

**Town of Blanchard
Blanchard, Louisiana**

Financial Statement with Auditors' Report

As of and For the Year Ended June 30, 2018

Town of Blanchard
Blanchard, Louisiana

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Blanchard, Louisiana
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Independent Auditors' Report

Town of Blanchard
Blanchard, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Blanchard, Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Blanchard, Louisiana, as of June 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

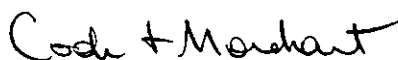
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 10, the budgetary comparison information on page 43, the Schedule of Proportionate Share of Net Pension Liability on page 44, and the Schedule of Contributions on page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Blanchard's basic financial statements. The accompanying other supplementary information listed in the table of contents and shown on pages 46 – 50 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018, 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 20, 2018

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, 2018. Please read it in conjunction with the Town's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- The Town of Blanchard's net position of our governmental activities increased by \$13,762 or 36%. The Town of Blanchard's net position of our business-type activities increased by \$823,273 or 19%.
- In the Town's governmental activities, total general and program revenues were \$1,048,880 in 2018 compared to \$997,933 in 2017. Total expenses, excluding depreciation, totaled \$1,001,257 for the year ended June 30, 2018 compared to \$982,536 for 2017.
- In the Town's business-type activities, revenues increased by \$551,544, while expenses decreased by \$293,151.

USING THIS ANNUAL REPORT

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

Reporting the Town of Blanchard, Louisiana as a Whole

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

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

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

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

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

Reporting the Town's Most Significant Funds

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

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

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

THE TOWN OF BLANCHARD AS A WHOLE

The Town of Blanchard's combined net position changed from a year ago, increasing from \$4,388,807 to \$5,225,842. 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	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 187,975	\$ 103,992	\$ 3,158,449	\$ 2,564,737	\$3,346,424	\$ 2,668,729
Capital assets	213,838	220,311	19,543,482	19,846,379	19,757,320	20,066,690
Total assets	<u>401,813</u>	<u>324,303</u>	<u>22,701,931</u>	<u>22,411,116</u>	<u>23,103,744</u>	<u>22,735,419</u>
Deferred outflows of resources	179,216	241,997	85,057	102,997	264,273	344,994
Current Liabilities	31,417	50,492	1,696,774	1,589,197	1,728,191	1,639,689
Long-term liabilities	485,892	456,518	15,916,442	16,574,417	16,402,334	17,030,935
Total liabilities	<u>517,309</u>	<u>507,010</u>	<u>17,613,216</u>	<u>18,163,614</u>	<u>18,130,525</u>	<u>18,670,624</u>
Deferred inflows of resources	11,650	20,982			11,650	20,982
Net position:						
Net investment in capital assets	213,838	220,311	3,260,525	2,969,518	3,474,363	3,189,829
Restricted			1,132,128	949,350	1,132,128	949,350
Unrestricted	(161,768)	(182,003)	781,119	431,631	619,351	249,628
Total net position	<u>\$ 52,070</u>	<u>\$ 38,308</u>	<u>\$ 5,173,772</u>	<u>\$ 4,350,499</u>	<u>\$5,225,842</u>	<u>\$ 4,388,807</u>

Net position of the Town of Blanchard's governmental activities increased by \$13,762 or 36%. Net position of the Town of Blanchard's business-type activities increased by \$823,273 or 19%.

Table 2
Change in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 301,723	\$ 294,610	\$ 4,046,193	\$ 3,948,547	\$ 4,347,916	\$ 4,243,157
Capital grants and contributions	22,000	32,019	516,628	49,901	538,628	81,920
Operating grants and contributions	10,625	8,879			10,625	8,879
General revenues:						
Taxes	130,400	128,894	59,643	58,003	190,043	186,897
Sales taxes	261,311	222,297			261,311	222,297
Licenses and permits	86,886	87,145			86,886	87,145
Franchise taxes	160,122	141,086			160,122	141,086
Investment earnings	87	481	1,906	899	1,993	1,380
Miscellaneous	75,726	82,522	33,928	49,404	109,654	131,926
Total Revenues	<u>1,048,880</u>	<u>997,933</u>	<u>4,658,298</u>	<u>4,106,754</u>	<u>5,707,178</u>	<u>5,104,687</u>
Expenses:						
General government	83,292	84,047			83,292	84,047
Public safety	693,367	668,489			693,367	668,489
Public works	244,999	246,557			244,999	246,557
Culture and Recreation	13,460	16,720			13,460	16,720
Water and Sewer Utility			3,835,025	4,128,176	3,835,025	4,128,176
Total expenses	<u>1,035,118</u>	<u>1,015,813</u>	<u>3,835,025</u>	<u>4,128,176</u>	<u>4,870,143</u>	<u>5,143,989</u>
 Increases (decreases) in net position	 <u>\$ 13,762</u>	 <u>\$ (17,880)</u>	 <u>\$ 823,273</u>	 <u>\$ (21,422)</u>	 <u>\$ 837,035</u>	 <u>\$ (39,302)</u>

The Town's total revenues increased by 12% or \$602,491. The Town's total expenditures decreased by 5% or \$273,846. Our analysis below separately considers the operations of the governmental and business-type activities.

