

**Town of Blanchard  
Blanchard, Louisiana  
Financial Statement with Auditors' Report  
As of and For the Year Ended June 30, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date... ~~MAY 02 2012~~

Town of Blanchard  
Blanchard, Louisiana

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Blanchard, Louisiana

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## Independent Auditors' Report

Honorable Mayor and Board of Aldermen  
Town of Blanchard, Louisiana

We have audited the accompanying 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, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Blanchard, Louisiana's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

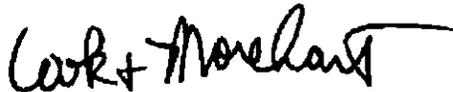
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Blanchard, Louisiana, as of June 30, 2011, and the respective changes in financial position, and, cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2012, on our consideration of the Town of Blanchard, Louisiana'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the of Town of Blanchard's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U S Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The management's discussion and analysis and budgetary comparison information on pages 3 – 10 and on page 37 are not a part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying financial information listed as other supplementary information in the table of contents and shown on pages 38 – 41 is presented for purposes of additional analysis and is not a required part of the financial statements of the Town of Blanchard. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



Cook & Morehart  
Certified Public Accountants  
March 28, 2012

## 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, 2011. Please read it in conjunction with the Town's financial statements, which begin on page 11.

#### FINANCIAL HIGHLIGHTS

- The Town of Blanchard's net assets of our governmental activities decreased by \$22,045 or 6%. The Town of Blanchard's net assets of our business-type activities increased by \$633,982 or 19%.
- In the Town's governmental activities, total general and program revenues were \$795,677 in 2011 compared to \$790,242 in 2010. Total expenses, excluding depreciation, totaled \$768,756 for the year ended June 30, 2011 compared to \$773,334 for 2010.
- In the Town's business-type activities, revenues increased by \$149,903, while expenses increased by \$11,156
- In the Town's governmental activities, revenues and expenses remained consistent from 2010 to 2011.

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets 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 Assets 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 assets* and changes in them. You can think of the Town of Blanchard's net assets – 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 assets are 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 Assets 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 Assets 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 assets changed from a year ago, increasing from \$3,692,033 to \$4,303,970. A comparative analysis of the funds maintained by the Town of Blanchard is presented below.

**Table 1  
Net Assets**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	119,059	89,638	2,720,177	2,344,088	2,839,236	2,433,726
Capital assets	284,731	333,697	9,671,235	9,176,743	9,955,966	9,510,440
Total assets	<u>403,790</u>	<u>423,335</u>	<u>12,391,412</u>	<u>11,520,831</u>	<u>12,795,202</u>	<u>11,944,166</u>
Current liabilities	38,338	36,181	1,329,471	1,860,361	1,367,809	1,896,542
Long-term liabilities	5,619	5,276	7,117,804	6,350,315	7,123,423	6,355,591
Total liabilities	<u>43,957</u>	<u>41,457</u>	<u>8,447,275</u>	<u>8,210,676</u>	<u>8,491,232</u>	<u>8,252,133</u>
Net assets:						
Investments in capital assets, net of related debt	284,731	333,697	3,060,138	2,973,135	3,344,869	3,306,832
Restricted			1,203,091	1,086,255	1,203,091	1,086,255
Unrestricted	75,102	48,181	(319,092)	(749,235)	(243,990)	(701,054)
Total net assets	<u>359,833</u>	<u>381,878</u>	<u>3,944,137</u>	<u>3,310,155</u>	<u>4,303,970</u>	<u>3,692,033</u>

Net assets of the Town of Blanchard's governmental activities decreased by \$22,045 or 6%. Net assets of the Town of Blanchard's business-type activities increased by \$633,982 or 19%.

Table 2  
Change in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
Program revenues						
Charges for services	227,753	270,292	2,769,791	2,421,490	2,997,544	2,691,782
Operating grants and contributions			33,880		33,880	
Capital grants and contributions	27,743	25,000	481,453	714,644	509,196	739,644
General revenues.						-
Taxes	102,952	98,410	48,304	46,046	151,256	144,456
Sales taxes	160,158	145,980			160,158	145,980
Licenses and permits	96,133	107,918			96,133	107,918
Franchise taxes	122,465	116,906			122,465	116,906
Investment earnings	55	147	3,456	4,801	3,511	4,948
Miscellaneous	58,418	25,589			58,418	25,589
(Loss) on Sale of Capital Assets						-
<b>Total Revenues</b>	<b>795,677</b>	<b>790,242</b>	<b>3,336,884</b>	<b>3,186,981</b>	<b>4,132,561</b>	<b>3,977,223</b>
<b>Expenses:</b>						
General government	149,361	131,212			149,361	131,212
Public safety	455,626	466,353			455,626	466,353
Public works	203,414	207,950			203,414	207,950
Culture and Recreation	9,321	10,336			9,321	10,336
Water and Sewer Utility			2,702,902	2,691,746	2,702,902	2,691,746
<b>Total expenses</b>	<b>817,722</b>	<b>815,851</b>	<b>2,702,902</b>	<b>2,691,746</b>	<b>3,520,624</b>	<b>3,507,597</b>
<b>Transfers</b>						
<b>Increases (decreases) in net assets</b>	<b>(22,045)</b>	<b>(25,609)</b>	<b>633,982</b>	<b>495,235</b>	<b>611,937</b>	<b>469,626</b>

The Town's total revenues increased by 4% or \$155,338. The Town's total expenditures remained about the same. Our analysis below separately considers the operations of the governmental and business-type activities.

### **Governmental Activities**

Total revenues for the governmental activities increased \$5,435, from total revenues in the year ended June 30, 2010 of \$790,242 to total revenues of \$795,677, in the year ended June 30, 2011.

