

**Town of Blanchard
Blanchard, Louisiana
Financial Statement with Auditors' Report
As of and For the Year Ended June 30, 2023**

Town of Blanchard
Blanchard, Louisiana

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Blanchard, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Blanchard's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Blanchard and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Blanchard's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Blanchard's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Blanchard's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 – 11 and 47, the schedule of proportionate share of net pension liability on page 48, and the schedule of contributions on page 49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary 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 50 - 54 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 56, is presented for purposes of additional analysis and is also not a required part of the basic financial statements. Such 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. 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 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 Schedule, shown on page 55, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This 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 GAAS. Such 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. The 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 GAAS. 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 27, 2023, 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 27, 2023

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, 2023. 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 \$254,706 or 44%. The Town of Blanchard's net position of our business-type activities increased by \$2,974,786 or 31%.
- In the Town's governmental activities, total general and program revenues were \$1,730,775 in 2023 compared to \$1,392,618 in 2022. Total expenses, excluding depreciation, totaled \$1,415,984 for the year ended June 30, 2023, compared to \$1,086,708 for 2022.
- In the Town's business-type activities, revenues increased by \$1,515,630, while expenses increased by \$390,616.

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 \$10,086,853 to \$13,289,345. 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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 996,084	\$ 670,784	\$ 7,131,373	\$ 6,086,837	\$ 8,127,457	\$ 6,757,621
Capital assets	309,765	325,284	20,361,327	18,868,374	20,671,092	19,193,658
Total assets	<u>1,305,849</u>	<u>996,068</u>	<u>27,492,700</u>	<u>24,955,211</u>	<u>28,798,549</u>	<u>25,951,279</u>
Deferred outflows of resources	<u>323,687</u>	<u>153,578</u>			<u>323,687</u>	<u>153,578</u>
Current Liabilities	59,634	58,704	2,363,589	1,505,573	2,423,223	1,564,277
Long-term liabilities	711,761	318,748	12,668,829	13,937,142	13,380,590	14,255,890
Total liabilities	<u>771,395</u>	<u>377,452</u>	<u>15,032,418</u>	<u>15,442,715</u>	<u>15,803,813</u>	<u>15,820,167</u>
Deferred inflows of resources	<u>29,078</u>	<u>197,837</u>			<u>29,078</u>	<u>197,837</u>
Net position:						
Net investment in capital assets	308,144	322,142	7,575,491	5,179,535	7,883,635	5,501,677
Restricted			576,002	543,023	576,002	543,023
Unrestricted	<u>520,919</u>	<u>252,215</u>	<u>4,308,789</u>	<u>3,789,938</u>	<u>4,829,708</u>	<u>4,042,153</u>
Total net position	<u>\$ 829,063</u>	<u>\$ 574,357</u>	<u>\$ 12,460,282</u>	<u>\$ 9,512,496</u>	<u>\$ 13,289,345</u>	<u>\$ 10,086,853</u>

Net position of the Town of Blanchard's governmental activities increased by \$254,706 or 44%. Net position of the Town of Blanchard's business-type activities increased by \$2,947,786 or 31%.

Table 2
Change in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 527,991	\$ 365,918	\$ 5,253,289	\$ 4,548,316	\$ 5,781,280	\$ 4,914,234
Capital grants and contributions			2,495,980	1,159,208	2,495,980	1,159,208
Operating grants and contributions	60,608	118,500			60,608	118,500
General revenues:						
Ad valorem taxes	175,871	165,189	119,181	112,451	295,052	277,640
Sales taxes	680,159	512,221			680,159	512,221
Franchise taxes	226,249	209,963			226,249	209,963
Investment earnings		133	2,115	1,653	2,115	1,786
Miscellaneous	59,897	20,694	54,865	54,947	114,762	75,641
Total Revenues	<u>1,730,775</u>	<u>1,392,618</u>	<u>7,925,430</u>	<u>5,876,575</u>	<u>9,656,205</u>	<u>7,269,193</u>
Expenses:						
General government	107,075	91,026			107,075	91,026
Public safety	1,009,982	729,474			1,009,982	729,474
Public works	325,744	296,207			325,744	296,207
Culture and Recreation	33,268	31,496			33,268	31,496
Water and Sewer Utility			4,977,644	4,587,028	4,977,644	4,587,028
Total expenses	<u>1,476,069</u>	<u>1,148,203</u>	<u>4,977,644</u>	<u>4,587,028</u>	<u>6,453,713</u>	<u>5,735,231</u>
Increases (decreases) in net position	<u>\$ 254,706</u>	<u>\$ 244,415</u>	<u>\$ 2,947,786</u>	<u>\$ 1,289,547</u>	<u>\$ 3,202,492</u>	<u>\$ 1,533,962</u>

The Town's total revenues increased by 32% or \$2,387,012. The Town's total expenditures increased by 12% or \$718,482. Our analysis below separately considers the operations of the governmental and business-type activities.

Governmental Activities

Total revenues for the governmental activities increased \$338,157, from total revenues in the year ended June 30, 2022 of \$1,392,618 to total revenues of \$1,730,775, in the year ended June 30, 2023, due in large part to increased charges for services.

The cost of all governmental activities this year was \$1,476,069. These costs were covered by \$469,915 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 \$2,048,855, from total revenues in the year ended June 30, 2022 of \$5,876,575 to total revenues of \$7,925,430, in the year ended June 30, 2023, due to a increase in capital grants and contributions and increased charges for services.

The cost of all business-type activities this year was \$4,977,644. These costs were covered largely by program revenues of \$7,749,269, 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 \$892,083, which is more than last year's fund balance of \$560,383.