Governmental Activities

Total revenues for the governmental activities increased \$50,947, from total revenues in the year ended June 30, 2017 of \$997,933 to total revenues of \$1,048,880, in the year ended June 30, 2018.

The cost of all governmental activities this year was \$1,035,118. These costs were covered by \$334,348 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 \$551,544, from total revenues in the year ended June 30, 2017 of \$4,106,754 to total revenues of \$4,658,298, in the year ended June 30, 2018, due to an increase in billing rates.

The cost of all business-type activities this year was \$3,835,025. These costs were covered largely by program revenues of \$4,562,821, consisting of charges for services assessed to users.

THE TOWN'S FUNDS

As the Town completed the year, its governmental funds (as presented in the balance sheet on page 13) reported a *combined* fund balance of \$161,025, which is more than last year's fund balance of \$53,500.

General Fund Budgetary Highlights

The Town adopted a budget for its General Fund for the year ended June 30, 2018. 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 43. Highlights for the year are as follows:

- Final actual revenues were more than budgeted revenues in the amount of \$66,034.
- Actual expenditures were less than final budget expenditures in the amount of \$40,200.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2018 and 2017, the Town of Blanchard had invested \$19,757,320 and \$20,066,690, respectively in capital assets. (see table 3 below)

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

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Construction in Progress	\$ 2,550	\$ 2,550	\$	\$ 88,217	\$ 2,550	\$ 90,767
Land	2,000	2,000	145,049	145,049	147,049	147,049
Buildings	95,840	105,319			95,840	105,319
Improvements	26,040	28,960			26,040	28,960
Vehicles and equipment	87,408	81,482			87,408	81,482
Administration			219,708	254,318	219,708	254,318
Water equipment			16,898,362	16,974,469	16,898,362	16,974,469
Sewer equipment			2,280,363	2,384,326	2,280,363	2,384,326
Total assets (net)	<u>\$ 213,838</u>	<u>\$ 220,311</u>	<u>\$ 19,543,482</u>	<u>\$ 19,846,379</u>	<u>\$ 19,757,320</u>	<u>\$ 20,066,690</u>

This year's major additions included:

Water Equipment	\$	\$ 693,138
Administration		45,380
Vehicles and equipment	27,388	
	<u>\$ 27,388</u>	<u>\$ 738,518</u>

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

Debt

At year-end, the Town had \$17,198,374 in bonds, notes, and other long-term liabilities outstanding, versus \$17,774,896 last year, as described below.

Table 4
Outstanding Debt At Year End

	Governmental Activities		Business-type Activities		Total	Total
	2018	2107	2018	2017	2018	2017
Water Revenue Bonds	\$	\$	\$14,769,456	\$15,262,390	\$ 14,769,456	\$ 15,262,390
Sewer Revenue Bonds			1,564,162	1,658,162	1,564,162	1,658,162
Net Pension Liability	485,892	447,308			485,892	447,308
URAF Agreement			378,865	407,036	378,865	407,036
Totals	<u>\$ 485,892</u>	<u>\$447,308</u>	<u>\$16,712,483</u>	<u>\$17,327,588</u>	<u>\$ 17,198,375</u>	<u>\$ 17,774,896</u>

More detailed information about the debt are presented in Note 10 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, 2019 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same. Expenditures for 2019 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, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 75,871	\$ 974,278	\$ 1,050,149
Receivables	90,564	455,840	546,404
Prepaid expenses		55,324	55,324
Restricted assets:			
Cash and cash equivalents		1,694,547	1,694,547
Capital assets, net			
Non-depreciable	4,550	145,049	149,599
Depreciable (net)	209,288	19,398,433	19,607,721
Internal balances	21,540	(21,540)	
Total assets	<u>401,813</u>	<u>22,701,931</u>	<u>23,103,744</u>
Deferred Outflows of Resources			
Deferred loss on refunding		85,057	85,057
Pension related	179,216		179,216
	<u>179,216</u>	<u>85,057</u>	<u>264,273</u>
Liabilities			
Accounts payable and accrued expenses	26,950	364,692	391,642
Payable from restricted assets:			
Customer deposits		562,419	562,419
Non-current liabilities:			
Due within one year	4,467	769,663	774,130
Due in more than one year	485,892	15,916,442	16,402,334
Total liabilities	<u>517,309</u>	<u>17,613,216</u>	<u>18,130,525</u>
Deferred Inflows of Resources			
Pension related	11,650		11,650
Net Position			
Net investment in capital assets	213,838	3,260,525	3,474,363
Restricted:			
Debt service		1,114,657	1,114,657
Capital projects		17,471	17,471
Unrestricted (deficit)	(161,768)	781,119	619,351
Total net position	<u>\$ 52,070</u>	<u>\$ 5,173,772</u>	<u>\$ 5,225,842</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, 2018

