

**TOWN OF GRAND COTEAU, LOUISIANA**

Financial Report

Year Ended June 30, 2023

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Patrick Richard, Mayor  
and Members of the Board of Aldermen  
Town of Grand Coteau, Louisiana

### Report on the Audit of 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 Grand Coteau, Louisiana (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

### *Basis for Opinions*

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

### *Responsibilities of Management for the Financial Statements*

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 39 through 43 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, 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.

The Town has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

### ***Supplementary Information***

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

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information included in other supplementary information comprises the schedule of insurance in force but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023, on our consideration of the Town'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 the effectiveness of the Town'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's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
December 20, 2023

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

TOWN OF GRAND COTEAU, LOUISIANA

Statement of Net Position

June 30, 2023

|                                    | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>       |
|------------------------------------|------------------------------------|-------------------------------------|--------------------|
| ASSETS                             |                                    |                                     |                    |
| Cash and interest-bearing deposits | \$ 3,149,849                       | \$ 370,432                          | \$3,520,281        |
| Investments                        | 52,858                             | -                                   | 52,858             |
| Receivables, net                   | 7,048                              | 80,065                              | 87,113             |
| Due from other governmental units  | 143,882                            | -                                   | 143,882            |
| Prepaid items                      | 10,615                             | 1,806                               | 12,421             |
| Internal balances                  | (42,934)                           | 42,934                              | -                  |
| Restricted assets:                 |                                    |                                     |                    |
| Cash and interest-bearing deposits | -                                  | 180,976                             | 180,976            |
| Capital assets:                    |                                    |                                     |                    |
| Land and construction in progress  | 143,375                            | 24,000                              | 167,375            |
| Capital assets, net                | <u>717,111</u>                     | <u>2,619,194</u>                    | <u>3,336,305</u>   |
| Total assets                       | <u>4,181,804</u>                   | <u>3,319,407</u>                    | <u>7,501,211</u>   |
| LIABILITIES                        |                                    |                                     |                    |
| Accounts and other payables        | 66,928                             | 40,571                              | 107,499            |
| Accrued interest payable           | -                                  | 460                                 | 460                |
| Customer deposits                  | -                                  | 98,927                              | 98,927             |
| Compensated absences payable       | 26,111                             | 33,396                              | 59,507             |
| Long-term liabilities:             |                                    |                                     |                    |
| Due within one year                | 7,569                              | 31,226                              | 38,795             |
| Due after one year                 | <u>24,715</u>                      | <u>144,146</u>                      | <u>168,861</u>     |
| Total liabilities                  | <u>125,323</u>                     | <u>348,726</u>                      | <u>474,049</u>     |
| NET POSITION                       |                                    |                                     |                    |
| Net investment in capital assets   | 828,200                            | 2,513,352                           | 3,341,552          |
| Restricted                         | 1,878,305                          | 81,467                              | 1,959,772          |
| Unrestricted                       | <u>1,349,976</u>                   | <u>375,862</u>                      | <u>1,725,838</u>   |
| Total net position                 | <u>\$4,056,481</u>                 | <u>\$2,970,681</u>                  | <u>\$7,027,162</u> |

The accompanying notes are an integral part of the basic financial statements.