The cost of all governmental activities this year was \$817,722. These costs were covered by \$255,496 of program revenues, with the remaining costs covered by grants, property taxes, sales taxes, and other general revenues.

### **Business-type Activities**

Total revenues for the business-type activities increased \$149,903, from total revenues in the year ended June 30, 2010 of \$3,186,981 to total revenues of \$3,336,884, in the year ended June 30, 2011.

The cost of all business-type activities this year was \$2,702,902. All of these costs were covered by program revenues, consisting of charges for services assessed to users and capital grants.

## **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 \$80,721, which is greater than last year's fund balance of \$53,457.

### **General Fund Budgetary Highlights**

The Town adopted a budget for its General Fund for the year ended June 30, 2011. 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.

- Excess of actual revenue over expenditures for the year ended June 30, 2011 is \$27,264.
- Final actual revenues were more than budgeted revenues in the amount of \$26,472.
- Actual expenditures were more than final budget expenditures in the amount of \$2,861.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of June 30, 2011 and 2010, the Town of Blanchard had invested \$9,955,966 and \$9,510,440, respectively in capital assets (see table 3 below)

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

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Construction in Progress				2,988,227		2,988,227
Land	2,000	2,000	134,676	51,350	136,676	53,350
Buildings	162,677	172,253			162,677	172,253
Improvements	36,751	40,196			36,751	40,196
Vehicles and equipment	83,303	119,248			83,303	119,248
Administration			310,100	367,482	310,100	367,482
Water equipment			8,119,450	4,614,453	8,119,450	4,614,453
Sewer equipment			1,107,009	1,155,231	1,107,009	1,155,231
Total assets (net)	<u>284,731</u>	<u>333,697</u>	<u>9,671,235</u>	<u>9,176,743</u>	<u>9,955,966</u>	<u>9,510,440</u>

This year's major additions included.

Water equipment	929,324
Sewer equipment	39,891
Land	83,326
	<u>1,052,541</u>

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

**Debt**

At year-end, the Town had \$7,117,804 in bonds and notes outstanding, versus \$6,710,315 last year – an increase of 6%.

**Table 4  
Outstanding Debt At Year End**

	<u>Business-type Activities</u>	
	<u>2011</u>	<u>2010</u>
Water Revenue Bonds	6,611,097	6,203,608
URAL Agreement	<u>506,707</u>	<u>506,707</u>
Totals	<u>7,117,804</u>	<u>6,710,315</u>

State law restricts the amount of debt that the Town of Blanchard may issue. The aggregate principal amount of debt may not exceed 10% of the assessed valuation for property tax purposes of all real and personal property located within the parish. The Town of Blanchard's total debt outstanding at year-end was well below this limitation.

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, 2012 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same. Expenditures for 2012 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 832, Blanchard, LA 71082**

Town of Blanchard  
Blanchard, Louisiana  
Statement of Net Assets  
June 30, 2011

	Governmental Activites	Business-type Activites	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 73,818	\$ 344,031	\$ 417,849
Investments		6,222	6,222
Receivables (net of allowance for uncollectibles)	45,241	591,898	636,937
Restricted assets:			
Cash and cash equivalents		1,355,190	1,355,190
Investments		195,501	195,501
Capital assets, net	284,731	9,671,235	9,955,966
Unamortized bond issuance costs		227,537	227,537
<b>Total assets</b>	<b>403,780</b>	<b>12,391,412</b>	<b>12,795,202</b>
 <b>Liabilities</b>			
Accounts payable and accrued expenses	38,338	981,871	1,020,209
Payable from restricted assets:			
Customer deposits		347,600	347,600
<i>Non-current liabilities:</i>			
Due within one year	5,619	372,000	377,619
Due in more than one year		6,745,804	6,745,804
<b>Total liabilities</b>	<b>43,957</b>	<b>8,447,275</b>	<b>8,491,232</b>
 <b>Net Assets</b>			
Invested in capital assets, net of related debt	284,731	3,060,138	3,344,869
Restricted for debt service		1,203,091	1,203,091
Unrestricted	75,102	(319,092)	(243,990)
<b>Total net assets</b>	<b>\$ 359,833</b>	<b>\$ 3,944,137</b>	<b>\$ 4,303,970</b>

The accompanying notes are an integral part of this statement.

Town of Blanchard  
Blanchard, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2011

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities</b>							
General government	\$ 149,361	\$	\$	\$ 27,743	\$ (149,361)	\$	\$ (149,361)
Public safety	455,626	58,545			(359,338)		(359,338)
Public works	203,414	168,208			(34,206)		(34,206)
Culture and recreation	9,321				(9,321)		(9,321)
<b>Total governmental activities</b>	<b>817,722</b>	<b>227,753</b>		<b>27,743</b>	<b>(562,226)</b>		<b>(562,226)</b>
<b>Business-type Activities</b>							
Utility	2,702,902	2,768,791		515,333		582,222	582,222
<b>Total business-type activities</b>	<b>2,702,902</b>	<b>2,769,791</b>		<b>515,333</b>		<b>582,222</b>	<b>582,222</b>
<b>Total Government</b>	<b>\$ 3,520,624</b>	<b>\$ 2,997,544</b>		<b>\$ 543,076</b>	<b>(562,226)</b>	<b>582,222</b>	<b>19,998</b>
<b>General revenues</b>							
Ad valorem taxes					102,952	48,304	151,256
Sales taxes					160,158		160,158
Licenses and permits					98,133		98,133
Franchise taxes					122,465		122,465
Investment earnings					55	3,456	3,511
Miscellaneous					58,418		58,418
<b>Total general revenues</b>					<b>540,181</b>	<b>51,760</b>	<b>591,941</b>
Change in net assets					(22,045)	633,982	611,937
<b>Net assets - beginning</b>					<b>381,878</b>	<b>3,310,155</b>	<b>3,692,033</b>
<b>Net assets - ending</b>					<b>\$ 359,833</b>	<b>\$ 3,944,137</b>	<b>\$ 4,303,970</b>