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions / Programs:							
Governmental Activities							
General government	\$ 83,292	\$	\$	\$	\$ (83,292)	\$	\$ (83,292)
Public safety	693,367	76,101	10,625	22,000	(584,641)		(584,641)
Public works	244,999	225,622			(19,377)		(19,377)
Culture and recreation	13,460				(13,460)		(13,460)
Total governmental activities	1,035,118	301,723	10,625	22,000	(700,770)		(700,770)
Business-type Activities							
Water	3,501,760	3,734,066		516,628		748,934	748,934
Sewer	333,265	312,127				(21,138)	(21,138)
Total business-type activities	3,835,025	4,046,193		516,628		727,796	727,796
Total Government	\$ 4,870,143	\$ 4,347,916	\$ 10,625	\$ 538,628	(700,770)	727,796	27,026
General revenues:							
					130,400	59,643	190,043
					261,311		261,311
					86,886		86,886
					160,122		160,122
					87	1,906	1,993
					75,726	33,928	109,654
Total general revenues					714,532	95,477	810,009
					13,762	823,273	837,035
					38,308	4,350,499	4,388,807
					\$ 52,070	\$ 5,173,772	\$ 5,225,842

The accompanying notes are an integral part of this statement.

Town of Blanchard
Blanchard, Louisiana
Balance Sheet
Governmental Fund
June 30, 2018

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 75,871
Receivables	90,564
Due from other funds	<u>21,540</u>
Total assets	<u><u>\$ 187,975</u></u>
Liabilities and Fund Balances	
Liabilities:	
Accounts payable and accrued expenses	\$ 26,950
Total liabilities	<u>26,950</u>
Fund balances:	
Unassigned	<u>161,025</u>
Total fund balances	<u>161,025</u>
Total liabilities and fund balances	<u><u>\$ 187,975</u></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, 2018

Fund balances - total governmental fund	\$	161,025
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		213,838
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.		
Deferred outflows - pension related		179,216
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences		(4,467)
Net pension liability		(485,892)
Deferred inflows - pension related		(11,650)
		(499,909)
Net position of governmental activities	\$	52,070

The accompanying notes are an integral part of this statement.

Town of Blanchard
 Blanchard, Louisiana
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Fund
 For the Year Ended June 30, 2018

	General Fund
Revenues:	
Ad valorem taxes	\$ 130,400
Sales taxes	261,311
Licenses and permits	86,886
Charges for services	225,622
Fines and forfeitures	76,101
Franchise taxes	160,122
Intergovernmental	22,000
Investment earnings	87
Miscellaneous	75,726
Total revenues	1,038,255
Expenditures:	
Current:	
General government	74,414
Public safety	576,852
Public works	244,999
Culture and recreation	7,076
Capital Outlay	27,389
Total expenditures	930,730
Excess (deficiency) of revenues over expenditures	107,525
Fund balances at beginning of year	53,500
Fund balances at end of year	\$ 161,025

The accompanying notes are an integral part of this statement.

Town of Blanchard
Blanchard, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2018

Net change in fund balances - total governmental fund	\$	107,525
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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 (\$33,861) exceeded capital outlays (\$27,388) in the current period.		(6,473)
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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		10,625

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		(102,658)
Other		4,743
		4,743

Change in net position of governmental activities	\$	13,762
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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, 2018

	<u>Business-Type Activities- Enterprise Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 974,278
Restricted cash and cash equivalents	562,419
Receivables charges for service (net of allowance for uncollectibles)	424,220
Receivable other	31,620
Prepaid expenses	55,324
Total current assets	<u>2,047,861</u>
Noncurrent assets:	
Restricted cash and cash equivalents	1,132,128
Capital assets:	
Land	145,049
Plant and equipment	31,933,376
Less: accumulated depreciation	<u>(12,534,943)</u>
Total noncurrent assets	<u>20,675,610</u>
Total assets	<u>22,723,471</u>
Deferred Outflows of Resources	
Deferred loss on refunding	<u>85,057</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued expenses	364,692
Water revenue bonds	646,492
Sewer revenue bonds	95,000
Current portion of other long term debt	28,171
Due to other funds	21,540
Payable from restricted assets:	
Customer deposits	562,419
Total current liabilities	<u>1,718,314</u>
Noncurrent liabilities:	
Water revenue bonds	14,096,586
Sewer revenue bonds	1,469,162
Other long-term debt	350,694
Total noncurrent liabilities	<u>15,916,442</u>
Total liabilities	<u>17,634,756</u>
Net Position	
Net investment in capital assets	3,260,525
Restricted for debt service	
Debt service	1,114,657
Capital projects	17,471
Unrestricted	781,119
Total net position	<u>\$ 5,173,772</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, 2018

	Business-type Activities- Enterprise Fund
Operating revenues:	
Water sales	\$ 3,734,066
Sewerage service charges	312,127
Miscellaneous revenues	33,928
Total operating revenues	4,080,121
Operating expenses:	
Water department expenses	2,135,635
Sewer department expenses	176,601
Depreciation expense	1,041,415
Total operating expenses	3,353,651
Operating income (loss)	726,470
Non-operating revenues (expenses):	
Ad valorem taxes	59,643
Capital contributions	516,628
Interest income	1,906
Interest expense	(481,374)
Total non-operating revenues (expenses)	96,803
Change in net position	823,273
Net position - beginning of year	4,350,499
Net position - end of year	\$ 5,173,772