General Fund Budgetary Highlights

The Town adopted a budget for its General Fund for the year ended June 30, 2023. 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 47. Highlights for the year are as follows:

- Final actual revenues were less than budgeted revenues in the amount of \$67,081.
- Actual expenditures were less than final budget expenditures in the amount of \$33,501.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023 and 2022, the Town of Blanchard had invested \$20,671,092 and \$19,193,658, respectively, in capital assets. (see table 3 below)

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

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Contruction in Progress	\$ 2,550	\$ 2,550	\$ 1,061,705	\$ 2,598,861	\$ 1,064,255	\$ 2,601,411
Land	49,426	49,426	145,049	145,049	194,475	194,475
Buildings	51,899	61,847			51,899	61,847
Improvements	104,644	117,834			104,644	117,834
Vehicles and equipment	99,663	90,500			99,663	90,500
Leased assets	1,583	3,127	48,765	49,326	50,348	52,453
Administration			151,828	180,102	151,828	180,102
Water equipment			17,255,570	14,050,772	17,255,570	14,050,772
Sewer equipment			1,698,410	1,844,264	1,698,410	1,844,264
Total assets (net)	<u>\$ 309,765</u>	<u>\$ 325,284</u>	<u>\$ 20,361,327</u>	<u>\$ 18,868,374</u>	<u>\$ 20,671,092</u>	<u>\$ 19,193,658</u>

This year's major additions included:

Construction in progress	\$	\$ 704,437
Water equipment		1,828,745
Administration		
Vehicles and Equipment	44,566	
Leased Assets		
	<u>\$ 44,566</u>	<u>\$ 2,533,182</u>

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

Debt

At year-end, the Town had \$13,380,590 in bonds, notes, and other long-term liabilities outstanding, versus \$14,255,890 last year, as described below.

Table 4
Outstanding Debt At Year End

	Governmental Activities		Business-type Activities		Total	Total
	2023	2022	2023	2022	2023	2022
Water Revenue Bonds \$		\$	\$ 11,417,744	\$ 12,450,993	\$ 11,417,744	\$ 12,450,993
Sewer Revenue Bonds			1,094,162	1,188,162	1,094,162	1,188,162
Net Pension Liability	708,379	307,397			708,379	307,397
Compensated absence:	1,760	8,209			1,760	8,209
Leased assets	1,622	3,142	49,478	49,685	51,100	52,827
URAF Agreement			107,445	248,302	107,445	248,302
Totals	<u>\$ 711,761</u>	<u>\$ 318,748</u>	<u>\$ 12,668,829</u>	<u>\$ 13,937,142</u>	<u>\$ 13,380,590</u>	<u>\$ 14,255,890</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, 2024 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same. Expenditures for 2024 are expected to remain substantially the same.

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, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 889,428	\$ 4,991,993	\$ 5,881,421
Receivables	116,576	696,548	813,124
Prepaid expenses	44,367	66,247	110,614
Restricted assets:			
Cash and cash equivalents		1,322,298	1,322,298
Capital assets not being depreciated	51,976	1,206,754	1,258,730
Capital assets, net	257,789	19,154,573	19,412,362
Internal balances	(54,287)	54,287	
Total assets	<u>1,305,849</u>	<u>27,492,700</u>	<u>28,798,549</u>
 Deferred Outflows of Resources			
Pension related	<u>323,687</u>		<u>323,687</u>
 Liabilities			
Accounts payable and accrued expenses	59,634	454,065	513,699
Payable from restricted assets:			
Customer deposits		746,296	746,296
Unearned revenue		1,163,228	1,163,228
Non-current liabilities:			
Due within one year	3,310	1,167,808	1,171,118
Due in more than one year	708,451	11,501,021	12,209,472
Total liabilities	<u>771,395</u>	<u>15,032,418</u>	<u>15,803,813</u>
 Deferred Inflows of Resources			
Pension related	<u>29,078</u>		<u>29,078</u>
 Net Position			
Net investment in capital assets	308,144	7,575,491	7,883,635
Restricted:			
Debt service		576,002	576,002
Unrestricted	520,919	4,308,789	4,829,708
Total net position	<u>\$ 829,063</u>	<u>\$ 12,460,282</u>	<u>\$ 13,289,345</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, 2023

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating	Capital	Governmental	Business-type	
	Expenses	Services	Grants and	Grants and	Activities	Activities	Total
Functions / Programs:							
Governmental Activities							
General government	\$ 107,075	\$ 124,534	\$	\$	\$ 17,459	\$	\$ 17,459
Public safety	1,009,982	128,362	50,816		(830,804)		(830,804)
Public works	325,744	275,095			(50,649)		(50,649)
Culture and recreation	33,268		9,792		(23,476)		(23,476)
Total governmental activities	1,476,069	527,991	60,608		(887,470)		(887,470)
Business-type Activities							
Water	4,308,917	4,902,854		2,495,980		3,089,917	3,089,917
Sewer	668,727	350,435				(318,292)	(318,292)
Total business-type activities	4,977,644	5,253,289		2,495,980		2,771,625	2,771,625
Total Government	<u>\$ 6,453,713</u>	<u>\$ 5,781,280</u>	<u>\$ 60,608</u>	<u>\$ 2,495,980</u>	<u>(887,470)</u>	<u>2,771,625</u>	<u>1,884,155</u>
General revenues:							
					175,871	119,181	295,052
					680,159		680,159
					226,249		226,249
						2,115	2,115
					59,897	54,865	114,762
Total general revenues					<u>1,142,176</u>	<u>176,161</u>	<u>1,318,337</u>
Change in net position					254,706	2,947,786	3,202,492
Net position - beginning					<u>574,357</u>	<u>9,512,496</u>	<u>10,086,853</u>
Net position - ending					<u>\$ 829,063</u>	<u>\$ 12,460,282</u>	<u>\$ 13,289,345</u>

The accompanying notes are an integral part of this statement.

Town of Blanchard
Blanchard, Louisiana
Balance Sheet
Governmental Fund
June 30, 2023

	General Fund
Assets	
Cash and cash equivalents	\$ 889,428
Receivables	116,576
Total assets	<u>\$ 1,006,004</u>
Liabilities and Fund Balance	
Liabilities:	
Accounts payable and accrued expenses	\$ 59,634
Due to other funds	54,287
Total liabilities	<u>113,921</u>
Fund balance:	
Unassigned	892,083
Total fund balance	<u>892,083</u>
Total liabilities and fund balance	<u>\$ 1,006,004</u>

The accompanying notes are an integral part of this statement.