The accompanying notes are an integral part of this statement

**Town of Blanchard**  
**Blanchard, Louisiana**  
**Balance Sheet**  
**Governmental Fund**  
**June 30, 2011**

	<u>General Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 73,818
Receivables	<u>45,241</u>
Total assets	<u>\$ 119,059</u>
 <b>Liabilities and Fund Balances</b>	
<b>Liabilities</b>	
Accounts payable and accrued expenses	<u>\$ 38,338</u>
Total liabilities	<u>38,338</u>
 <b>Fund balances</b>	
Unassigned	<u>80,721</u>
Total fund balances	<u>80,721</u>
Total liabilities and fund balances	<u>\$ 119,059</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 Assets  
June 30, 2011

<b>Fund balances - total governmental fund</b>	<b>\$ 80,721</b>
 <b>Amounts reported for governmental activities in the statement of net assets are different because</b>	
 <b>Capital assets used in governmental activities are not financial resources and     therefore are not reported in the funds</b>	  <b>284,731</b>
 <b>Long-term liabilities are not due and payable in the current period and     therefore are not reported in the funds.</b>	  <b><u>(5,619)</u></b>
 <b>Net assets of governmental activities</b>	  <b><u><u>\$ 359,833</u></u></b>

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, 2011**

	<u>General Fund</u>
<b>Revenues.</b>	
<b>Ad valorem taxes</b>	\$ 102,952
<b>Sales taxes</b>	160,158
<b>Licenses and permits</b>	98,133
<b>Intergovernmental</b>	27,743
<b>Charges for services</b>	169,208
<b>Fines and forfeitures</b>	58,545
<b>Franchise taxes</b>	122,465
<b>Investment earnings</b>	55
<b>Miscellaneous</b>	58,417
<b>Total revenues</b>	<u>795,676</u>
<b>Expenditures:</b>	
<b>Current:</b>	
<b>General government</b>	143,609
<b>Public safety</b>	419,458
<b>Public works</b>	202,756
<b>Culture and recreation</b>	2,589
<b>Total expenditures</b>	<u>768,412</u>
<b>Excess (deficiency) of revenues over expenditures</b>	27,264
<b>Fund balances at beginning of year</b>	<u>53,457</u>
<b>Fund balances at end of year</b>	<u>\$ 80,721</u>

The accompanying notes are an integral part of this statement

**Town of Blanchard  
Blanchard, Louisiana  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Fund to the Statement of Activities  
For the Year Ended June 30, 2011**

<b>Net change in fund balances - total governmental fund</b>	<b>\$ 27,264</b>
<b>Amounts reported for governmental activities in the statement of activities are different because:</b>	
<b>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 (\$48,966) exceeded capital outlays (\$0) in the current period</b>	<b>(48,966)</b>
<b>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</b>	<b><u>(343)</u></b>
<b>Change in net assets of governmental activities</b>	<b><u>\$ (22,045)</u></b>

The accompanying notes are an integral part of this statement.

Town of Blanchard  
Blanchard, Louisiana  
Balance Sheet  
Proprietary Fund  
June 30, 2011

	<u>Business-Type Activities- Enterprise Fund</u>
<b>Assets</b>	
<b>Current assets.</b>	
Cash and cash equivalents	\$ 344,031
Investments	6,222
Receivables (net of allowance for uncollectibles)	591,696
<b>Total current assets</b>	<u>941,949</u>
<b>Noncurrent assets</b>	
Restricted cash and cash equivalents	1,355,190
Restricted investments	185,501
<b>Capital assets:</b>	
Land	134,678
Plant and equipment	17,019,352
Less accumulated depreciation	(7,482,793)
Unamortized bond issuance costs	227,537
<b>Total noncurrent assets</b>	<u>11,449,463</u>
<b>Total assets</b>	<u>\$ 12,391,412</u>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Accounts payable and accrued expenses	\$ 981,871
Water revenue bonds	372,000
<b>Payable from restricted assets:</b>	
Customer deposits	347,600
<b>Total current liabilities</b>	<u>1,701,471</u>
<b>Noncurrent liabilities</b>	
Water revenue bonds	6,239,097
Other long-term debt	506,707
<b>Total noncurrent liabilities</b>	<u>6,745,804</u>
<b>Total liabilities</b>	<u>8,447,275</u>
<b>Net assets</b>	
Invested in capital assets, net of related debt	3,060,138
Restricted for debt service	1,203,091
Unrestricted	(319,092)
<b>Total net assets</b>	<u>3,944,137</u>
<b>Total liabilities and net assets</b>	<u>\$ 12,391,412</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 Assets**  
**Proprietary Fund**  
**For the Year Ended June 30, 2011**

	<u>Business-Type Activities- Enterprise Fund</u>
<b>Operating revenues</b>	
Water sales	\$ 2,449,517
Sewerage service charges	301,657
Miscellaneous revenues	18,617
Total operating revenues	<u>2,769,791</u>
<b>Operating expenses</b>	
Water department expenses	1,513,497
Sewer department expenses	306,376
Depreciation expense	558,049
Total operating expenses	<u>2,377,922</u>
Operating income (loss)	<u>391,869</u>
<b>Non-operating revenues (expenses)</b>	
Ad valorem taxes	48,304
Interest income	3,456
Interest expense	(324,980)
Total non-operating revenues (expenses)	<u>(273,220)</u>
<b>Capital contributions:</b>	
Contributed capital	<u>515,333</u>
Change in net assets	633,982
<b>Net assets - beginning of year</b>	<u>3,310,155</u>
<b>Net assets - end of year</b>	<u>\$ 3,944,137</u>