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, 2018

	<u>Business-type Activities- Enterprise Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 4,072,276
Cash payments to suppliers for goods and services	(1,186,116)
Cash payments to employees for services	(1,082,689)
Other receipts (payments)	33,928
Net Cash from Operating Activities	<u>1,837,399</u>
Cash Flows From Non-Capital Financing Activities	
Ad valorem taxes	59,643
Capital Contributions	538,595
Net Cash from Non-capital Financing Activities	<u>598,238</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition/construction of capital assets	(562,846)
Principal paid on capital debt	(725,000)
Interest paid on capital debt	(474,595)
Payment made on other long-term debt	(28,171)
Net Cash (used in) Capital and Related Financing Activities	<u>(1,790,612)</u>
Cash Flow From Investing Activities	
Interest income	1,906
Net Cash from Investing Activities	<u>1,906</u>
Net increase in cash and cash equivalents	646,931
Cash, Beginning of year	<u>2,021,894</u>
Cash, End of year	<u>\$ 2,668,825</u>
Cash and cash equivalents are reflected on the Statement of Net Position as follows:	
Cash and cash equivalents	\$ 974,278
Cash and cash equivalents - restricted	1,694,547
Total	<u>\$ 2,668,825</u>
Reconciliation of Operating Loss to Net Cash provided (Used) by Operating Activities	
Operating income (loss)	\$ 726,470
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation expense	1,041,415
Accounts receivable	697
Accounts payable and accrued expenses	25,469
Due to and from other funds	8,947
Prepaid expenses	9,015
Customer deposits	25,386
Net Cash Flows From Operating Activities	<u>\$ 1,837,399</u>
Noncash Capital Financing Activities:	
Acquisition of property	
Acquisition/construction of capital assets	\$ 738,518
Donated infrastructure	(115,000)
Vendor payable for property and equipment	(60,672)
Cash used to acquire/construct capital assets	<u>\$ 562,846</u>

The accompanying notes are an integral part of this statement.

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2018

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, 2018
(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, 2018
(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, 2018
(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, 2018
(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, 2018.

F. Cash, Cash Equivalents, and Investments

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

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

G. Capital Assets

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

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

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

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

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

H. Revenues

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

I. Net Position

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

J. Fund Balance

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

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

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2018
(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, 2018 of \$261,311 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, 2018
(Continued)

O. Long-Term Obligations

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

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

P. Bad Debts

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

Q. Capitalized Interest

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

R. Statement of Cash Flows

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

S. Deferred Outflows/Inflows of Resources

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

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

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

T. Pension Plan

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

(2) Levied Taxes

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

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

	Authorized Millage	Levied Millage	Expiration Date
General	6.51	6.33	N/A
Sewerage System	4.51	3.01	N/A

(3) Cash and Cash Equivalents

At June 30, 2018, the Town has cash and cash equivalents (book balances), totaling \$2,744,696, as detailed below.

A. Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2018 (book balances) totaled \$2,744,696, of which \$1,694,547 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, 2018, \$2,116,881 of the Town's bank balances totaling \$2,788,936 were exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's trust department not in the Town's name:	
Cash and cash equivalents	<u>\$ 2,116,881</u>

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2018
(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, 2018:

Class of Receivable		
Governmental activities –		
Property taxes	\$	4,905
Sales taxes		25,492
Franchise taxes		37,174
Intergovernmental		22,000
Other		993
Total Governmental Activities	\$	<u>90,564</u>
Business-type activities –		
Accounts receivable – water and sewer charges		424,220
Accounts receivable – other		31,620
Total Business-type Activities	\$	<u>455,840</u>

(5) Restricted Assets

Restricted assets were applicable to the following at June 30, 2018:

	Enterprise Fund
Customer deposits	\$ 562,419
Capital project – water	17,471
Debt service	1,114,657
	<u>\$ 1,694,547</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, 2018, 2017, and 2016 were \$9,161, \$7,756 and \$8,446 respectively.

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

(7) Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance at 07/01/17	Additions	Deletions	Balance at 6/30/2018
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 2,000	\$	\$	\$ 2,000
Construction in progress	2,550			2,550
Total capital assets, not being depreciated	<u>4,550</u>			<u>4,550</u>
Capital assets, being depreciated:				
Buildings	287,283			287,283
Improvements	513,697			513,697
Vehicles and Equipment	217,718	27,388		245,106
Total capital assets, being depreciated at historical cost	<u>1,018,698</u>	<u>27,388</u>		<u>1,046,086</u>
Less accumulated depreciation:				
Buildings	(181,964)	(9,479)		(191,443)
Improvements	(484,737)	(2,920)		(487,657)
Vehicles and Equipment	(136,236)	(21,462)		(157,698)
Total accumulated depreciation	<u>(802,937)</u>	<u>(33,861)</u>		<u>(836,798)</u>
Total capital assets, being depreciated, net	<u>215,761</u>	<u>(6,473)</u>		<u>209,288</u>
Governmental activities capital assets, net	<u>\$ 220,311</u>	<u>\$ (6,473)</u>	<u>\$</u>	<u>\$ 213,838</u>