TOWN OF GRAND COTEAU, LOUISIANA

Statement of Activities  
For the Year Ended June 30, 2023

| Activities  | Expenses            | Program Revenues                        |  |  | Net (Expense) Revenues and<br>Changes in Net Position |                             |                     |
|---|---------------------|---|--|--|---|-----------------------------|---------------------|
|   |                     | Fees, Fines and<br>Charges for Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                            | Business-Type<br>Activities | Total               |
| Governmental activities                           |                     |   |  |  |   |                             |                     |
| General government                                | \$ 465,280          | \$ -                                    | \$ 68,654                                | \$ -                                   | \$ (396,626)  | \$ -                        | \$ (396,626)        |
| Public safety                                     |                     |   |  |  |   |                             |                     |
| Police  | 675,293             | 312,833                                 | 33,657                                   | -                                      | (328,603)   | -                           | (328,603)           |
| Fire  | 191,540             | -                                       | -  | -                                      | (191,540)   | -                           | (191,540)           |
| Highways and streets                              | 223,757             | -                                       | 3,330                                    | -                                      | (220,427)   | -                           | (220,427)           |
| Culture and recreation                            | 9,916               | -                                       | -  | -                                      | (9,916)   | -                           | (9,916)             |
| Interest on long-term debt                        | 1,701               | -                                       | -  | -                                      | (1,701)   | -                           | (1,701)             |
| Total governmental activities                     | <u>1,567,467</u>    | <u>312,833</u>                          | <u>105,641</u>                           | <u>-</u>                               | <u>(1,148,813)</u>                                    | <u>-</u>                    | <u>(1,148,813)</u>  |
| Business-type activities:                         |                     |   |  |  |   |                             |                     |
| Gas   | 247,547             | 145,110                                 | 22,642                                   | 97,865                                 | -   | 18,070                      | 18,070              |
| Water   | 232,148             | 178,528                                 | 167,631                                  | -                                      | -   | 114,011                     | 114,011             |
| Sewer   | 216,632             | 299,459                                 | -  | -                                      | -   | 82,827                      | 82,827              |
| Total business-type activities                    | <u>696,327</u>      | <u>623,097</u>                          | <u>190,273</u>                           | <u>97,865</u>                          | <u>-</u>  | <u>214,908</u>              | <u>214,908</u>      |
| Total   | <u>\$ 2,263,814</u> | <u>\$ 935,930</u>                       | <u>\$ 296,114</u>                        | <u>\$ 97,865</u>                       | <u>(1,148,813)</u>                                    | <u>214,908</u>              | <u>(933,905)</u>    |
| General revenues:                                 |                     |   |  |  |   |                             |                     |
| Taxes -   |                     |   |  |  |   |                             |                     |
| Property taxes, levied for general purposes       |                     |   |  |  | 122,533   | -                           | 122,533             |
| Sales and use taxes, levied for general purposes  |                     |   |  |  | 220,151   | -                           | 220,151             |
| Sales and use taxes, levied for specific purposes |                     |   |  |  | 444,577   | -                           | 444,577             |
| Franchise taxes                                   |                     |   |  |  | 104,111   | -                           | 104,111             |
| Occupational licenses and other permits           |                     |   |  |  | 71,823  | -                           | 71,823              |
| State beer tax                                    |                     |   |  |  | 1,815   | -                           | 1,815               |
| Racino income                                     |                     |   |  |  | 25,412  | -                           | 25,412              |
| Video poker revenue                               |                     |   |  |  | 552,614   | -                           | 552,614             |
| Interest and investment earnings                  |                     |   |  |  | 2,560   | 585                         | 3,145               |
| Miscellaneous                                     |                     |   |  |  | 30,670  | 4                           | 30,674              |
| Transfers   |                     |   |  |  | 199,926   | (199,926)                   | -                   |
| Total general revenues and transfers              |                     |   |  |  | <u>1,776,192</u>                                      | <u>(199,337)</u>            | <u>1,576,855</u>    |
| Change in net position                            |                     |   |  |  | 627,379   | 15,571                      | 642,950             |
| Net position - beginning                          |                     |   |  |  | <u>3,429,102</u>                                      | <u>2,955,110</u>            | <u>6,384,212</u>    |
| Net position - ending                             |                     |   |  |  | <u>\$ 4,056,481</u>                                   | <u>\$ 2,970,681</u>         | <u>\$ 7,027,162</u> |

The accompanying notes are an integral part of the basic financial statements.

**FUND FINANCIAL STATEMENTS (FFS)**

## **MAJOR FUND DESCRIPTIONS**

### **General Fund**

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund

### **Special Revenue Fund**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

#### **Sales Tax Fund**

To account for the collection and expenditure of the Town's one percent sales tax that is legally restricted to expenditures for specific purposes

#### **2010 Sales Tax Fund**

To account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

#### **TIF District Fund**

To account for the proceeds of a two percent sales and use tax and two percent hotel occupancy tax that is legally restricted to expenditures for specific purposes.

### **Enterprise Funds**

#### **Gas Fund**

To account for the provision of gas services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing related debt service, and billing and collection.

#### **Water Fund**

To account for the provision of water services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing related debt service, and billing and collection.

#### **Sewer Fund**

To account for the provision of sewer services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing related debt service, and billing and collection.

TOWN OF GRAND COTEAU, LOUISIANA

Balance Sheet - Governmental Funds  
June 30, 2023

|                                     | <u>General</u>     | <u>Sales Tax</u> | <u>2010<br/>Sales Tax</u> | <u>TIF<br/>District</u> | <u>Total</u>       |
|-------------------------------------|--------------------|------------------|---------------------------|-------------------------|--------------------|
| ASSETS                              |                    |                  |                           |                         |                    |
| Cash and interest-bearing deposits  | \$1,182,435        | \$423,953        | \$392,347                 | \$1,151,114             | \$3,149,849        |
| Investments                         | 52,858             | -                | -                         | -                       | 52,858             |
| Receivables -                       |                    |                  |                           |                         |                    |
| Taxes                               | 7,048              | -                | -                         | -                       | 7,048              |
| Due from other funds                | 99,096             | 1,921            | -                         | -                       | 101,017            |
| Due from other governmental units   | 143,882            | -                | -                         | -                       | 143,882            |
| Prepaid items                       | 10,615             | -                | -                         | -                       | 10,615             |
| Total assets                        | <u>\$1,495,934</u> | <u>\$425,874</u> | <u>\$392,347</u>          | <u>\$1,151,114</u>      | <u>\$3,465,269</u> |
| LIABILITIES AND FUND BALANCE        |                    |                  |                           |                         |                    |
| Liabilities.                        |                    |                  |                           |                         |                    |
| Accounts payable                    | \$ 62,222          | \$ -             | \$ -                      | \$ 2,337                | \$ 64,559          |
| Accrued liabilities                 | 2,369              | -                | -                         | -                       | 2,369              |
| Due to other funds                  | 123,437            | -                | 20,514                    | -                       | 143,951            |
| Total liabilities                   | <u>188,028</u>     | <u>-</u>         | <u>20,514</u>             | <u>2,337</u>            | <u>210,879</u>     |
| Fund balances -                     |                    |                  |                           |                         |                    |
| Nonspendable - prepaid items        | 10,615             | -                | -                         | -                       | 10,615             |
| Restricted - sales tax dedications  | -                  | 425,874          | 371,833                   | 1,148,777               | 1,946,484          |
| Unassigned                          | 1,297,291          | -                | -                         | -                       | 1,297,291          |
| Total fund balances                 | <u>1,307,906</u>   | <u>425,874</u>   | <u>371,833</u>            | <u>1,148,777</u>        | <u>3,254,390</u>   |
| Total liabilities and fund balances | <u>\$1,495,934</u> | <u>\$425,874</u> | <u>\$392,347</u>          | <u>\$1,151,114</u>      | <u>\$3,465,269</u> |