Town of Blanchard
Blanchard, Louisiana
Reconciliation of the Balance Sheet of Governmental Fund
to the Statement of Net Position
June 30, 2023

Fund balance - total governmental fund	\$ 892,083
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	309,765
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds	
Prepaid insurance	44,367
Deferred outflows - pension related	323,687
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(1,760)
Long term liability - leased asset	(1,622)
Net pension liability	(708,379)
Deferred inflows - pension related	(29,078)
Net position of governmental activities	<u>\$ 829,063</u>

The accompanying notes are an integral part of this statement.

Town of Blanchard
Blanchard, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2023

	General Fund
Revenues:	
Ad valorem taxes	\$ 175,871
Sales taxes	680,159
Licenses and permits	118,684
Charges for services	280,945
Fines and forfeitures	128,362
Franchise taxes	226,249
Intergovernmental	45,192
Miscellaneous	59,897
Total revenues	<u>1,715,359</u>
Expenditures:	
Current:	
General government	81,356
Public safety	897,143
Public works	325,744
Culture and recreation	33,267
Debt service:	
Principal	1,520
Interest and other charges	63
Capital Outlay	44,566
Total expenditures	<u>1,383,659</u>
Net change in fund balance	331,700
Fund balance at beginning of year	<u>560,383</u>
Fund balance at end of year	<u>\$ 892,083</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 Balance of Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2023

Net change in fund balance - total governmental fund	\$	331,700
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Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation/amortization (\$60,085) exceeded capital outlays (\$44,566) in the current period.		(15,519)
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The repayment of principal of long-term debt consumes current financial resources of governmental funds.		1,520
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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		15,416
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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		(77,530)
Prepaid insurance		(7,609)
Other		6,728
		6,728

Change in net position of governmental activities	\$	254,706
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The accompanying notes are an integral part of this statement.

Town of Blanchard
Blanchard, Louisiana
Statement of Net Position
Proprietary Fund
June 30, 2023

	Business-Type Activities- Enterprise Fund
Assets	
Current assets:	
Cash and cash equivalents	\$ 4,991,993
Restricted cash and cash equivalents	746,296
Receivables - charges for service (net of allowance for uncollectibles)	575,062
Receivables - grants	121,486
Prepaid expenses	66,247
Due from other funds	54,287
Total current assets	<u>6,555,371</u>
Noncurrent assets:	
Restricted cash and cash equivalents	576,002
Capital assets:	
Land	145,049
Construction in progress	1,061,705
Plant and equipment	36,805,293
Less: accumulated depreciation	<u>(17,650,720)</u>
Total noncurrent assets	<u>20,937,329</u>
Total assets	<u>27,492,700</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued expenses	454,065
Water revenue bonds	1,057,249
Sewer revenue bonds	95,000
Current portion of other long term debt	15,559
Unearned revenue	1,163,228
Payable from restricted assets:	
Customer deposits	746,296
Total current liabilities	<u>3,531,397</u>
Noncurrent liabilities:	
Water revenue bonds	10,360,495
Sewer revenue bonds	999,162
Other long-term debt	141,364
Total noncurrent liabilities	<u>11,501,021</u>
Total liabilities	<u>15,032,418</u>
Net Position	
Net investment in capital assets	7,575,491
Restricted for debt service	576,002
Unrestricted	4,308,789
Total net position	<u>\$ 12,460,282</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, 2023

	Business-type Activities- Enterprise Fund
Operating revenues:	
Water sales	\$ 4,902,854
Sewerage service charges	350,435
Miscellaneous revenues	54,865
Total operating revenues	<u>5,308,154</u>
Operating expenses:	
Water department expenses	3,197,639
Sewer department expenses	517,526
Depreciation expense	1,039,959
Total operating expenses	<u>4,755,124</u>
Operating income (loss)	<u>553,030</u>
Non-operating revenues (expenses):	
Ad valorem taxes	119,181
Interest income	2,115
Interest expense	<u>(222,520)</u>
Total non-operating revenues (expenses)	<u>(101,224)</u>
Change in net position before contributions	451,806
Capital contributions	<u>2,495,980</u>
Change in net position	2,947,786
Net position - beginning of year	<u>9,512,496</u>
Net position - end of year	<u><u>\$ 12,460,282</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, 2023

	Business-type Activities- Enterprise Fund
Cash Flows From Operating Activities	
Receipts from customers	\$ 5,376,215
Cash payments to suppliers for goods and services	(2,170,130)
Cash payments to employees for services	(1,281,422)
Other receipts (payments)	54,865
Net Cash from Operating Activities	<u>1,979,528</u>
Cash Flows From Non-Capital Financing Activities	
Ad valorem taxes	119,181
Grant Income - ARPA	581,614
Net Cash from Non-capital Financing Activities	<u>700,795</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition/construction of capital assets	(1,668,460)
Principal paid on other debt	(141,063)
Principal paid on capital debt	(1,094,000)
Interest paid on capital debt	(263,829)
Capital contributions	1,734,494
Net Cash (used in) Capital and Related Financing Activities	<u>(1,432,858)</u>
Cash Flow From Investing Activities	
Interest income	2,115
Net Cash from Investing Activities	<u>2,115</u>
Net increase in cash and cash equivalents	1,249,580
Cash, Beginning of year	5,064,711
Cash, End of year	<u>\$ 6,314,291</u>
Cash and cash equivalents are reflected on the Statement of Net Position as follows:	
Cash and cash equivalents	\$ 4,991,993
Cash and cash equivalents - restricted	1,322,298
Total	<u>\$ 6,314,291</u>
Reconciliation of Operating Loss to Net Cash provided (Used) by Operating Activities	
Operating income	\$ 553,030
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation expense	1,039,959
Accounts receivable	48,662
Accounts payable and accrued expenses	(14,255)
Due to and from other funds	245,318
Prepaid expenses	32,550
Customer deposits	74,264
Net Cash Flows From Operating Activities	<u>\$ 1,979,528</u>
Noncash Capital Financing Activities:	
Acquisition of property	
Acquisition/construction of capital assets	\$ 2,532,912
Accounts payable	(224,452)
Donated assets	(640,000)
Cash used to acquire/construct capital assets	<u>\$ 1,668,460</u>

The accompanying notes are an integral part of this statement.

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2023

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, 2023
(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, 2023
(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, 2023
(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, 2023
(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, 2023.