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

	Balance at 07/01/17	Additions	Deletions	Transfers	Balance at 6/30/2018
Business-type Activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ 88,217	\$	\$	\$ (88,217)	\$
Land	145,049				145,049
Total capital assets, not being depreciated	<u>233,266</u>			<u>(88,217)</u>	<u>145,049</u>
Capital assets, being depreciated:					
Administration	688,487		(14,816)		673,671
Water Equipment	26,398,882	693,138		88,217	27,180,237
Sewer Equipment	4,034,088	45,380			4,079,468
Total capital assets, being depreciated at historical cost	<u>31,121,457</u>	<u>738,518</u>	<u>(14,816)</u>	<u>88,217</u>	<u>31,933,376</u>
Less accumulated depreciation:					
Administration	(434,169)	(34,610)	14,816		(453,963)
Water Equipment	(9,424,413)	(857,462)			(10,281,875)
Sewer Equipment	(1,649,762)	(149,343)			(1,799,105)
Total accumulated depreciation	<u>(11,508,344)</u>	<u>(1,041,415)</u>	<u>14,816</u>		<u>(12,534,943)</u>
Total capital assets, being depreciated, net	<u>19,613,113</u>	<u>(302,897)</u>		<u>88,217</u>	<u>19,398,433</u>
Business-type activities capital assets, net	<u>\$ 19,846,379</u>	<u>\$ (302,897)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 19,543,482</u>

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

	Governmental Activities	Business -type Activities	Total
General Government:			
General Government	\$ 8,878	\$	\$ 8,878
Public Safety	18,599		18,599
Recreation	6,384		6,384
Water and Sewer		1,041,415	1,041,415
	<u>\$ 33,861</u>	<u>\$ 1,041,415</u>	<u>\$ 1,075,276</u>

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

(8) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2018, consisted of the following:

<u>Class of Payable</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 13,282	\$ 150,402	\$ 163,684
Salaries and payroll taxes	13,135	27,575	40,710
Accrued interest		169,595	169,595
Compensated absences	533	17,120	17,653
	<u>\$ 26,950</u>	<u>\$ 364,692</u>	<u>\$ 391,642</u>

(9) Customers' Deposits

Deposits held for customers that are currently active on the water system total \$562,419 at June 30, 2018.

(10) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Other long-term Liabilities – Net pension liability	\$ 447,308	\$ 38,584	\$	\$ 485,892	\$
Compensated Absences	<u>11,532</u>	<u></u>	<u>(6,532)</u>	<u>5,000</u>	<u>5,000</u>
Total-Governmental Activities long-term liabilities	<u>\$ 458,840</u>	<u>\$ 38,584</u>	<u>\$(6,532)</u>	<u>490,892</u>	<u>5,000</u>
Less amounts due within period of availability				<u>(533)</u>	<u>(533)</u>
Total long-term liabilities, Government-wide statements				<u>\$ 490,359</u>	<u>\$ 4,467</u>

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-type Activities:					
Water Revenue Bonds					
Series 2010B	\$ 1,868,000		\$ (124,000)	\$ 1,744,000	\$ 127,000
Water Revenue Bonds					
Series 2012A	6,157,004	37,988	(295,000)	5,899,992	307,000
Water Revenue Bonds					
Series 2014	4,796,924	67,540	(1,000)	4,863,464	1,000
Water Revenue Bonds					
Series 2015	2,473,000		(211,000)	2,262,000	218,000
Unamortized discount-					
Series 2015	(32,538)		6,160	(26,378)	(6,508)
Sewer Revenue Bonds					
Series 2013	<u>1,658,162</u>		<u>(94,000)</u>	<u>1,564,162</u>	<u>95,000</u>
Total Bonds	16,920,552	105,528	(718,840)	16,307,240	741,492
Other long-term liabilities -					
URAF Agreement	407,036		(28,171)	378,865	28,171
Compensated Absences	<u>25,206</u>		<u>(8,086)</u>	<u>17,120</u>	<u>17,120</u>
Total-Business-type Activities long-term liabilities	<u>\$17,352,794</u>	<u>\$ 105,528</u>	<u>\$(755,097)</u>	16,703,225	786,783
Less amounts due within period of availability				<u>(17,120)</u>	<u>(17,120)</u>
Total long-term liabilities, Government-wide statements				<u>\$ 16,686,105</u>	<u>\$ 769,663</u>

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

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

Included as deferred outflows of resources in the Statement of Net Position is a deferred loss on refunding on water revenue bonds in the amount of \$85,057.

Water Revenue Bonds – Series 2010B

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

\$ 1,744,000

Water Revenue Bonds – Series 2012A

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

\$ 5,899,992

Water Revenue Bonds – Series 2014

\$4,930,000 dated 8/7/2014. Due in annual installments of principal and semi-annual installments of interest through March 2024; interest at 2.95%. Payable from income and revenues derived from the waterworks system.

\$ 4,863,464

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.

\$ 2,262,000

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.