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2023

|   |                 |                    |
|---|-----------------|--------------------|
| Total fund balances for governmental funds at June 30, 2023   |                 | \$3,254,390        |
| Total net position reported for governmental activities in the statement of net position is different because:  |                 |                    |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:                  |                 |                    |
| Land and construction in progress   | \$ 143,375      |                    |
| Buildings and improvements, net of \$190,784 accumulated depreciation   | 184,942         |                    |
| Infrastructure, net of \$900,794 accumulated depreciation   | 333,789         |                    |
| Equipment, net of \$539,878 accumulated depreciation  | <u>198,380</u>  | 860,486            |
| Some liabilities are not due and payable from current financial resources and are, therefore not reported in the funds. These liabilities consist of the following: |                 |                    |
| Note payable  | (32,284)        |                    |
| Compensated absences  | <u>(26,111)</u> | <u>(58,395)</u>    |
| Total net position of governmental activities at June 30, 2023  |                 | <u>\$4,056,481</u> |

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds  
For the Year Ended June 30, 2023

|  | General             | Sales Tax         | 2010<br>Sales Tax | TIF<br>District     | Total               |
|--|---------------------|-------------------|-------------------|---------------------|---------------------|
| Revenues:  |                     |                   |                   |                     |                     |
| Taxes  | \$ 226,644          | \$ 220,151        | \$ 220,151        | \$ 224,426          | \$ 891,372          |
| Licenses and permits                                 | 75,569              | -                 | -                 | -                   | 75,569              |
| Intergovernmental                                    | 694,765             | -                 | -                 | -                   | 694,765             |
| Fines and forfeits                                   | 312,833             | -                 | -                 | -                   | 312,833             |
| Miscellaneous  | 24,139              | 5                 | -                 | 3                   | 24,147              |
| Total revenues                                       | <u>1,333,950</u>    | <u>220,156</u>    | <u>220,151</u>    | <u>224,429</u>      | <u>1,998,686</u>    |
| Expenditures:  |                     |                   |                   |                     |                     |
| Current -  |                     |                   |                   |                     |                     |
| General government                                   | 392,384             | 16,109            | 17,040            | 29,752              | 455,285             |
| Public safety:                                       |                     |                   |                   |                     |                     |
| Police   | 664,827             | -                 | -                 | -                   | 664,827             |
| Fire   | 178,263             | -                 | -                 | -                   | 178,263             |
| Highways and streets                                 | 179,745             | -                 | -                 | -                   | 179,745             |
| Parks and recreation                                 | 7,373               | -                 | -                 | -                   | 7,373               |
| Capital outlay                                       | 72,356              | -                 | -                 | -                   | 72,356              |
| Debt service   | 8,958               | -                 | -                 | -                   | 8,958               |
| Total expenditures                                   | <u>1,503,906</u>    | <u>16,109</u>     | <u>17,040</u>     | <u>29,752</u>       | <u>1,566,807</u>    |
| Excess (deficiency) of revenues<br>over expenditures | <u>(169,956)</u>    | <u>204,047</u>    | <u>203,111</u>    | <u>194,677</u>      | <u>431,879</u>      |
| Other financing sources (uses)                       |                     |                   |                   |                     |                     |
| Transfers in   | 459,926             | -                 | -                 | -                   | 459,926             |
| Transfers out  | -                   | (130,000)         | (130,000)         | -                   | (260,000)           |
| Total other financing sources (uses)                 | <u>459,926</u>      | <u>(130,000)</u>  | <u>(130,000)</u>  | <u>-</u>            | <u>199,926</u>      |
| Net change in fund balance                           | 289,970             | 74,047            | 73,111            | 194,677             | 631,805             |
| Fund balances, beginning                             | <u>1,017,936</u>    | <u>351,827</u>    | <u>298,722</u>    | <u>954,100</u>      | <u>2,622,585</u>    |
| Fund balances, ending                                | <u>\$ 1,307,906</u> | <u>\$ 425,874</u> | <u>\$ 371,833</u> | <u>\$ 1,148,777</u> | <u>\$ 3,254,390</u> |

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
 Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended June 30, 2023

Total net changes in fund balances for the year ended June 30, 2023 per the  
 statement of revenues, expenditures and changes in fund balances \$ 631,805

The change in net position reported for governmental activities in the  
 statement of activities is 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.