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. Lease assets are measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

Contributed assets are recorded as capital assets at acquisition value. 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

Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset. As of June 30, 2023, the Town has two leases which are being amortized over the lease term of the leases.

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, 2023
(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 standards which define the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 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, 2023
(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, 2023 of \$680,159 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, 2023
(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. Accounts receivable for the enterprise fund are shown net of an allowance of \$31,517.

Q. 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.

R. 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.

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, 2023
(Continued)

S. 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 12% of the Town's ad valorem taxes are derived from 10 tax payers.

(3) Cash and Cash Equivalents

At June 30, 2023, the Town has cash and cash equivalents (book balances), totaling \$5,866,810, as detailed below.

A. Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2023 (book balances) totaled \$7,203,719, of which \$1,322,298 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, 2023, \$6,453,370 of the Town's bank balances totaling \$7,452,481 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 \$ 6,453,370

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2023
(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, 2023:

<u>Class of Receivable</u>	
Governmental activities –	
Property taxes	\$ 5,313
Sales taxes	59,808
Franchise taxes	44,805
Licenses and permits	6,650
Total Governmental Activities	<u>\$ 116,576</u>
Business-type activities –	
Grant receivable	\$ 121,486
Accounts receivable – water and sewer charges	575,062
Total Business-type Activities	<u>\$ 696,548</u>

(5) Restricted Assets

Restricted assets were applicable to the following at June 30, 2023:

	<u>Enterprise Fund</u>
Customer deposits	\$ 746,296
Debt service	576,002
	<u>\$ 1,322,298</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, 2023, 2022, and 2021 were \$7,146, \$7,523 and \$7,131 respectively.

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2023
(Continued)

(7) Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance at 07/01/22	Additions	Deletions	Balance at 6/30/2023
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 49,426	\$	\$	\$ 49,426
Construction in progress	2,550			2,550
Total capital assets, not being depreciated	51,976			51,976
Capital assets, being depreciated:				
Buildings	291,206			291,206
Improvements	624,623			624,623
Vehicles and equipment	311,626	44,566	(28,432)	327,760
Total capital assets, being depreciated at historical cost	1,227,455	44,566	(28,432)	1,243,589
Less accumulated depreciation:				
Buildings	(229,359)	(9,948)		(239,307)
Improvements	(506,789)	(13,190)		(519,979)
Vehicles and equipment	(221,126)	(35,403)	28,432	(228,097)
Total accumulated depreciation	(957,274)	(58,541)	28,432	(987,383)
Total capital assets, being depreciated, net	270,181	(13,975)		256,206
Leased assets				
Equipment	4,632			4,632
Total leased assets, being amortized	4,632			4,632
Less accumulated amortization for:				
Leased equipment	(1,505)	(1,544)		(3,049)
Total accumulated amortization-leased equipment	(1,505)	(1,544)		(3,049)
Total lease assets being amortized, net	3,127	(1,544)		1,583
Total capital assets/lease assets, being depreciated/amortized, net	273,308	(15,519)		257,789
Governmental activities capital assets, net	\$ 325,284	\$ (15,519)	\$	\$ 309,765

(Continued)

Town of Blanchard
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Notes to Financial Statements
June 30, 2023
(Continued)

	Balance at 07/01/22	Additions	Deletions	Transfers	Balance at 6/30/2023
<u>Business-type Activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 145,049	\$	\$	\$	\$ 145,049
Construction in progress	2,598,861	704,437		(2,241,593)	1,061,705
Total capital assets, not being depreciated	2,743,910	704,437		(2,241,593)	1,206,754
Capital assets, being depreciated:					
Administration	709,916				709,916
Water Equipment	27,796,680	1,828,475	(36,400)	2,241,593	31,830,348
Sewer Equipment	4,215,142				4,215,142
Total capital assets, being depreciated at historical cost	32,721,738	1,828,475	(36,400)	2,241,593	36,755,406
Less accumulated depreciation:					
Administration	(529,814)	(28,274)			(558,088)
Water equipment	(13,745,908)	(865,270)	36,400		(14,574,778)
Sewer equipment	(2,370,878)	(145,854)			(2,516,732)
Total accumulated depreciation and amortization	(16,646,600)	(1,039,398)	36,400		(17,649,598)
Total capital assets, being depreciated, net	16,075,138	789,077		2,241,593	19,105,808
Leased assets					
Property	49,887				49,887
Total leased assets, being amortized	49,887				49,887
Less accumulated amortization for:					
Leased property	(561)	(561)			(1,122)
Total accumulated amortization-leased equipment	(561)	(561)			(1,122)
Total lease assets being amortized, net	49,326	(561)			48,765
Total capital assets/lease assets, being depreciated/amortized, net	16,124,464	788,516		2,241,593	19,154,573
Business-type activities capital assets, net	<u>\$ 18,868,374</u>	<u>\$ 1,492,953</u>	<u>\$</u>	<u>\$</u>	<u>\$ 20,361,327</u>

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

	Governmental Activities	Business -type Activities	Total
General Government:			
General Government	\$ 11,110	\$	\$ 11,110
Public Safety	35,974		35,974
Recreation	13,001		13,001
Water and Sewer		1,039,959	1,039,959
	<u>\$ 60,085</u>	<u>\$ 1,039,959</u>	<u>\$ 1,100,044</u>

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2023
(Continued)

(8) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2023, consisted of the following:

<u>Class of Payable</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 54,759	\$ 108,653	\$ 163,412
Construction payable		224,452	224,452
Salaries and payroll taxes	2,712	18,920	21,632
Accrued interest		80,781	80,781
Compensated absences	2,163	21,259	23,422
	<u>\$ 59,634</u>	<u>\$ 454,065</u>	<u>\$ 513,699</u>

(9) Customers' Deposits

Deposits held for customers that are currently active on the water system total \$746,296 at June 30, 2023.

(10) Subsequent Events

Subsequent events have been evaluated through December 27, 2023, the date the financial statements were available to be issued.