\$ 1,564,162

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

The annual requirements to amortize all debt outstanding at June 30, 2018 were as follows:

Business-type Activities – Water Revenue Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 653,000	\$ 448,140
2020	674,000	427,677
2021	696,000	406,551
2022	719,000	384,732
2023	947,000	362,191
2024 – 2028	4,945,000	1,354,700
2029 – 2033	5,047,506	617,118
2034 – 2038	<u>1,087,950</u>	<u>32,080</u>
	<u>\$ 14,769,456</u>	<u>\$ 4,033,189</u>

Business-type Activities – Sewer Revenue Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 95,000	\$ 7,039
2020	96,000	6,611
2021	97,000	6,179
2022	97,000	5,743
2023	98,000	5,896
2024 – 2028	505,000	19,826
2029 – 2033	532,000	8,221
2034 – 2038	<u>44,162</u>	<u>199</u>
	<u>\$ 1,564,162</u>	<u>\$ 59,714</u>

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, 2018 were as follows:

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

<u>Fiscal Year</u>	
2019	\$ 28,171
2020	28,171
2021	28,171
2022	28,171
2023	28,171
2024 – 2028	99,863
2029 – 2033	76,746
2034 – 2038	61,401
	<u>\$ 378,865</u>

(11) 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.

(12) Pension Plans

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

Plan Description

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.

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

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 and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments

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

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 thirty six 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 service. For those eligible to enter

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

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.

Initial Benefit Option Plan

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

Contributions

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2018, total contributions due from employers and employees was 40.75%. 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 30.75% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 30.75% 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 33.25% and 7.5%, respectively. The Town contributions to the System for the years ended June 30, 2018, 2017, and 2016 were \$46,101, \$52,752, and \$39,437, respectively. Included in contributions for the year ended June 30, 2018, are contributions for the month of June 2018, totaling \$5,289, which were paid subsequent to June 30, 2018.

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 \$10,625 are recognized as revenue during the year ended June 30, 2018, 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, 2018, the Town reported a liability of \$485,892 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, as compared to the total of all employers' contributions to the System for the year ended June 30, 2017. At June 30, 2017, the Town's proportion was .055655%, which was an increase of .00793% from its proportion measured as of June 30, 2016.

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

For the year ended June 30, 2018, the Town recognized pension expense of \$104,677, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$(2,019).

At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,182	\$ 3,735
Changes of assumptions	34,574	
Net difference between projected and actual earnings on pension plan investments	21,271	
Changes in proportion and differences between employer contributions and proportionate share of contributions	74,088	7,915
Employer contributions subsequent to the measurement Date	46,101	
Total	<u>\$ 179,216</u>	<u>\$ 11,650</u>

The Town reported a total of \$46,101 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2017, which will be recognized as a reduction in net pension liability in the year ended June 30, 2019.

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>
2019	\$ 60,415
2020	40,006
2021	32,454
2022	(11,410)
Total	<u>\$ 121,465</u>

Actuarial Methods and Assumptions

The actuarial assumptions used in the June 30, 2017 valuation were based on the assumptions used in the June 30, 2017 actuarial funding valuation, and were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.325%, net of investment expense
Expected Remaining Service Lives	4 years
Inflation Rate	2.70%

	<u>Years of Service</u>	<u>Salary Growth Rate</u>
Salary increases, including inflation and merit	1-2	9.75%
	3 – 23	4.75%
	23 & Over	4.25%

Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.
	RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.
	RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.

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.
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Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2016 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	53%	3.66%
Fixed income	21%	0.52%
Alternatives	20%	1.10%
Other	6%	0.16%
Totals	<u>100%</u>	<u>5.44%</u>
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Return		<u>8.19%</u>

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

The discount rate used to measure the total pension liability was 7.325%. 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.

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

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.325%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.325% or one percentage point higher 8.325% than the current rate.

	Changes in Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
	6.325%	7.325%	8.325%
Net Pension Liability	\$671,306	\$485,892	\$330,342

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2018 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.

(Continued)

Town of Blanchard
Blanchard, Louisiana
Notes to Financial Statements
June 30, 2018
(Continued)

Changes of Assumptions or Other Inputs:

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

Change in Proportion:

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

Contributions – Proportionate Share

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

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 mounts. 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, 3017. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.lia.la.gov.

(13) Subsequent Events

Subsequent events have been evaluated through December 20, 2018, the date the financial statements were available to be issued.

(14) Litigation and Claims

At June 30, 2018, the Town is involved in several lawsuits. In the opinion of legal counsel for the Town, the outcome of the lawsuits is not presently determinable.

Town of Blanchard
 Blanchard, Louisiana
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 134,000	\$ 128,338	\$ 130,400	\$ 2,062
Sales taxes	232,000	239,040	261,311	22,271
Licenses and permits	58,900	62,763	86,886	24,123
Intergovernmental			22,000	22,000
Charges for services	210,392	224,391	225,622	1,231
Fines and forfeitures	60,450	74,585	76,101	1,516
Franchise taxes	130,000	155,400	160,122	4,722
Investment earnings	430		87	87
Miscellaneous	84,492	87,703	75,725	(11,978)
Total revenues	910,664	972,220	1,038,254	66,034
Expenditures:				
Current:				
General government	102,315	98,913	74,414	24,499
Public safety	541,965	592,160	576,852	15,308
Public works	228,500	244,828	244,999	(171)
Culture and recreation	7,300	7,028	7,076	(48)
Capital outlay	1,000	28,000	27,388	612
Total expenditures	881,080	970,929	930,729	40,200
Excess (deficiency) of revenues over expenditures	29,584	1,291	107,525	106,234
Fund balances at beginning of year	3,007	1,507	53,500	51,993
Fund balances at end of year	\$ 32,591	\$ 2,798	\$ 161,025	\$ 158,227