|  |                 |          |
|--|-----------------|----------|
| Capital outlay which is considered expenditures on statement<br>of revenues, expenditures and changes in fund balances | \$ 72,357       |          |
| Depreciation expense for the year ended June 30, 2023  | <u>(84,040)</u> | (11,683) |

Bond and capital lease proceeds are reported as financing sources in  
 governmental funds and thus contribute to the change in fund balance  
 In the statement of net position, however, issuing debt increases long-  
 term liabilities and does not affect the statement of activities. Similarly,  
 repayment of principal and capital leases are recorded as expenditures  
 in the governmental funds but reduce liability in the statement of net  
 position. Also, governmental funds report the effects of premiums,  
 discounts, and similar items when debt is first issued, whereas these  
 amounts are deferred and amortized in the statement of activities.

|                             |              |  |
|-----------------------------|--------------|--|
| Repayment of long-term debt | <u>7,257</u> |  |
|-----------------------------|--------------|--|

Total changes in net position for the year ended June 30, 2023 per the  
 statement of activities \$ 627,379

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA

Statement of Net Position  
 Proprietary Funds  
 Business-Type Activities - Enterprise Funds  
 June 30, 2023

|  | Gas<br>Fund       | Water<br>Fund      | Sewer<br>Fund      | Total              |
|--|-------------------|--------------------|--------------------|--------------------|
| <b>ASSETS</b>  |                   |                    |                    |                    |
| <b>Current assets</b>  |                   |                    |                    |                    |
| Cash and interest-bearing deposits                           | \$ 77,214         | \$ 127,301         | \$ 120,509         | \$ 325,024         |
| Receivables -  |                   |                    |                    |                    |
| Accounts, net  | 24,792            | 28,673             | 26,600             | 80,065             |
| Due from other funds   | 169,082           | -                  | 10,308             | 179,390            |
| Prepaid items  | <u>533</u>        | <u>679</u>         | <u>594</u>         | <u>1,806</u>       |
| Total current assets   | <u>271,621</u>    | <u>156,653</u>     | <u>158,011</u>     | <u>586,285</u>     |
| <b>Noncurrent assets:</b>                                    |                   |                    |                    |                    |
| Restricted assets -  |                   |                    |                    |                    |
| Customers' deposits -  |                   |                    |                    |                    |
| Cash and interest-bearing deposits                           | 93,759            | 67,028             | 65,597             | 226,384            |
| Land and construction in progress                            | -                 | -                  | 24,000             | 24,000             |
| Capital assets, net  | <u>76,289</u>     | <u>1,503,179</u>   | <u>1,039,726</u>   | <u>2,619,194</u>   |
| Total noncurrent assets                                      | <u>170,048</u>    | <u>1,570,207</u>   | <u>1,129,323</u>   | <u>2,869,578</u>   |
| Total assets   | <u>441,669</u>    | <u>1,726,860</u>   | <u>1,287,334</u>   | <u>3,455,863</u>   |
| <b>LIABILITIES</b>   |                   |                    |                    |                    |
| <b>Current liabilities (payable from current assets):</b>    |                   |                    |                    |                    |
| Accounts payable   | 11,922            | 18,073             | 10,576             | 40,571             |
| Notes payable  | 7,965             | -                  | -                  | 7,965              |
| Due to other funds   | -                 | 109,661            | 26,795             | 136,456            |
| Total  | <u>19,887</u>     | <u>127,734</u>     | <u>37,371</u>      | <u>184,992</u>     |
| <b>Current liabilities (payable from restricted assets):</b> |                   |                    |                    |                    |
| Customer deposits  | 48,229            | 50,698             | -                  | 98,927             |
| Compensated absences   | 25,784            | 6,671              | 941                | 33,396             |
| Accrued interest payable                                     | -                 | 460                | -                  | 460                |
| Revenue bonds payable  | -                 | 15,000             | 8,261              | 23,261             |
| Total  | <u>74,013</u>     | <u>72,829</u>      | <u>9,202</u>       | <u>156,044</u>     |
| Total current liabilities                                    | <u>93,900</u>     | <u>200,563</u>     | <u>46,573</u>      | <u>341,036</u>     |
| <b>Noncurrent liabilities:</b>                               |                   |                    |                    |                    |
| Notes payable  | 11,694            | -                  | -                  | 11,694             |
| Revenue bonds payable  | -                 | 31,000             | 101,452            | 132,452            |
| Total  | <u>11,694</u>     | <u>31,000</u>      | <u>101,452</u>     | <u>144,146</u>     |
| Total liabilities  | <u>105,594</u>    | <u>231,563</u>     | <u>148,025</u>     | <u>485,182</u>     |
| <b>NET POSITION</b>  |                   |                    |                    |                    |
| Net investment in capital assets                             | 102,160           | 1,457,179          | 954,013            | 2,513,352          |
| Restricted   | -                 | 15,870             | 65,597             | 81,467             |
| Unrestricted   | <u>233,915</u>    | <u>22,248</u>      | <u>119,699</u>     | <u>375,862</u>     |
| Total net position   | <u>\$ 336,075</u> | <u>\$1,495,297</u> | <u>\$1,139,309</u> | <u>\$2,970,681</u> |

The accompanying notes are an integral part of the basic financial statements.