The accompanying notes are an integral part of this statement

Town of Blanchard  
Blanchard, Louisiana  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2011

	<u>Business-Type Activities- Enterprise Fund</u>
<b>Cash Flows From Operating Activities</b>	
Receipts from customers	\$ 2,500,990
Cash payments to suppliers for goods and services	(1,011,150)
Cash payments to employees for services	(870,723)
Other receipts (payments)	18,617
Net Cash from Operating Activities	<u>637,734</u>
<b>Cash Flows From Non-Capital Financing Activities</b>	
Ad valorem taxes	48,304
Net Cash from Non-capital Financing Activities	<u>48,304</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Acquisition/construction of capital assets	(457,052)
Principal paid on capital debt	(360,000)
Interest paid on capital debt	(266,713)
Capital grants	515,333
Net Cash (used in) Capital and Related Financing Activities	<u>(568,432)</u>
<b>Cash Flow From Investing Activities</b>	
Purchase of investments	(1,075)
Interest income	3,456
Net Cash from Investing Activities	<u>2,381</u>
<b>Net decrease in cash and cash equivalents</b>	119,987
<b>Cash, Beginning of year</b>	<u>1,579,234</u>
<b>Cash, End of year</b>	<u>\$ 1,699,221</u>
<b>Reconciliation of Operating Loss to Net Cash (Used) by Operating Activities</b>	
Operating income (loss)	\$ 391,869
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation expense	558,049
Accounts receivable	(272,214)
Accounts payable and accrued expenses	(62,231)
Customer deposits	22,030
Other	231
Net Cash Flows From Operating Activities	<u>\$ 637,734</u>
<b>Noncash Capital Financing Activities:</b>	
Acquisition of property	
Acquisition/construction of capital assets	\$ 1,208,056
Less long-term liabilities assumed	(749,004)
Cash used to acquire/construct capital assets	<u>\$ 457,052</u>

The accompanying notes are an integral part of this statement

Town of Blanchard  
Blanchard, Louisiana  
Notes to Financial Statements  
June 30, 2011

**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 Statement No. 14, as amended by GASB Statement No. 39, 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 39 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, 2011  
(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 Assets, 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 assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

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, 2011  
(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 assets 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 Statement No. 34 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, 2011  
(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, 2011  
(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, 2011

**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, 2011  
(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 Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, 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 assets are 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 assets are 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 list 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 remove those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).
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.

(Continued)

Town of Blanchard  
Blanchard, Louisiana  
Notes to Financial Statements  
June 30, 2011  
(Continued)

5. Unassigned fund balance are the residual classification for the Town's general fund and include all spendable amounts not contained in the other classifications

The Town's policy is to apply expenditures against nonspendable fund balances, restricted fund balances, committed fund balances, assigned fund balances, and unassigned fund balances, in that order.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

**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, 2011 of \$160,158 are 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, 2011  
(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 considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**(2) New Accounting Standard**

Effective July 1, 2010, the Town of Blanchard implemented the following GASB statement: GASB Statement No. 54, "Fund Balance Reporting and Government Fund Type Definitions." GASB 54 establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. Additionally, the definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by the provisions in the Statement.

(Continued)

Town of Blanchard  
Blanchard, Louisiana  
Notes to Financial Statements  
June 30, 2011  
(Continued)

(3) 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	6.57	6.57	N/A
Sewerage System	3.10	3.10	N/A

(4) Cash, Cash Equivalents, and Investments

At June 30, 2011, the Town has cash, cash equivalents, and investments (book balances), totaling \$1,974,762, as detailed below.

A. Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2011 (book balances) totaled \$1,773,039 of which \$1,355,190 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. Investments

At June 30, 2011, the Town had investments totaling \$201,723 of which \$195,501 is shown as a restricted asset.

Money market brokerage account	\$ 139,300
Certificates of deposit	<u>62,423</u>
	<u>\$ 201,723</u>

The certificates of deposit have initial maturities greater than 90 days and are carried at cost, which approximates market.

(Continued)

Town of Blanchard  
Blanchard, Louisiana  
Notes to Financial Statements  
June 30, 2011  
(Continued)

**C 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. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2011, \$1,063,410 of the Town's bank balances totaling \$2,149,631 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 \$ 1,063,410

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

**(5) Receivables**

The following is a summary of receivables at June 30, 2011:

<u>Class of Receivable</u>	
<b>Governmental activities –</b>	
Property taxes	\$ 4,586
Sales taxes	14,795
Franchise taxes	<u>25,860</u>
	<u>45,241</u>
<b>Business-type activities –</b>	
Accounts receivable – water and sewer charges	405,767
Accounts receivable – Intergovernmental	<u>185,929</u>
	<u>591,696</u>
<b>Total</b>	<u><u>\$ 636,937</u></u>

**(6) Restricted Assets**

Restricted assets were applicable to the following at June 30, 2011

	<u>Enterprise Fund</u>
Customer deposits	\$ 347,600
Debt service	<u>1,203,091</u>
	<u><u>\$ 1,550,691</u></u>

(Continued)

Town of Blanchard  
Blanchard, Louisiana  
Notes to Financial Statements  
June 30, 2011  
(Continued)

(7) Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows

	Balance at 07/01/10	Additions	Deletions	Balance at 06/30/11
<b><u>Governmental Activities</u></b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 2,000	\$	\$	\$ 2,000
Total capital assets, not being depreciated	<u>2,000</u>			<u>2,000</u>
<b>Capital assets, being depreciated</b>				
Buildings	308,698			308,698
Improvements	531,804			531,804
Vehicles and Equipment	321,631		(61,000)	260,631
Total capital assets, being depreciated at historical cost	<u>1,162,133</u>		<u>(61,000)</u>	<u>1,101,133</u>
<b>Less accumulated depreciation</b>				
Buildings	(136,445)	(9,576)		(146,021)
Improvements	(491,608)	(3,445)		(495,053)
Vehicles and Equipment	(202,383)	(35,945)	61,000	(177,328)
Total accumulated depreciation	<u>(830,436)</u>	<u>(48,966)</u>	<u>61,000</u>	<u>(818,402)</u>
Total capital assets, being depreciated, net	<u>331,697</u>	<u>(48,966)</u>		<u>282,731</u>
Governmental activities capital assets, net	<u>\$ 333,697</u>	<u>\$ (48,966)</u>	<u>\$</u>	<u>\$ 284,731</u>