Town of Blanchard
Blanchard, Louisiana
Schedule of Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2018

Municipal Police Employees' Retirement System

<u>Year Ended June 30</u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered-employee payroll</u>	<u>Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2018	0.055655%	\$ 485,892	\$ 166,150	292.44%	70.08%
2017	0.04772%	447,308	133,685	334.60%	66.04%
2016	0.04984%	390,452	133,321	292.87%	70.73%
2015	0.03507%	219,420	133,322	164.58%	75.10%

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

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

Town of Blanchard
Blanchard, Louisiana
Schedule of Contributions
June 30, 2018

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>
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, 2018

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

Town of Blanchard
Blanchard, Louisiana
Schedule of Rates - User Fees
For the Year Ended June 30, 2018

	Usage	Base	Per Additional 1,000 Gallons
WATER	Residential Inside:		
	0-2000 Gallons	\$22.72	N/A
	2,001 Gallons - 10,000		\$4.44
	10,001 - 20,000		\$5.71
	over 20,000		\$6.68
	Residential Outside:		
	0-2000 Gallons	\$36.24	N/A
	2,001 Gallons - 10,000		\$5.63
	10,001 - 20,000		\$7.06
	over 20,000		\$8.08
	Commercial Inside:		
	0-2000 Gallons	\$68.24	N/A
	2,001 Gallons - 10,000		\$4.44
	10,001 - 20,000		\$5.71
	over 20,000		\$6.68
	Commercial Inside B:		
	0-5000 Gallons	\$175.00	N/A
	5,001 Gallons - 10,000		\$6.42
	10,001 - 20,000		\$8.44
	over 20,000		\$9.29
	Commercial Outside:		
	0-2000 Gallons	\$88.14	N/A
	2,001 Gallons - 10,000		\$5.63
	10,001 - 20,000		\$7.06
over 20,000		\$8.08	
Industrial:			
0-30,000 Gallons over 30,001	\$193.87	N/A \$8.71	
SEWER	Residential Inside:		
	Flat Rate	\$6.52	N/A
	1,000 - 10,000		\$1.97
	10,001 - 20,000		\$2.61
	20,001 - 30,000		\$3.27
	With cap at 30,000		
	Residential Outside:		
	Flat Rate	\$12.39	N/A
	1,000 - 10,000		\$1.97
	10,001 - 20,000		\$2.61
20,001 - 30,000		\$3.27	
With cap at 30,000			

(Continued)

Town of Blanchard
Blanchard, Louisiana
Schedule of Rates - User Fees
For the Year Ended June 30, 2018
(Continued)

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

System Users

System users at June 30, 2018 was as follows:

	Number of Customers
Water and sewer customers	3,276
Sewer customers only	1,274
	<u>4,550</u>

Aggregate Dollar Billed For Services Rendered by the System 7/1/17 - 6/30/18:

Water	\$ 3,554,596
Sewer	<u>294,453</u>
	3,849,049
Users	<u>4,550</u>
Average Monthly Billing Per User:	\$ 70

Town of Blanchard
Blanchard, Louisiana
Schedule of Insurance
June 30, 2018

Company	Type Insurance	Policy Period	Coverage Limits
LMRMA Louisiana Municipal Risk Management Agency	Workers Comp	1/1/2018 to 1/1/2019	100,000 each accident 500,000 policy limit 100,000 each employee
LMRMA Louisiana Municipal Risk Management Agency	Commercial Gen Liability Law Enforcement Officer Errors and Omissions Automobile Liability	6/11/2016 to 6/11/2019	500,000 per occurrence 500,000 500,000 500,000
Rod Prejean & Associates, Inc.	Auto Physical Damage	6/11/2018 to 6/11/2019	296,108
EMC Insurance Company	Property, Inland Marine	4/17/2018 to 4/17/2019	18,301,848
EMC Insurance Company	Commercial Crime	4/17/2018 to 4/17/2019	250,000 Blanket per loss 10,000 Theft of money 10,000 Outside Premises 10,000 Computer & funds TNSF fraud
EMC Insurance Company	Cybersolutions	4/17/2018 to 4/17/2019	50,000 Data Compromise, Attack, & Recover
C N A	Employee Dishonesty	3/3/2018 to 3/2/2019	60,000

Town of Blanchard
Blanchard, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2018

<u>Purpose</u>	<u>Amount</u>
Agency Head: Jim Galambos, Mayor	
Salary	\$ 18,000
Cell Phone	497
Registration fees	200
Reimbursements	1,073

COOK & MOREHART

Certified Public Accountants

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J. PRESTON DELAUNE, CPA

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

Independent Auditor's Report

Town of Blanchard
Blanchard, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities and each major fund of the Town of Blanchard, Louisiana, as of and for the year ended June 30, 2018, 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 20, 2018

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Blanchard's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Blanchard's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Blanchard's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 20, 2018

Town of Blanchard
Blanchard, Louisiana
Summary Schedule of Prior Audit Findings for Louisiana Legislative Auditor
June 30, 2018

There were no findings for the prior year audit for the year ended June 30, 2017.