(11) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023, 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 -					
Lease - Copier	\$ 3,142	\$	\$ 1,520	\$ 1,622	\$ 1,550
Net pension liability	307,397	400,982		708,379	
Compensated absences	<u>9,897</u>		<u>5,974</u>	<u>3,923</u>	<u>3,923</u>
Total - Governmental activities long-term liabilities	<u>320,436</u>	<u>400,982</u>	<u>7,494</u>	<u>\$ 713,924</u>	<u>5,473</u>
Less amounts due within period of availability				<u>(2,163)</u>	<u>(2,163)</u>
Total long-term liabilities, government-wide statements				<u>\$ 711,761</u>	<u>\$ 3,310</u>

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2023
(Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-type Activities:					
Direct borrowings and direct placements:					
Revenue Bonds					
Series 2013	\$ 1,188,162	\$	\$ (94,000)	\$ 1,094,162	\$ 95,000
Excess Revenue Bonds					
Series 2020		381,019	(381,019)		
Excess Revenue Bonds					
Series 2022		704,437	(704,437)		
Series 2015	1,342,000		(250,000)	1,092,000	259,000
Total direct borrowings and direct placements	2,530,162	1,085,456	(1,429,456)	2,186,162	354,000
Other Bonds:					
Water Revenue Bonds					
Series 2021	10,710,000		(750,000)	9,960,000	765,000
Unamortized premium—					
Series 2021	398,993		(33,249)	365,744	33,249
Total other bonds	11,108,993		(783,249)	10,325,744	798,249
Total Revenue bonds	13,639,155	1,085,456	(2,212,705)	12,511,906	1,152,249
Other long-term liabilities —					
Leased property	49,685		(207)	49,478	210
URAF Agreement	248,302		(140,857)	107,445	15,349
Compensated absences	25,726		(4,467)	21,259	21,259
Total—business-type activities long-term liabilities	\$ 13,962,868	\$ 1,085,456	\$ (2,358,236)	12,690,088	1,189,067
Less amounts due within period of availability				(21,259)	(21,259)
Total long-term liabilities, government-wide statements				\$ 12,668,829	\$ 1,167,808

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2023
(Continued)

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

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.

\$ 1,092,000

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.

\$ 1,094,162

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.

\$ 9,960,000

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 \$381,019, the amount drawn down and forgiven during July 1, 2020 to June 30, 2023. Total amount drawn down and forgiven as of June 30, 2023, was \$2,019,825.

\$

Excess Revenue Bonds – Series 2022

\$1,400,00 dated 2/7/22. 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 \$704,437, the amount drawn down and forgiven during July 1, 2022 to June 30, 2023. Total amount drawn down and forgiven as of June 30, 2023, was \$1,001,035.

\$

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2023
(Continued)

The annual requirements to amortize all debt outstanding at June 30, 2023 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>
2024	\$ 259,000	\$ 38,220
2025	268,000	29,155
2026	278,000	19,775
2027	287,000	10,045
	<u>\$ 1,092,000</u>	<u>\$ 97,195</u>

<u>Fiscal Year</u>	<u>Other Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 765,000	\$ 199,200
2025	775,000	183,900
2026	790,000	168,400
2027	705,000	152,600
2028	950,000	138,500
2029 – 2033	4,905,000	405,300
2034 – 2037	1,070,000	21,400
	<u>\$ 9,960,000</u>	<u>\$ 1,269,300</u>

Business-type Activities – Sewer Revenue Bonds

<u>Fiscal Year</u>	<u>Direct borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 95,000	\$ 4,924
2025	96,000	4,496
2026	97,000	4,064
2027	97,000	3,628
2028	98,000	3,191
2029 – 2033	507,000	9,238
2034 – 2038	104,162	469
	<u>\$ 1,094,162</u>	<u>\$ 30,010</u>

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2023
(Continued)

Business-type Activities – URAF Agreement

The Town entered into an agreement (URAF Agreement dated August 18, 2011) with the Louisiana Department of Transportation and Development (DOTD) related to the relocation of utilities for three state projects that had taken place in 1990, 1993, and 2001. The agreement calls for monthly payments by the Town to DOTD, upon execution of the agreement by both parties, beginning on or before January 15 of each consecutive year until the outstanding debt is paid in full. The Town is obligated to submit to DOTD a minimum of ten (10%) of one outstanding URAF debt per year. The 10% shall be calculated on the oldest debt first. Subsequent payments applied to each debt in chronological order. The annual requirements to amortize the URAF debt outstanding at June 30, 2023 were as follows:

<u>Fiscal Year</u>	
2024	\$ 15,349
2025	15,349
2026	15,349
2027	15,349
2028	15,349
2029 – 2033	30,700
	<u>\$ 107,445</u>

Lease - Copier

During 2022, the Town entered into a lease agreement to lease a copier. The equipment is included in governmental activities capital assets at a cost of \$4,632, with accumulated amortization totaling \$3,049 as of June 30, 2023. Interest has been imputed at a rate of 2.0%, and the Town will make monthly payments through July 2025. The following lease payments under lease agreements are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,550	\$ 32
2025	72	1
	<u>\$ 1,622</u>	<u>\$ 33</u>

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Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2023
(Continued)

Leased Property

During 2011, the Town entered into a lease agreement to lease certain property right of way. The property is included in business-type activities capital assets at a cost of \$49,887, with accumulated amortization totaling \$1,122 as of June 30, 2023. Interest has been imputed at a rate of 2.0%, and the Town will make monthly payments through July 2111. The debt service requirements to maturity are as follows:

	Principal	Interest	Total
2024	\$ 210	\$ 994	\$ 1,204
2025	215	990	1,205
2026	219	985	1,204
2027	223	981	1,204
2028	228	972	1,200
2029-2033	1,209	4,815	6,024
2034-2038	1,334	4,691	6,025
2039-2043	1,474	4,555	6,029
2044-2048	1,627	4,405	6,032
2049-2053	1,797	4,239	6,036
2054-2058	1,984	4,055	6,039
2059-2063	2,190	3,853	6,043
2064-2068	2,418	3,629	6,047
2069-2073	2,670	3,383	6,053
2074-2078	2,948	3,110	6,058
2079-2083	3,254	2,809	6,063
2084-2088	3,593	2,477	6,070
2089-2093	3,967	2,111	6,078
2094-2098	4,380	1,706	6,086
2099-2103	4,836	1,259	6,095
2104-2108	5,339	766	6,105
2109-2111	3,363	223	3,586
	<u>\$ 49,478</u>	<u>\$ 57,008</u>	<u>\$ 106,486</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.