TOWN OF GRAND COTEAU, LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Position  
 Proprietary Funds  
 Business-Type Activities - Enterprise Funds  
 For the Year Ended June 30, 2023

|  | Gas<br>Fund       | Water<br>Fund       | Sewer<br>Fund       | Total               |
|--|-------------------|---------------------|---------------------|---------------------|
| Operating revenues:                              |                   |                     |                     |                     |
| Charges for services                             | \$ 299,459        | \$ 139,443          | \$ 178,528          | \$ 617,430          |
| Miscellaneous                                    | 4                 | 5,667               | -                   | 5,671               |
| Total operating revenues                         | <u>299,463</u>    | <u>145,110</u>      | <u>178,528</u>      | <u>623,101</u>      |
| Operating expenses:                              |                   |                     |                     |                     |
| Personal services                                | 53,797            | 58,893              | 37,583              | 150,273             |
| Contractual services                             | 102,999           | -                   | 6,869               | 109,868             |
| Supplies   | 7,968             | 24,688              | 2,444               | 35,100              |
| Other expenses                                   | 31,960            | 123,571             | 80,987              | 236,518             |
| Depreciation                                     | 17,936            | 38,595              | 99,588              | 156,119             |
| Total operating expenses                         | <u>214,660</u>    | <u>245,747</u>      | <u>227,471</u>      | <u>687,878</u>      |
| Operating income (loss)                          | 84,803            | (100,637)           | (48,943)            | (64,777)            |
| Nonoperating revenues (expenses):                |                   |                     |                     |                     |
| Interest income                                  | 428               | 16                  | 141                 | 585                 |
| Grant revenue                                    | -                 | 22,642              | 167,631             | 190,273             |
| Interest and fiscal charges                      | (1,972)           | (1,800)             | (4,677)             | (8,449)             |
| Total nonoperating revenues (expenses)           | <u>(1,544)</u>    | <u>20,858</u>       | <u>163,095</u>      | <u>182,409</u>      |
| Income (loss) before contributions and transfers | 83,259            | (79,779)            | 114,152             | 117,632             |
| Capital contributions                            | -                 | 97,865              | -                   | 97,865              |
| Income before transfers                          | 83,259            | 18,086              | 114,152             | 215,497             |
| Transfers  |                   |                     |                     |                     |
| Transfers in (out)                               | <u>20,300</u>     | <u>95,823</u>       | <u>(316,049)</u>    | <u>(199,926)</u>    |
| Change in net position                           | 103,559           | 113,909             | (201,897)           | 15,571              |
| Net position, beginning                          | <u>232,516</u>    | <u>1,381,388</u>    | <u>1,341,206</u>    | <u>2,955,110</u>    |
| Net position, ending                             | <u>\$ 336,075</u> | <u>\$ 1,495,297</u> | <u>\$ 1,139,309</u> | <u>\$ 2,970,681</u> |

The accompanying notes are an integral part of the basic financial statements

TOWN OF GRAND COTEAU, LOUISIANA

Statement of Cash Flows  
 Proprietary Fund  
 For the Year Ended June 30, 2023

|  | Gas<br>Fund       | Water<br>Fund     | Sewer<br>Fund     | Total             |
|--|-------------------|-------------------|-------------------|-------------------|
| Cash flows from operating activities:                                |                   |                   |                   |                   |
| Receipts from customers  | \$ 315,297        | \$ 195,250        | \$ 194,398        | \$ 704,945        |
| Payments to suppliers  | (143,342)         | (146,642)         | (83,294)          | (373,278)         |
| Payments to employees  | (53,797)          | (58,893)          | (37,583)          | (150,273)         |
| Other receipts   | <u>4</u>          | <u>-</u>          | <u>-</u>          | <u>4</u>          |
| Net cash provided (used) by operating activities                     | <u>118,162</u>    | <u>(10,285)</u>   | <u>73,521</u>     | <u>181,398</u>    |
| Cash flows from noncapital financing activities:                     |                   |                   |                   |                   |
| Net increase in customer deposits payable                            | 4,780             | 4,604             | -                 | 9,384             |
| Net transfers to other funds   | <u>(84,318)</u>   | <u>211,784</u>    | <u>(312,206)</u>  | <u>(184,740)</u>  |
| Net cash provided (used) by noncapital financing activities          | <u>(79,538)</u>   | <u>216,388</u>    | <u>(312,206)</u>  | <u>(175,356)</u>  |
| Cash flows from capital and related financing activities:            |                   |                   |                   |                   |
| Principal paid on revenue bonds and notes payable                    | (16,078)          | (14,000)          | (6,684)           | (36,762)          |
| Interest paid on revenue bonds and notes payable                     | (1,972)           | (3,140)           | (4,677)           | (9,789)           |
| Grant proceeds   | -                 | 120,507           | 167,631           | 288,138           |
| Net purchase of capital assets                                       | <u>-</u>          | <u>(177,564)</u>  | <u>(6,533)</u>    | <u>(184,097)</u>  |
| Net cash provided (used) by capital and related financing activities | <u>(18,050)</u>   | <u>(74,197)</u>   | <u>149,737</u>    | <u>57,490</u>     |
| Cash flows from investing activities:                                |                   |                   |                   |                   |
| Net maturities (purchases) of investments                            | (128)             | -                 | (111)             | (239)             |
| Interest received on interest-bearing deposits                       | <u>428</u>        | <u>16</u>         | <u>141</u>        | <u>585</u>        |
| Net cash provided by investing activities                            | <u>300</u>        | <u>16</u>         | <u>30</u>         | <u>346</u>        |
| Net increase (decrease) in cash and cash equivalents                 | 20,874            | 131,922           | (88,918)          | 63,878            |
| Cash and cash equivalents, beginning                                 | <u>103,379</u>    | <u>62,407</u>     | <u>243,150</u>    | <u>408,936</u>    |
| Cash and cash equivalents, ending                                    | <u>\$ 124,253</u> | <u>\$ 194,329</u> | <u>\$ 154,232</u> | <u>\$ 472,814</u> |