(Continued)

Town of Blanchard  
Blanchard, Louisiana  
Notes to Financial Statements  
June 30, 2011  
(Continued)

	Balance at 07/01/10	Additions	Deletions	Transfers	Balance at 06/30/11
<b>Business-Type Activities.</b>					
<b>Capital assets, not being depreciated:</b>					
Construction in Progress	\$ 2,988,227	\$	\$	\$ (2,988,227)	\$
Land	51,350	83,326			134,676
<b>Total capital assets, not being depreciated</b>	<b>3,039,577</b>	<b>83,326</b>		<b>(2,988,227)</b>	<b>134,676</b>
<b>Capital assets, being depreciated.</b>					
Administration	724,942				724,942
Water Equipment	10,138,878	929,324		2,988,227	14,056,429
Sewer Equipment	2,198,090	39,891			2,237,981
<b>Total capital assets, being depreciated at historical cost</b>	<b>13,061,910</b>	<b>969,215</b>		<b>2,988,227</b>	<b>17,019,352</b>
<b>Less accumulated depreciation:</b>					
Administration	(357,460)	(57,382)			(414,842)
Water Equipment	(5,524,425)	(412,554)			(5,936,979)
Sewer Equipment	(1,042,859)	(88,113)			(1,130,972)
<b>Total accumulated depreciation</b>	<b>(6,924,744)</b>	<b>(558,049)</b>			<b>(7,482,793)</b>
<b>Total capital assets, being depreciated, net</b>	<b>6,137,166</b>	<b>411,166</b>		<b>2,988,227</b>	<b>9,536,559</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 9,176,743</b>	<b>\$ 494,492</b>	<b>\$</b>	<b>\$</b>	<b>\$ 9,671,235</b>

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

	Governmental Activities	Business -type Activities	Total
<b>General Government.</b>			
General Government	\$ 5,408	\$	5,408
Public Safety	36,168		50,885
Public works	658		658
Recreation	6,732		6,732
Water and Sewer		558,049	558,049
	<b>\$ 48,966</b>	<b>\$ 558,049</b>	<b>\$ 621,732</b>

(Continued)

Town of Blanchard  
Blanchard, Louisiana  
Notes to Financial Statements  
June 30, 2011  
(Continued)

(8) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2011, consisted of the following

<u>Class of Payable</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 27,988	\$ 810,119	\$ 838,107
Salaries and payroll taxes	8,563	33,963	42,526
Sales tax		8,244	8,244
Accrued interest		118,234	118,234
Compensated absences	1,787	11,311	13,098
Total	<u>\$ 38,338</u>	<u>\$ 981,871</u>	<u>\$ 1,020,209</u>

(9) Customers' Deposits

Deposits held for customers that are currently active on the water system total \$347,600 at June 30, 2011

(10) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities.</b>					
Other long-term Liabilities – Compensated Absences	\$ 7,860	\$ 6,182	\$( 6,636)	\$ 7,406	\$ 7,406
<b>Total-Governmental Activities long-term liabilities</b>	<u>\$ 7,860</u>	<u>\$ 6,182</u>	<u>\$( 6,636)</u>	<u>\$ 7,406</u>	<u>\$ 7,406</u>
Less amounts due within period of availability				( 1,787)	( 1,787)
<b>Total long-term liabilities, Government-wide statements</b>				<u>\$ 5,619</u>	<u>\$ 5,619</u>

(Continued)

Town of Blanchard  
Blanchard, Louisiana  
Notes to Financial Statements  
June 30, 2011  
(Continued)

**Business-type Activities:**

<b>Water Revenue Bonds</b>					
Series 2010B	\$ 1,907,997	\$ 749,003	\$ ( 105,000)	2,552,000	107,000
<b>Water Revenue Bonds</b>					
Series 2005	3,135,000		( 210,000)	2,925,000	215,000
<b>Water Revenue Bonds</b>					
Series 2000	1,380,000		( 45,000)	1,335,000	50,000
Less. Discount on Bonds	( 57,279)		4,689	( 52,590)	
Less Deferred loss on Refunding	( 162,110)		13,797	( 148,313)	
<b>Total Bonds</b>	<b>6,203,608</b>	<b>749,003</b>	<b>( 341,514)</b>	<b>6,611,097</b>	<b>372,000</b>
<b>Other long-term liabilities –</b>					
URAF Agreement	506,707			506,707	
Compensated Absences	11,126	185		11,311	11,311
<b>Total–Business-type Activities long-term liabilities</b>	<b>\$ 6,721,441</b>	<b>\$ 749,188</b>	<b>\$( 341,514)</b>	<b>\$ 7,129,115</b>	<b>\$ 383,311</b>
Less amounts due within period of availability				( 11,311)	( 11,311)
<b>Total long-term liabilities, Government-wide statements</b>				<b>\$ 7,117,804</b>	<b>\$ 372,000</b>

Payments on water revenue bonds are made from the utility fund. Payments on compensated absences are made by the fund for which the employee worked

**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

\$ 2,552,000

**Water Revenue Bonds – Series 2005**

\$3,920,000 dated 05/24/05 Due in annual installments of principal and semi-annual installments of interest through March 2022, interest at 3.25% to 4.50%. Payable from income and revenues derived from the waterworks system

\$ 2,925,000

(Continued)

Town of Blanchard  
Blanchard, Louisiana  
Notes to Financial Statements  
June 30, 2011  
(Continued)

**Water Revenue Bonds – Series 2000**

\$1,800,000 dated 12/14/00. Due in annual installments of principal and semi-annual installments of interest through March 2027, interest at 5.65% to 6.30%. Payable from income and revenues derived from the waterworks system \$ 1,335,000

The annual requirements to amortize all debt outstanding at June 30, 2011 were as follows.