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Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2023
(Continued)

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.

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.

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Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2023
(Continued)

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.

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.

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Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2023
(Continued)

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, 2022, total contributions due from employers and employees was 43.75%. 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 33.75% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 33.75% 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 36.25% and 7.5%, respectively. The Town contributions to the System for the years ended June 30, 2023, 2022, and 2021 were \$79,599, \$64,547, and \$59,192, respectively.

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 \$15,416 are recognized as revenue during the year ended June 30, 2023, 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, 2023, the Town reported a liability of \$708,379 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, as compared to the total of all employers' contributions to the System for the year ended June 30, 2022. At June 30, 2022, the Town's proportion was .0693010%, which was an increase of .01163% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of \$156,319, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$810.

At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2023
(Continued)

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,494	\$ 5,774
Changes of assumptions	24,435	5,269
Net difference between projected and actual earnings on pension plan investments	126,468	
Changes in proportion and differences between employer contributions and proportionate share of contributions	89,691	18,035
Employer contributions subsequent to the measurement Date	79,599	
Total	<u>\$ 323,687</u>	<u>\$ 29,078</u>

The Town reported a total of \$79,599 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2022, which will be recognized as a reduction in net pension liability in the year ended June 30, 2024.

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

<u>Year</u>	<u>Amount</u>
2024	\$ 50,198
2025	68,454
2026	30,023
2027	66,335
Total	<u>\$ 215,010</u>

Actuarial Methods and Assumptions

The actuarial assumptions used in the June 30, 2022 valuation were based on the assumptions used in the June 30, 2022 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, 2022 are as follows:

Valuation Date	June 30, 2022	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	6.750%, net of investment expense	
Expected Remaining Service Lives	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%

(Continued)

Town of Blanchard
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Notes to Financial Statements
June 30, 2023
(Continued)

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.

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, 2022 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	55.50%	3.60%
Fixed income	30.50%	0.85%
Alternatives	14%	0.95%
Other	0.00%	0.00%
Totals	100.00%	5.40%
Inflation		2.66%
Expected Arithmetic Nominal Return		8.06%

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2023
(Continued)

The discount rate used to measure the total pension liability was 6.75%. 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.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.75%, 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 5.75% or one percentage point higher 7.75% than the current rate as of June 30, 2022.

	<u>Changes in Discount Rate</u>		
	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability	\$991,595	\$708,379	\$471,800

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2023 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 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.

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2023
(Continued)

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.

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, 2022. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.la.la.gov.

(13) 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.

(14) Commitments

The Town has commitments for signed engineering and construction contracts of approximately \$1,102,443, related to the Bel-Di-Gil water system improvements. As of June 30, 2023, approximately \$1,032,505 had been incurred on those contracts, with the balance remaining in those contracts to be incurred subsequent to June 30, 2023. Funding for this project is to be provided by a grant and two forgivable loans through the State of Louisiana's Drinking Water Revolving Loan Program.

(15) On-behalf Payments

Employees of the Town's police department received a total of \$35,400 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.

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2023
(Continued)

(16) Interfund Balances

Interfund balances at June 30, 2023 consisted of the following:

	<u>Due From Other Fund</u>	<u>Due To Other Fund</u>	<u>Net</u>
Governmental Funds:			
General Fund	\$	\$(54,287)	\$(54,287)
Total Governmental Funds	<u> </u>	<u>(54,327)</u>	<u>(54,287)</u>
Enterprise Funds:			
Enterprise Fund	<u>54,287</u>	<u> </u>	<u>54,287</u>
Total Enterprise Funds	<u>54,287</u>	<u> </u>	<u>54,287</u>
Total	<u>\$ 54,287</u>	<u>\$(54,287)</u>	<u>\$</u>

The interfund balances are the results of the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

(17) Unearned Revenue

Unearned revenue at June 30, 2023, consists of funds received under the Coronavirus State and Local Fiscal Recovery Funds which had not yet been used/expended. The Town plans to use those funds in the subsequent year.

Town of Blanchard
Blanchard, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 195,000	\$ 175,000	\$ 175,871	\$ 871
Sales taxes	510,000	702,000	680,159	(21,841)
Licenses and permits	76,000	135,700	118,684	(17,016)
Intergovernmental	41,050	36,700	45,192	8,492
Charges for services	267,800	286,000	280,945	(5,055)
Fines and forfeitures	64,000	153,000	128,362	(24,638)
Franchise taxes	200,000	234,000	226,249	(7,751)
Investment earnings	150			
Miscellaneous	15,900	60,040	59,897	(143)
Total revenues	1,369,900	1,782,440	1,715,359	(67,081)
Expenditures:				
Current:				
General government	79,380	67,010	82,939	(15,929)
Public safety	782,710	928,100	897,143	30,957
Public works	299,000	329,800	325,744	4,056
Culture and recreation	19,100	28,750	33,267	(4,517)
Capital outlay	110,500	63,500	44,566	18,934
Total expenditures	1,290,690	1,417,160	1,383,659	33,501
Excess (deficiency) of revenues and other sources over expenditures and other uses	79,210	365,280	331,700	(33,580)
Fund balance at beginning of year	209,854	209,854	560,383	350,529
Fund balance at end of year	\$ 289,064	\$ 575,134	\$ 892,083	\$ 316,949

Town of Blanchard
Blanchard, Louisiana
Schedule of Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2023

Municipal Police Employees' Retirement System

<u>Year Ended June 30</u>	<u>Proportion of the net pension liability</u>	<u>Proportionate share of the net pension liability</u>	<u>Covered-employee payroll</u>	<u>Proportionate share of the net pension liability as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2023	0.069301%	\$ 708,379	\$ 216,967	326.49%	70.80%
2022	0.057667%	307,397	175,931	174.73%	84.09%
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, 2023

Municipal Police Employees' Retirement System

<u>Year Ended June 30</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2023	\$ 79,599	\$ 79,599	\$	\$ 254,717	31.25%
2022	64,547	64,547		216,967	29.75%
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, 2023

