federal Expenditures			\$ _____	\$ 1,382,801

NOTE A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Town of Blanchard under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Town of Blanchard, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Town of Blanchard.

NOTE B: Summary of Significant Accounting Policies

- (1) The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.
- (2) The Town of Blanchard does not utilize an indirect cost rate.

NOTE C: Federal portion of loan balances outstanding at June 30, 2021:

	Series 2020
Funds drawn down 7/1/20 - 6/30/21	\$ 1,382,801
Amount forgiven as of 6/30/21	(1,382,801)
Outstanding loan balance as of 6/30/21	\$ _____

Town of Blanchard  
 Blanchard, Louisiana  
 Other Supplementary Information  
 Justice System Funding Schedule  
 Collecting/Disbursing Schedule  
 As Required by Act 87 of the 2020 Regular Legislative Session  
 For the Year Ended June 30, 2021

	July 2020 - December 2020	January 2021 - June 2021
Cash Basis Presentation		
<b>Beginning Balance of Amounts Collected (i.e. cash on hand)</b>	-	-
<b>Add: Collections</b>		
Criminal Fines - Other	24,588	28,169
Subtotal Collections	24,588	28,169
<b>Less: Disbursements to Governments and Nonprofits</b>		
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund - Criminal Fines - Other	270	225
North Louisiana Criminalistics Laboratory Commission - Criminal Fines - Other	2,770	3,030
State of Louisiana Treasurer - CMIS - Criminal Fines - Other	368	344
Louisiana Supreme Court - Criminal Fines - Other	58	51
Louisiana Commission on Law Enforcement - Criminal Fines - Other	293	341
Louisiana Association of Chiefs of Police - Criminal Fines - Other	248	114
<b>Less: Amounts Retained by Collecting Agency</b>		
Amounts Self-Disbursed to Collecting Agency - Criminal Fines - Other	20,581	24,064
Subtotal Disbursements/Retainage	24,588	28,169
<b>Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)</b>	-	-
<b>Ending Balance of "Partial Payments" Collected but not Disbursed</b>	-	-

**Other Information:**

Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)	-	-
Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service)	-	-

# COOK & MOREHART

*Certified Public Accountants*

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA  
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

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

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

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, 2021, 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 29, 2021.

### **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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001.

## **Town of Blanchard's Response to Finding**

Town of Blanchard's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Town of Blanchard's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

*Cook & Morehart*

Cook & Morehart  
Certified Public Accountants  
December 29, 2021

# COOK & MOREHART

*Certified Public Accountants*

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA  
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415 FAX (318) 222-5441

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

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

### Independent Auditors' Report

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

#### **Report on Compliance for Each Major Federal Program**

We have audited the Town of Blanchard's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Blanchard's major federal programs for the year ended June 30, 2021. The Town of Blanchard's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town of Blanchard's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Blanchard's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Blanchard's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Town of Blanchard complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

Management of the Town of Blanchard is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Blanchard's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Blanchard's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Cook & Morehart  
Certified Public Accountants  
December 29, 2021

Town of Blanchard  
Blanchard, Louisiana  
Summary Schedule of Prior Audit Findings  
June 30, 2021

A single audit was not required for the prior year audit for the year ended June 30, 2020.

Schedule of Finding and Questioned Costs  
June 30, 2021

**A. Summary of Audit Results**

Financial Statements

Type of audit report issued : Unmodified

Internal control over financial reporting :

Material weaknesses identified : \_\_\_\_\_ yes √ no

Significant deficiencies identified : \_\_\_\_\_ yes √ none reported

Noncompliance material to financial  
statements noted :

√ yes \_\_\_\_\_ no

Federal Awards

Internal control over major programs :

Material weaknesses identified : \_\_\_\_\_ yes √ no

Significant deficiencies identified : \_\_\_\_\_ yes √ none reported

Type of auditors' report issued on compliance  
for major federal programs : Unmodified

Any audit findings disclosed that are required to  
be reported in accordance with 2 CFR section  
200.516(a)

\_\_\_\_\_ yes √ no

Identification of major federal programs :

Capitalization Grants for Drinking Water  
State Revolving Fund Cluster FAL #66.468

Dollar threshold used to distinguish between  
type A and type B programs : \$750,000

Auditee qualified as low risk : \_\_\_\_\_ yes √ no

**B. Findings – Financial Statements Audit:**

*Finding:* During our audit, we noted that the Town had uninsured cash balances at one financial institution totaling approximately \$22,252 as of June 30, 2021.

(Continued)

Town of Blanchard  
Blanchard, Louisiana  
Schedule of Finding and Questioned Costs  
June 30, 2021  
(Continued)

*Criteria:* State law requires that the deposits of the Town (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

*Cause:* Bank balances at one financial institution increased to over the federal deposit insurance limit during the fiscal year ended June 30, 2021.

*Effect:* Cash balances totaling approximately \$22,252 were insured as of June 30, 2021.

*Recommendation:* We recommend that the Town implement procedures for monitoring bank balances at each financial institution to ensure funds are appropriately secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank at all times.

*Management Response:* Management will implement procedures for monitoring bank balances at each financial institution to ensure funds are appropriately secured or collateralized at all times.

C. Findings and Questioned Costs – Major Federal Award Programs Audit: None



Town of Blanchard  
Blanchard, Louisiana  
Summary Schedule of Prior Audit Findings for Louisiana Legislative Auditor  
June 30, 2021

There were no findings for the prior year audit for the year ended June 30, 2020.

Summary Schedule of Current Year Audit Findings for Louisiana Legislative Auditor  
June 30, 2021

There is one finding for the current year audit for the year ended June 30, 2021, as described in the accompanying Schedule of Findings and Questioned Costs.



# TOWN OF BLANCHARD

*Aldermen:*  
John Fuller  
Jeff Guin  
Jimmy Whittington

*Alderwomen:*  
Patsy Lee  
Judy Presley

*Jim Galambos, Mayor*  
110 Main St. P.O. Box 428  
Phone 318-929-7593 Fax 318-929-2447  
BLANCHARD, LOUISIANA 71009  
[www.townofblanchard.us](http://www.townofblanchard.us)

*Chief of Police*  
Gary Presswood

*Town Clerk*  
Candy Foshee

## CORRECTIVE ACTION PLAN

December 29, 2021

Town of Blanchard respectfully submits the following corrective action plan for the year ended June 30, 2021.

Name and address of independent public accounting firm:

Cook & Morehart, CPAs  
1215 Hawn Ave  
Shreveport, LA 71107

Audit period: Year ended June 30, 2021

The finding from the June 30, 2021 schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

### FINDING – FINANCIAL STATEMENT AUDIT

#### 2021-001 Finding – Uninsured Cash Balances

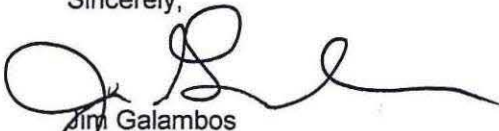
*Recommendation:* We recommend that the Town implement procedures for monitoring bank balances at each financial institution to ensure funds are appropriately secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank at all times.

*Action Taken:* Management will implement procedures for monitoring bank balances at each financial institution to ensure funds are appropriately secured or collateralized at all times.

### FINDINGS – FEDERAL AWARD PROGRAMS AUDIT – None.

If additional information is needed, please contact me at 318-929-7593.

Sincerely,



Jim Galambos  
Mayor