(continued)

TOWN OF GRAND COTEAU, LOUISIANA

Statement of Cash Flows (Continued)  
 Proprietary Fund  
 For the Year Ended June 30, 2023

|  | Gas<br>Fund       | Water<br>Fund      | Sewer<br>Fund      | Total             |
|--|-------------------|--------------------|--------------------|-------------------|
| Reconciliation of operating income (loss) to net cash provided by operating activities                 |                   |                    |                    |                   |
| Operating income (loss)  | \$ 84,803         | \$ (100,637)       | \$ (48,943)        | \$ (64,777)       |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities - |                   |                    |                    |                   |
| Depreciation   | 17,936            | 38,595             | 99,588             | 156,119           |
| Changes in current assets and liabilities:   |                   |                    |                    |                   |
| Decrease in accounts receivable  | 15,838            | 50,140             | 15,870             | 81,848            |
| (Increase) decrease in accounts payable  | (415)             | 1,617              | 7,006              | 8,208             |
| Net cash provided (used) by operating activities   | <u>\$ 118,162</u> | <u>\$ (10,285)</u> | <u>\$ 73,521</u>   | <u>\$ 181,398</u> |
| Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:          |                   |                    |                    |                   |
| Cash and cash equivalents, beginning -   |                   |                    |                    |                   |
| Cash and interest-bearing deposits - unrestricted  | \$ 61,238         | \$ -               | \$ 211,107         | \$ 272,345        |
| Cash and interest-bearing deposits - restricted  | 88,733            | 62,407             | 63,806             | 214,946           |
| Less: Certificates of deposit with a maturity greater than three months when purchased                 | <u>(46,592)</u>   | <u>-</u>           | <u>(31,763)</u>    | <u>(78,355)</u>   |
| Total cash and cash equivalents  | <u>103,379</u>    | <u>62,407</u>      | <u>243,150</u>     | <u>408,936</u>    |
| Cash and cash equivalents, ending -  |                   |                    |                    |                   |
| Cash and interest-bearing deposits - unrestricted  | 77,214            | 127,301            | 120,509            | 325,024           |
| Cash and interest-bearing deposits - restricted  | 93,759            | 67,028             | 65,597             | 226,384           |
| Less: Certificates of deposit with a maturity greater than three months when purchased                 | <u>(46,720)</u>   | <u>-</u>           | <u>(31,874)</u>    | <u>(78,594)</u>   |
| Total cash and cash equivalents  | <u>124,253</u>    | <u>194,329</u>     | <u>154,232</u>     | <u>472,814</u>    |
| Net increase (decrease)  | <u>\$ 20,874</u>  | <u>\$ 131,922</u>  | <u>\$ (85,918)</u> | <u>\$ 63,878</u>  |

The accompanying notes are an integral part of the basic financial statements.

## TOWN OF GRAND COTEAU, LOUISIANA

### Notes to Basic Financial Statements

#### (1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Grand Coteau, Louisiana (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting policies of the Town also conform to the requirements of Louisiana Revised Statute 24.513, the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*. The accounting and reporting framework and the more significant accounting policies are described below.

##### A. Financial Reporting Entity

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

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

Section 2100 of the 2011 Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, "Defining the Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the primary government's governing authority (Mayor and Board of Aldermen) appoints a majority of board members of the potential component unit and is able to impose its will on the potential component unit or whether the potential component unit is fiscally dependent on the primary government.
3. Financial benefit/burden relationship between the primary government and the potential component unit.
4. The nature and significance of the relationship between the potential component unit with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

The Town is a primary government and has no component units. The accompanying financial statements present information only on the funds maintained by the Town and do not present information on any other governmental unit.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the Town as an economic unit. The government-wide financial statements report the Town's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and all business-type activities of the primary government. The Town has no fiduciary funds.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Town are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance-net position, revenues, and expenditures expenses, and transfers. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the Town. The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major funds, each displayed in a separate column.

Major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the totals for all governmental or enterprise funds and at least five percent of the aggregate amount for all governmental and enterprise funds for the same item or funds designated as major at the discretion of the Town. The General Fund is always a major fund. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The Town uses the following funds, grouped by fund type.