Mayor - Jim Galambos	\$ 21,000
Aldermen/Alderwomen:	
John Fuller	6,125
Patsy Lee	6,175
Jeffrey Guin	6,000
Judy Presley	6,000
Jimmy Whittington	6,000
	<hr/>
	\$ 51,300
	<hr/> <hr/>

Town of Blanchard
Blanchard, Louisiana
Schedule of Rates - User Fees
For the Year Ended June 30, 2023

	Usage	Base	Per Additional 1,000 Gallons
WATER	Residential Inside:		
	0-2000 Gallons	\$25.10	N/A
	2,001 Gallons - 10,000		\$4.93
	10,001 - 20,000		\$6.30
	over 20,000		\$7.60
	Residential Outside:		
	0-2000 Gallons	\$40.03	N/A
	2,001 Gallons - 10,000		\$6.22
	10,001 - 20,000		\$7.80
	over 20,000		\$8.93
	Commercial Inside:		
	0-2000 Gallons	\$75.36	N/A
	2,001 Gallons - 10,000		\$4.93
	10,001 - 20,000		\$6.30
	over 20,000		\$7.38
	Commercial Outside:		
	0-2000 Gallons	\$97.34	N/A
	2,001 Gallons - 10,000		\$6.22
	10,001 - 20,000		\$7.80
	over 20,000		\$8.93
	Industrial:		
	0-30,000 Gallons	\$214.11	N/A
	over 30,000		\$9.63
	Ball Park:		
	0-1,000 Gallons	\$6.30	N/A
	over 1,000		\$7.38
SEWER	Residential Inside:		
	Flat Rate	\$7.21	N/A
	1,000 - 10,000		\$2.18
	10,001 - 20,000		\$2.90
	20,001 - 30,000		\$3.62
	With cap at 30,000		
	Residential Outside:		
	Flat Rate	\$13.70	N/A
	1,000 - 10,000		\$2.18
	10,001 - 20,000		\$2.90
	20,001 - 30,000		\$3.62
	With cap at 30,000		

(Continued)

Town of Blanchard
Blanchard, Louisiana
Schedule of Rates - User Fees
For the Year Ended June 30, 2023
(Continued)

Commercial Inside:	Flat Rate	\$21.59	N/A
	1,000 - 10,000		\$2.18
	10,001 - 20,000		\$2.90
	over 20,000		\$3.62
Commercial Outside:	Flat Rate	\$115.03	N/A
	1,000 - 10,000		\$2.18
	10,001 - 20,000		\$2.90
	20,001 and above		\$3.62
	NO CAP		
Industrial:	Flat Rate	\$115.03	N/A
	Per 1,000 gallons		\$2.90
	NO CAP		

System Users

System users at June 30, 2023 was as follows:

	Number of Customers
Water and sewer customers	1,390
Water customers only	3,895
	<u>5,285</u>

Aggregate Dollar Billed For Services Rendered by the System 7/1/22 - 6/30/23:

Water	\$ 4,738,330
Sewer	<u>348,235</u>
	5,086,565
Users	<u>5,285</u>
Average Monthly Billing Per User:	\$ 80

Town of Blanchard
Blanchard, Louisiana
Schedule of Insurance
June 30, 2023

Company	Type Insurance	Policy Period	Coverage Limits	
LMRMA	Workers Comp	1/01/2022 to 1/01/2023	1,000,000	each accident
Louisiana Municipal Risk Management Agency	Workers Comp	1/01/2023 to 1/01/2024	1,000,000	policy limit
			1,000,000	each employee
AmGUARD Insurance Co	Automobile Liability	6/11/2022 to 6/11/2023	1,000,000	per occurrence
AmGUARD Insurance Co	Automobile Liability	6/11/2023 to 6/11/2024	1,000,000	per occurrence
AmGUARD Insurance Co	Commercial Gen Liability	6/11/2022 to 6/11/2023	1,000,000	per occurrence
AmGUARD Insurance Co	Commercial Gen Liability	6/11/2023 to 6/11/2024	1,000,000	per occurrence
AmGUARD Insurance Co	Law Enforcement Officer	6/11/2022 to 6/11/2023	1,000,000	
AmGUARD Insurance Co	Law Enforcement Officer	6/11/2023 to 6/11/2024	1,000,000	per occurrence
AmGUARD Insurance Co	Auto Physical Damage	6/11/2022 to 6/11/2023	5,000	each accident
AmGUARD Insurance Co	Auto Physical Damage	6/11/2023 to 6/11/2024	5,000	each accident
EMC Insurance Company	Property, Inland Marine	4/17/2022 to 4/17/2023		
EMC Insurance Company	Commerical Property	4/17/2023 to 4/17/2024	23,902,660	policy limit
EMC Insurance Company	Inland Marine	4/17/2023 to 4/17/2024	683,412	policy limit
EMC Insurance Company	Commercial Crime	4/17/2022 to 4/17/2023	250,000	Blanket per loss
EMC Insurance Company	Commercial Crime	4/17/2023 to 4/17/2024	10,000	Theft of money
			10,000	Outside Premises
			10,000	Computer & funds TNSF fraud
EMC Insurance Company	Cybersolutions	4/17/2022 to 4/17/2023	50,000	Data Compromise,
EMC Insurance Company	Cybersolutions	4/17/2023 to 4/17/2024		Attack, & Recover
C N A	Employee Dishonesty	3/03/2022 to 3/02/2023	60,000	policy limit
C N A	Employee Dishonesty	3/03/2023 to 3/02/2024	60,000	policy limit

Town of Blanchard
Blanchard, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2023

<u>Purpose</u>	<u>Amount</u>
Agency Head: Jim Galambos, Mayor	
Salary	\$ 21,000
Cell Phone	964
Reimbursements - supplies	1,497