Summary Schedule of Current Year Audit Findings for Louisiana Legislative Auditor
June 30, 2018

There are no findings for the current year audit for the year ended June 30, 2018.

COOK & MOREHART

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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, which were agreed to by the Town of Blanchard, and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Town of Blanchard's (Town) management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

Testing not required for this area for the fiscal period July 1, 2017 through June 30, 2018, due to no exceptions being noted in prior year.

Board (or Finance Committee, if applicable)

2. 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:

a) 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.

The Board of Alderman for the Town met with a quorum at least monthly.

b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-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.

The Town's minutes referenced budget-to-actual comparisons on the general fund, as well as monthly financial statements for the proprietary funds.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

The Town's prior year unrestricted fund balance was not negative for the general fund.

Bank Reconciliations

- 3. Obtain a listing of client 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 selected each account, and observe that:

Management provided the requested information, along with management's representation that the listing is complete.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Bank reconciliations selected included evidence that they were prepared within 2 months of the related statement closing date.

- b) Bank reconciliations include evidence that a member of management/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

Exception: There was no evidence that a member of management approved the bank reconciliation selected; however, there was evidence of approval on the bank statement. Bank reconciliations are prepared by contract accountant.

Management's Response: Management will document their review of bank reconciliations going forward.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Bank reconciliations selected did not have items that have been outstanding for more than 12 months.

Collections

- 4. 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).

Management provided the requested information, along with management's representation that the listing is complete.

5. 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 (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not 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.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Management provided the requested information, along with management's representation that the listing was complete. Employees responsible for cash collections do not share cash drawers/registers, are not responsible for preparing/making bank deposits, and are not responsible for posting collections entries to the general ledger. The employee responsible for reconciling cash collections to the general ledger by revenue source is not responsible for collecting cash.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

All employees who have access to cash are covered by a blanket insurance policy.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (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). *Alternately, 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:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) 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).
- e) Trace the actual deposit per the bank statement to the general ledger.

The deposits selected for testing contained sequentially pre-numbered receipts, receipts were traced to the deposit slip, the deposit slip total was located on the bank statement, the deposit was made within one week, and the actual deposit was traced to the general ledger.

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

8. 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).

Management provided the requested information, along with management's representation that the listing is complete.

9. For each location selected under #8 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, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) 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.
- d) 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.

Town's written policies and procedures and employee job duties provide for the segregation of duties as noted above.

10. For each location selected under #8 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:

- a) Observe that the disbursement matched the related original invoice/billing statement.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Management provided the requested information, along with management's representation that the listing is complete. For the transactions selected for testing, the disbursements matched the related original invoices and included evidence of segregation of duties.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-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.

Management provided the requested information, along with management's representation that the listing is complete.

12. 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:

- a) Observe that 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) was reviewed and approved, in writing, by someone other than the authorized card holder.

Monthly statements selected for testing were reviewed and approved in writing by someone other than the authorized card holder.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

There were no finance charges or late fees on the statements selected for testing.

- 13. Using the monthly statements or combined statements selected under #12 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 (i.e. each card should have 10 transactions subject to testing). 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).

Transactions selected for testing were supported by an original itemized receipt that identified precisely what was purchased, contained written documentation of the business purpose, and documentation of the individuals participating in meals, as applicable, except as noted below:

Exception: Of the cards selected for testing, there were two (2) missing receipts totaling \$41.18, and five (5) receipts totaling \$486.96 did not contain documentation of the specific business purpose.

Management's Response: Management will strengthen controls over credit card documentation. All transactions are approved by management prior to payment.

Travel and Expense Reimbursement

- 14. 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, 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:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) 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 policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Management provided the requested information, along with management's representation that the listing is complete. The five reimbursements selected for testing were within State of Louisiana per diem rates, supported by an original itemized receipt that identified what was purchased, supported by documentation of business purpose, and was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Contracts

Testing not required for this area for the fiscal period July 1, 2017 through June 30, 2018, due to no exceptions being noted in prior year.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Management provided the requested information, along with management's representation that the listing is complete. The salaries paid to the selected employees agreed with the authorized salaries/pay rates in the employee personnel file

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

For the pay period selected, there was documentation of daily attendance and leave, supervisors' approval of attendance and leave, and leave taken or accrued was reflected in the Town's cumulative leave records.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Management provided the requested information, along with management's representation that the listing is complete. For the two employees selected for testing, the pay rates and hours used to calculate termination payments agreed with the authorized pay rates in the employees personnel files and hours per the Town's cumulative leave records.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Management provided representation that the employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers compensation premiums have been paid and the associated forms have been filed by the required deadlines.

Ethics (excluding nonprofits)

Testing not required for this area for the fiscal period July 1, 2017 through June 30, 2018, due to no exceptions being noted in prior year.

Debt Service (excluding nonprofits)

Testing not required for this area for the fiscal period July 1, 2017 through June 30, 2018, due to no exceptions being noted in prior year.

Other

23. 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.

Management is not aware of any misappropriation of public funds or assets.

24. 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.

The Town has posted on its premises and website the notice required by R.S. 24:523.1.

We were not engaged to and did not conduct an examination or review, 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.

The purpose of this report is 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 20, 2018