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

Governmental Funds:

Governmental Funds are those through which most governmental functions of the Town are financed. The acquisition, use, and balances of the Town's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenues Funds are used to account for the proceeds of government grants or other specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects of the Town. The following are the Town's major Special Revenue Funds:

The Sales Tax Fund is used to account for the proceeds of a one percent (1%) sales and use tax that is legally restricted to expenditures for specific purposes.

The 2010 Sales Tax Fund is used to account for the proceeds of a one percent (1%) sales and use tax that is legally restricted to expenditures for specific purposes.

The TIF District Fund is used to account for the proceeds of a two percent (2%) sales and use tax and a two percent (2%) hotel occupancy tax that is legally restricted to expenditures for specific purposes.

Proprietary Funds -

Proprietary funds are used to account for the Town's ongoing operations and activities which are similar to those often found in the private sector where the intent is that the costs of providing goods and services be recovered through user charges. The proprietary funds maintained by the Town are enterprise funds.

Enterprise Funds

Enterprise funds are proprietary funds that are used to report activities for which a fee is charged to external users. These funds account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town's enterprise funds are the Gas Fund, the Water Fund, and the Sewer Fund.

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

Enterprise funds financial statements include a statement of net position, a statement of revenues, expenses and changes in fund net position, and a statement of cash flows. The enterprise fund financial information is presented under the business-type activities column.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The measurement focus determines the accounting and financial reporting treatment applied to a fund. The governmental and business-type activities within the government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income, net position, and cash flows.

The fund financial statements use either the current financial resources measurement focus, or the economic resources measurement focus as appropriate. Governmental funds use the current financial resources measurement focus. The measurement focus is based upon the receipt and disbursement of current available financial resources rather than upon net income. The measurement focus of the proprietary fund types, the flow of economic resources, is based upon determination of net income, net position and cash flows.

The accrual basis of accounting is used throughout the government-wide statements, conversely, the financial statements of the governmental funds have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditures of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. An exception to this is grants collected on a reimbursement basis. Those reimbursable grants are recognized as revenue when reimbursable expenditures are incurred. The Town considers reimbursement amounts received within one year as available. The Town accrues intergovernmental revenue, ad valorem and sales tax revenue, franchise fees, charges for services, and investment income based upon this concept. Expenditures are generally recognized when the related fund liabilities are incurred and become payable in the current period. Proceeds of debt are reported as other financing sources, and principal and interest on long-term debt are recorded as expenditures when paid.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursement for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the Town. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the Town and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The financial statements of the enterprise funds have been prepared in accordance with the accrual basis of accounting. Accordingly, revenues are recorded when earned, and expenses and related liabilities are recorded when incurred.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town. Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States of America. The Town may invest in certificates and time deposits of state banks organized under Louisiana laws and national banks having principal offices in Louisiana.

In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at fair value.

For the purpose of the proprietary funds statement of cash flows, "cash and cash equivalents" include all demand and savings accounts and certificates of deposit with an original maturity of three months or less.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans are reported as "advances to and from other funds." Interfund receivables and payables, advances to and from other funds, as well as due to and from other funds are eliminated in the statement of net position.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes, ad valorem taxes, and amounts due from other governmental units. Business-type activities report customer utility service receivables as the major receivables. Uncollectible amounts due for customer utility



TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

receivables are recognized as bad debts through the establishment of an allowance for uncollectible accounts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectible accounts at June 30, 2023 was \$82,074. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month totaled \$20,804 at year end.

Prepaid Items

Payments made to vendors for services that will benefit future periods beyond June 30, 2023, are recorded as prepaid items

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The Town maintains a threshold level of \$1,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

|                            |             |
|----------------------------|-------------|
| Buildings and improvements | 20-40 years |
| Furniture and equipment    | 5-10 years  |
| Vehicles                   | 5-15 years  |
| Water system               | 20-50 years |
| Sewerage system            | 20-50 years |
| Meters                     | 10-20 years |

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as in the government-wide statements.

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary funds that are legally restricted as to their use. The restricted assets are related to the utility meter deposits and revenue bond accounts.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of a revenue bonds and notes payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund financial statements as it is in the government-wide statements.

Compensated Absences

The Town's policy is that employees earn and must use their vacation leave as of the end of each calendar year. Unused sick leave can be carried forward to the next calendar year. Upon termination, unused sick leave up to 90 days is paid to the employee at the employee's current rate of pay.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2023, the Town had no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2023, the Town had no items that qualify for reporting in this category.

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by external groups, such as creditors, grantors, and contributors, laws or regulations of other governments; or law through constitutional provisions or enabling legislation. It is the Town's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred. At June 30, 2023, the Town reported \$1,959,772 of restricted net position, of which \$1,878,305 was restricted by enabling legislation.
- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily upon the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories and their purposes are:

- a. Nonspendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints requiring they remain intact. The Town's nonspendable fund balance includes prepaid items
- b. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors, contributors or amounts constrained due to constitutional provisions or enabling legislation or the laws or regulations of other governments.
- c. Committed includes fund balance amounts that can be used only for specific purposes that are internally imposed by the Town through formal legislative action of the Board of Aldermen and does not lapse at year end. A committed fund balance constraint can only be established, modified or rescinded by passage of an Ordinance (Law) by the Board of Aldermen.