**Business-type Activities – Water Revenue Bonds**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 372,000	\$ 294,203
2013	385,000	277,887
2014	403,000	262,393
2015	410,000	246,124
2016	428,000	229,586
2017 – 2021	2,430,000	856,810
2022 – 2026	1,526,000	365,053
2027 – 2031	858,000	69,543
	<u>\$ 6,812,000</u>	<u>\$ 2,601,599</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, 2011 were as follows:

<u>Fiscal Year</u>	
2012	\$ 7,150
2013	7,150
2014	7,150
2015	7,150
2016	7,150
2017 – 2021	35,750
2022 – 2026	140,857
2027 – 2031	140,857
2032 – 2036	76,746
2037 – 2041	76,747
	<u>\$ 508,707</u>

(Continued)

Town of Blanchard  
Blanchard, Louisiana  
Notes to Financial Statements  
June 30, 2011  
(Continued)

(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 police department employees of the Town are members of the Municipal Police Employees Retirement System of Louisiana. The System is a cost-sharing, multiple-employer, defined benefit pension plan administered by separate boards of trustees. Pertinent information relative to the Plan follows:

**Municipal Police Employees Retirement System of Louisiana (System)**

All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

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 of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate was 25 percent of annual covered payroll effective July, 2010. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town contributions to the System for the years ending June 30, 2011 and 2010 were \$18,050 and \$11,248, respectively, equal to the required contributions.

(13) Subsequent Events

Subsequent events have been evaluated through March 28, 2012, the date the financial statements were available to be issued.

(14) Litigation and Claims

The Town is involved in litigation arising in the ordinary course of its operations. The Town believes that its ultimate liability, if any, in connection with these matters will not have a material effect on the Town's financial condition or results of operations.

(Continued)

**Town of Blanchard  
Blanchard, Louisiana  
Notes to Financial Statements  
June 30, 2011  
(Continued)**

**(15) Commitments**

The Town entered into construction contracts for its water and sewer system that totaled approximately \$2,907,224. Amounts incurred under those contracts at June 30, 2011 totaled \$2,809,397. The remaining \$97,827 was incurred subsequent to June 30, 2011.

The Town is planning a water treatment facility project. Bids for the project were received in December, 2011 and totaled approximately \$13,275,000. Funding for the project is expected to be provided by a loan from the U. S. Department of Agriculture for approximately \$4,930,000 and a loan from the State of Louisiana, Department of Health and Hospitals, Drinking Water Revolving Loan Fund for approximately \$8,346,000. No contracts have been awarded for this project as of March 28, 2012.

Town of Blanchard  
Blanchard, Louisiana  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes	\$ 103,950	\$ 102,952	\$ 102,952	\$
Sales taxes	125,740	149,950	160,158	10,208
Licenses and permits	86,285	79,033	96,133	17,100
Intergovernmental		27,743	27,743	
Charges for services	169,840	167,475	169,208	1,733
Fines and forfeitures	113,850	58,700	58,545	(155)
Franchise taxes	126,550	125,130	122,465	(2,685)
Investment earnings	145	50	55	5
Miscellaneous	95,650	58,171	58,417	246
<b>Total revenues</b>	<b>832,010</b>	<b>769,204</b>	<b>795,676</b>	<b>26,472</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	122,485	137,658	136,184	1,474
Public safety	472,210	417,977	419,458	(1,481)
Public works	200,700	200,095	202,756	(2,661)
Culture and recreation	3,800	2,575	2,589	(14)
Capital outlay	33,000	7,246	7,425	(179)
<b>Total expenditures</b>	<b>831,995</b>	<b>765,551</b>	<b>768,412</b>	<b>(2,861)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>15</b>	<b>3,653</b>	<b>27,264</b>	<b>23,611</b>
<b>Fund balances at beginning of year</b>			<b>53,457</b>	<b>53,457</b>
<b>Fund balances at end of year</b>	<b>\$ 15</b>	<b>\$ 3,653</b>	<b>\$ 80,721</b>	<b>\$ 77,068</b>

**Town of Blanchard  
Blanchard, Louisiana  
Schedule of Compensation Paid to Board Members  
For the Year Ended June 30, 2011**

<b>Mayor - Johnny DiGiorno</b>	<b>\$ 12,000</b>
<b>Aldermen/Alderwomen:</b>	
Allison Jones	5,575
Nathan Ashby	2,900
Patsy Lee	5,525
Ross Prewett	5,400
Jimmy Whittington	<u>5,400</u>
	<u><b>\$ 36,800</b></u>

Town of Blanchard  
Blanchard, Louisiana  
Schedule of Rates - User Fees  
For the Year Ended June 30, 2011