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, 2023

Cash Basis Presentation	July 2022 - December 2022	January 2023 - June 2023
Beginning Balance of Amounts Collected (i.e. cash on hand)	-	-
Add: Collections		
Criminal Fines - Other	31,961	129,738
Subtotal Collections	31,961	129,738
Less: Disbursements to Governments and Nonprofits		
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund - Criminal Fines - Other	195	1,335
North Louisiana Criminalistics Laboratory Commission - Criminal Fines - Other	3,870	15,720
State of Louisiana Treasurer - CMIS - Criminal Fines - Other	357	1,659
Louisiana Supreme Court - Criminal Fines - Other	60	276
Louisiana Commission on Law Enforcement - Criminal Fines - Other	388	1,368
Louisiana Association of Chiefs of Police - Criminal Fines - Other	86	
Less: Amounts Retained by Collecting Agency		
Amounts Self-Disbursed to Collecting Agency - Criminal Fines - Other	27,005	103,890
Subtotal Disbursements/Retainage	31,961	124,248
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	-	5,490
Ending Balance of "Partial Payments" Collected but not Disbursed	-	-
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)	-	-

Town of Blanchard
Blanchard Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor / Pass-Through Grantor / Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>U.S. Environmental Protection Agency (EPA)</u>				
Drinking Water State Revolving Fund Cluster				
Passed through the State of Louisiana,				
Department of Health and Hospitals				
Capitalization Grants for Drinking				
Water State Revolving Funds				
Water Revenue Bonds	66.468	Unknown	\$	\$ 1,085,456
Total Drinking Water State Revolving Fund Cluster				1,085,456
Total Federal Expenditures				<u>\$ 1,085,456</u>

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 23, 2023. 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 the Town of Blanchard, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the 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) Town of Blanchard does not utilize an indirect cost rate.

NOTE C: Total funds received from debt draws in current year	<u>Series 2022</u>	<u>Series 2020</u>	<u>Total</u>
	\$ 704,437	\$ 381,019	\$ 1,085,456
Less draws forgiven in the current year	<u>(704,437)</u>	<u>(381,019)</u>	<u>(1,085,456)</u>
Federal portion of loan balances outstanding at June 30, 2023	<u>\$</u>	<u>\$</u>	<u>\$</u>

COOK & MOREHART

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MEMBER
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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 (*Government Auditing Standards*), 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, 2023, 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 27, 2023.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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



Cook & Morehart
Certified Public Accountants
December 27, 2023

COOK & MOREHART

Certified Public Accountants

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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

Opinion on 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, 2023. 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.

In our opinion, the Town of Blanchard complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Blanchard and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Blanchard's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Town of Blanchard's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Blanchard's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Blanchard's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Blanchard's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Town of Blanchard's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Blanchard's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 27, 2023

Town of Blanchard
Blanchard, Louisiana
Summary Schedule of Prior Audit Findings
June 30, 2023

2022-001 Finding - Collateral

Finding: During our audit, we noted that the Town had uninsured cash balances at two financial institutions totaling approximately \$348,721 as of June 30, 2022.

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.

Current Status: Bank balances were properly collateralized in the current year.

Town of Blanchard
Blanchard, Louisiana
Schedule of Finding and Questioned Costs
June 30, 2023

A. Summary of Audit Results

Financial Statements

Type of audit report issued :

Unmodified-governmental activities, business-type activities, each major fund, aggregate remaining fund information

Adverse-aggregate discretely presented component units

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 :

Drinking Water State Revolving Fund ALN #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: None

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, 2023

There was one finding for the prior year audit for the year ended June 30, 2022, as described in the accompanying summary schedule of prior audit findings.

Summary Schedule of Current Year Audit Findings
Schedule For Louisiana Legislative Auditor
June 30, 2023

There were no findings for the current year audit period ended June 30, 2023.

COOK & MOREHART

Certified Public Accountants

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CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Aldermen
Town of Blanchard
Blanchard, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. The Town of Blanchard (Town) management is responsible for those C/C areas identified in the SAUPs.

The Town of Blanchard has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii. **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. **Disbursements**, including processing, reviewing, and approving.
 - iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff

procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Procedures performed. No exceptions noted.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Procedures performed. Noted the following exception:

Exception: The finding in the prior year audit was not discussed in the board of alderman meeting minutes.

3) **Bank Reconciliations**

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedures performed. No exceptions noted.

4) **Collections (excluding electronic funds transfers)**

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

Procedures performed. Noted the following exception:

Exception: For one location selected for testing, two employees share a cash drawer for ticket collections.

5) Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Procedures performed. No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the

transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Procedures performed. Noted the following exception:

Exception: A receipt for one of ten transactions selected for testing, totaling \$18.67, was missing.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedures performed. No exceptions noted.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Procedures performed. No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Procedures performed. No exceptions noted.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Procedures performed. No exceptions noted.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Procedures performed. No exceptions noted.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Procedures performed. No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
 - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedures and discussed the results with management.

14) *Prevention of Sexual Harassment*

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Procedures performed. No exceptions noted.

We were engaged by the Town of Blanchard, to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Town of Blanchard, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Cook & Morehart
Certified Public Accountants
December 27, 2023



TOWN OF BLANCHARD

Aldermen:
John Fuller
Jeff Guin
Jimmy Whittington

Alderswomen:
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

Chief of Police
Gerald Allen

Town Clerk
Candy Foshee

December 27, 2023

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

Town of Blanchard submits the following response to the exceptions identified in the Statewide Agreed-Upon Procedures Report for the year ended June 30, 2023:

Exception: The finding in the prior year audit was not discussed in the board of alderman meeting minutes.

Response: The Town will ensure the prior audit findings are discussed in future council meetings.

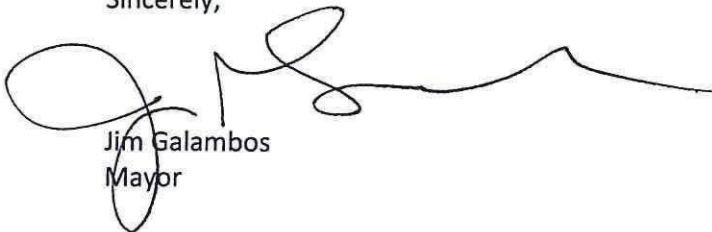
Exceptions: For one location selected for testing, two employees share a cash drawer.

Response: The Town will consider alternative procedures for cash drawers.

Exceptions: A receipt for one of ten credit card transactions selected for testing, totaling \$18.67, was missing.

Response: The Town will implement additional procedures to ensure credit card receipts are obtained prior to payment being issued.

Sincerely,



Jim Galambos
Mayor