WATER	Usage	Base	Per Additional 1,000 Gallons	
<b>Residential Inside:</b>	0-2 Gallons	\$17.49	N/A	
	2,001 Gallons - 10,000		\$3.42	
	10,001 - 20,000		\$4.40	
	over 20,000		\$5.14	
	<b>Residential Outside:</b>	0-2 Gallons	\$26.41	N/A
		2,001 Gallons - 10,000		\$4.10
		10,001 - 20,000		\$5.14
		over 20,000		\$5.88
	<b>Commercial Inside:</b>	0-2 Gallons	\$52.55	N/A
		2,001 Gallons - 10,000		\$3.42
		10,001 - 20,000		\$4.40
		over 20,000		\$5.14
<b>Commercial Outside:</b>	0-2 Gallons	\$64.24	N/A	
	2,001 Gallons - 10,000		\$4.10	
	10,001 - 20,000		\$5.14	
	over 20,000		\$5.88	
<b>Industrial:</b>	0-30,000 Gallons over 30,001	\$141.30	N/A \$6.34	
<b>SEWER</b>	<b>Residential Inside:</b>	Flat Rate	\$5.52	N/A
		1,000 - 10,000		\$1.66
		10,001 - 20,000		\$2.21
		20,000 - 30,000		\$2.77
		With cap at 30,000		
	<b>Residential Outside:</b>	Flat Rate	\$11.03	N/A
		1,000 - 10,000		\$1.66
		10,001 - 20,000		\$2.21
		20,000 - 30,000		\$2.77
		With cap at 30,000		
	<b>Commercial Inside:</b>	Flat Rate	\$16.54	N/A
		1,000 - 10,000		\$1.66
10,001 - 20,000			\$2.21	
20,000 - 30,000			\$2.77	
With cap at 30,000				

(Continued)

**Town of Blanchard**  
**Blanchard, Louisiana**  
**Schedule of Rates - User Fees**  
**For the Year Ended June 30, 2011**  
**(Continued)**

<b>Commercial Outside:</b>	Flat Rate 1,000 - 10,000 10,001 - 20,000 20,000 - 30,000 With cap at 30,000	\$88.20    \$88.20	N/A \$1.72 \$2.21 \$2.77
<b>Industrial Inside:</b>	Flat Rate Per 1,000 gallons NO CAP	\$88.20	N/A \$2.21
<b>Industrial Outside:</b>	Flat Rate Per 1,000 gallons NO CAP	\$88.20	N/A \$2.21

**System Users**

System users at June 30, 2011 was as follows

	<u>Number of Customers</u>
Water and sewer customers	1,215
Water customers only	2,850
	<u><u>4,065</u></u>

(Continued)

Town of Blanchard  
 Blanchard, Louisiana  
 Schedule of Insurance  
 June 30, 2011

Company	Type Insurance	Policy Period	Coverage Limits
LMRMA Louisiana Municipal Risk Management Agency	Workers Comp	1/1/2011 to 1/1/2012	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	6/11/2011 to 6/11/2012	500,000 per occurrence 500,000 500,000 500,000
Essex Insurance Company	Auto Physical Damage	6/11/2011 to 6/11/2012	117,187
Southern Insurance Company	Property, Inland Marine	6/11/2011 to 6/11/2012	7,014,278
C N A	Employee Dishonesty	7/26/2011 to 7/26/2012	10,000

Town of Blanchard  
Blanchard, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<b><u>U.S. Environmental Protection Agency</u></b>			
Passed through the State of Louisiana,			
Department of Health and Hospitals			
Capitalization Grants for Drinking			
Water State Revolving Funds			
ARRA - Water Revenue Bonds	66.468	Series 2010A	\$ 481,453
Water Revenue Bonds	66.468	Series 2010B	<u>749,004</u>
<b>Total Federal Expenditures</b>			<b><u>\$ 1,230,457</u></b>

NOTE 1. The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting

# COOK & MOREHART

*Certified Public Accountants*

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## 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

Honorable Mayor and Board of Aldermen  
Town of Blanchard, Louisiana

We have audited 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, 2011, which collectively comprise the Town of Blanchard, Louisiana's basic financial statements and have issued our report thereon dated March 28, 2012. 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.

### Internal Control Over Financial Reporting

Management of Town of Blanchard is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Blanchard's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Blanchard's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 a 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify and deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as items 2011-B2, 2011-B3, and 2011-B4, that we consider to be significant deficiencies in internal control over financial reporting. 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.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Blanchard, Louisiana's financial statements are free of 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2011-B1.

Town of Blanchard's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Blanchard's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart  
Certified Public Accountants  
March 28, 2012

# COOK & MOREHART

*Certified Public Accountants*

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## Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance In Accordance with OMB Circular A-133

Town of Blanchard  
Blanchard, Louisiana

### Compliance

We have audited the compliance the Town of Blanchard's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The Town of Blanchard's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of Blanchard's management. Our responsibility is to express an opinion on the Town of Blanchard's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on test basis, evidence about the Town of Blanchard's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Blanchard's compliance with those requirements.

In our opinion, the Town of Blanchard complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

### Internal Control Over Compliance

Management of the Town of Blanchard is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Blanchard's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the

purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Blanchard's internal control over compliance.

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

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

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart  
Certified Public Accountants  
March 28, 2012

Town of Blanchard  
Blanchard, Louisiana  
Summary Schedule of Prior Audit Findings  
June 30, 2011

There were no findings related to federal awards programs in the prior year audit for the year ended June 30, 2010.

Schedule of Finding and Questioned Costs  
June 30, 2011

**A. Summary of Audit Results**

1. The auditor's report expresses an unqualified opinion on the financial statements of the Town of Blanchard
2. Three significant deficiencies are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. None of the deficiencies are reported as material weaknesses
3. One instance of noncompliance material to the financial statements of the Town of Blanchard was disclosed during the audit.
4. No significant deficiencies are reported in the Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the Town of Blanchard expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award programs for the Town of Blanchard reported in Part C of this Schedule.
7. The programs tested as major programs included Capitalization grants for drinking water state revolving funds – Water Revenue Bonds and ARRA – Water Revenue Bonds, CFDA #66 468
8. The threshold for distinguishing Types A and B programs was \$300,000
9. Town of Blanchard qualifies as a low-risk auditee

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

**2011-B1 FINDING**

*Finding* Payroll tax deposits were not made correctly during the year

*Criteria* The Town should make payroll deposits for the correct amounts after each pay period

*Cause* The payroll tax deposit reports generated by the payroll system were not set up correctly to provide the correct payroll tax deposit amounts.

(Continued)

Town of Blanchard  
Blanchard, Louisiana  
Schedule of Finding and Questioned Costs  
June 30, 2011  
(Continued)

*Effect:* The payroll tax deposits had to be corrected when filing the quarterly payroll tax reports, along with penalties for late deposits

*Recommendation* We recommend that the Town implement procedures to ensure that the correct payroll tax deposits are made after each payroll

*Management Response:* The Town will implement procedures to ensure that the correct payroll tax deposits are made after each payroll. All payroll taxes due have been paid.

**2011-B2 SIGNIFICANT DEFICIENCY**

*Statement of Deficiency* Deposits made for fines – police tickets are not subsequently compared to the actual receipts issued at the time of collection by someone independent of the collection process.

*Criteria* Proper internal controls should provide for a review of the actual deposits made for fines - police tickets to the actual receipts that were issued upon collection by someone independent of the collection process

*Cause:* There is not a proper segregation of duties over the collection process. There is no review of the actual receipts issued upon collection to the actual deposits made by someone other than the person preparing the deposits.

*Effect* Without a proper segregation of duties, the Town cannot ensure that all collections for fines – police tickets are deposited at the bank.

*Recommendation:* We recommend that the Town Clerk review and compare the actual receipts issued at the time of collection to the subsequent deposits made at the bank

*Management Response:* The Town Clerk will review and compare the actual receipts issued at the time of collection to the subsequent deposits made at the bank

**2011-B3 SIGNIFICANT DEFICIENCY**

*Statement of Deficiency* During our audit, we noted that the Town did not have procedures in place for ensuring that all adjustments made to the utility billing system were properly approved

*Criteria* The Town's policy is to require prior approval for adjustments to the utility billing system by the Town Council or the Water Superintendent.

*Cause:* The Town does not have procedures in place for ensuring that all adjustments which have been posted to the utility billing system were approved by the Town Council or Water Superintendent

(Continued)

Town of Blanchard  
Blanchard, Louisiana  
Schedule of Finding and Questioned Costs  
June 30, 2011  
(Continued)

**Effect** Without ensuring that all adjustments to customer accounts in the utility billing system were appropriately approved, errors or irregularities could occur and not be detected by management

**Recommendation.** We recommend that, during the reconciliation process at the end of each month, a listing be printed of all adjustments made to customer accounts in the utility billing system by someone independent of making the adjustments. All adjustments should be reviewed by someone independent of the receipt function to verify that all were approved in accordance with the Town's policy

**Management Response:** The Town will implement procedures whereby the appropriate personnel will approve adjustments independent of those making the adjustments. The Town Clerk will review all adjustments on a monthly basis

**2011-B4 SIGNIFICANT DEFICIENCY**

**Statement of Deficiency** Deposits made for utility collections are not subsequently compared to the daily work by someone independent of the collection function

**Criteria** Proper internal controls provide for someone independent of the collection process to verify that the collections received are deposited to the bank.

**Cause** There is not a proper segregation of duties over the collection process. There is no review of the daily work to the actual deposits made by someone other than the person preparing the deposits

**Effect** Without a proper segregation of duties, the Town cannot ensure that all collections for utility billings are deposited at the bank.

**Recommendation:** We recommend that someone independent of the collection process review the daily work and ensure it is in agreement with the actual deposits made at the bank

**Management Response** The Town Clerk will review the daily work to ensure it is in agreement with the deposits made at the bank

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

Town of Blanchard  
Blanchard, Louisiana  
Schedules For Louisiana Legislative Auditor  
Summary Schedule of Prior Year Audit Findings  
June 30, 2011

There were one finding and three significant deficiencies for the prior year audit for the year ended June 30, 2010, as follows:

**2010-B1 FINDING**

*Finding:* Payroll tax deposits were not made correctly during the year.

*Recommendation:* We recommend that the Town implement procedures to ensure that the correct payroll tax deposits are made after each payroll.

*Current Status:* See repeat finding in current year audit.

**2010-B2 SIGNIFICANT DEFICIENCY**

*Statement of Deficiency:* Deposits made for fines – police tickets are not subsequently compared to the actual receipts issued at the time of collection by someone independent of the collection process.

*Recommendation:* We recommend that the Town Clerk review and compare the actual receipts issued at the time of collection to the subsequent deposits made at the bank.

*Current Status:* See repeat finding in current year audit.

**2010-B3 SIGNIFICANT DEFICIENCY**

*Statement of Deficiency:* During our audit, we noted that the Town did not have procedures in place for ensuring that all adjustments made to the utility billing system were properly approved.

*Recommendation:* We recommend that, during the reconciliation process at the end of each month, a listing be printed of all adjustments made to customer accounts in the utility billing system by someone independent of making the adjustments. All adjustments should be reviewed by someone independent of the receipt function to verify that all were approved in accordance with the Town's policy.

*Current Status:* See repeat finding in current year audit.

**2010-B4 SIGNIFICANT DEFICIENCY**

*Statement of Deficiency:* Deposits made for utility collections are not subsequently compared to the daily work by someone independent of the collection function.

*Recommendation:* We recommend that someone independent of the collection process review the daily work and ensure it is in agreement with the actual deposits made at the bank.

*Current Status:* See repeat finding in current year audit.

**Town of Blanchard  
Blanchard, Louisiana  
Schedules For Louisiana Legislative Auditor  
Summary Schedule of Current Year Audit Findings  
June 30, 2011**

**There is one finding and three significant deficiencies for the current year audit for the year ended June 30, 2011, as described in the accompanying schedule of findings and questioned costs**