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

- d. Assigned includes fund balance amounts that are constrained by the Town's intent to be used for specific purposes, that are neither restricted nor committed. The assignment of fund balance is authorized by a directive from the Mayor and approval of a Resolution by the Board of Aldermen.
- e. Unassigned includes fund balance amounts which have not been classified within the above-mentioned categories.

It is the Town's policy to use restricted amounts first when both restricted and unrestricted fund balance is available unless prohibited by legal or contractual provisions. Additionally, the Town uses committed, assigned, and lastly unassigned amounts of fund balance in that order when expenditures are made.

Proprietary fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Revenues

The Town considers revenue to be susceptible to accrual in the governmental funds as it becomes measurable and available, as defined under the modified accrual basis of accounting. The Town generally defines the availability period for revenue recognition as received within sixty (60) days of year-end. The Town's major revenue sources that meet this availability criterion are intergovernmental revenues, franchise fees, tax revenue, and charges for services.

There are three classifications of programmatic revenues for the Town, grant and contributions revenue (operating and capital) and charges for services. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. Program revenues are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole. Program revenues reduce the cost of the function to be financed from the Town's general revenues. The primary sources of program revenue are fees, fines, and charges paid by recipients of goods or services, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and earned income in connection with the operation of the Town's utility system.

Interest income is recorded as earned in the fund holding the interest-bearing asset.

Substantially all other revenues are recorded when received.

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

Operating Revenues and Expenses

In the proprietary funds, operating revenues are those revenues produced as a result of providing services and producing and delivering goods and or services. Nonoperating revenues are funds primarily provided by investing activities, such as financial institution interest income, gains on disposal of assets and insurance recoveries on property loss. Operating expenses are those expenses related to the production of revenue. Nonoperating expenses are those expenses not directly related to the production of revenue and include items such as interest expense and losses on disposal of assets.

Expenditures-Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character  
Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

| <u>Revenue Source</u> | <u>Legal Restrictions of Use</u> |
|-----------------------|----------------------------------|
| Sales tax             | See Note 3                       |

The Town uses unrestricted resources only when restricted resources are fully depleted.

G. Capitalization of Interest Expense

It is the policy of the Town of Grand Coteau to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At June 30, 2023 there were no borrowings for assets under construction and no capitalized interest expense recorded.

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

H. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

(2) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in November and are actually billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of St. Landry Parish. Town property tax revenues are budgeted in the year billed. For the year ended June 30, 2023, taxes of 19.95 mills were levied on property with assessed valuations totaling \$6,959,400 and were dedicated as follows:

|                  |              |       |
|------------------|--------------|-------|
| General purposes | 4.95         | mills |
| Fire protection  | <u>15.00</u> | mills |
|                  | <u>19.95</u> | mills |

Total taxes levied were \$127,959. Taxes receivable at June 30, 2023 were \$7,048.

(3) Dedication of Sales Tax Proceeds

Proceeds of a 1 percent sales and use tax (accounted for in the Sales Tax Fund – a special revenue fund) levied by the Town of Grand Coteau (2023 collections \$220,151) are dedicated to the following purposes.

Constructing and purchasing fire department stations and equipment; constructing and purchasing police department stations and equipment, opening, constructing, paving, resurfacing and improving streets, sidewalks, and bridges; constructing and improving drains, drainage canals and subsurface drainage, constructing, acquiring or improving any work of public permanent improvements; and purchasing and acquiring all equipment and furnishings for the public works, buildings, improvements and facilities of the Town of Grand Coteau, title to which shall be in the public.

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

Proceeds of a 1 percent sales and use tax (accounted for in the 2010 Sales Tax Fund – a special revenue fund) levied by the Town of Grand Coteau (2023 collections \$220,151) are dedicated for any lawful corporate purpose of the Town.

Proceeds of a 2 percent sales and use tax and 2 percent hotel occupancy tax (accounted for in the TIF District Fund – a special revenue fund) levied by the Town of Grand Coteau (2023 collections \$224,426) are dedicated for specific purposes. These taxes are deposited into a special trust fund named the “Grand Coteau Economic Development District No. 1 District Trust Fund” the purpose of which is to fund economic development projects selected by the Grand Coteau Economic Development District No. 1.

(4) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2023, the Town had cash and interest-bearing deposits (book balances) totaling \$3,701,257 as follows:

|                       |                     |
|-----------------------|---------------------|
| Demand deposits       | \$ 3,006,034        |
| Money market accounts | 616,629             |
| Time deposits         | <u>78,594</u>       |
| Total                 | <u>\$ 3,701,257</u> |

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town’s deposits may not be recovered, or the Town will not be able to recover the collateral securities that are in the possession of an outside party. 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 similar federal security 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 bank. These securities are held in the name of the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. The following is a summary of deposit balances (bank balances) at June 30, 2023, and the related federal insurance and pledged securities:

|                           |                    |
|---------------------------|--------------------|
| Bank balances             | <u>\$3,658,416</u> |
| Federal deposit insurance | \$ 500,000         |
| Pledged securities        | <u>3,158,416</u>   |
| Total                     | <u>\$3,658,416</u> |

Deposits in the amount of \$3,158,416 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution’s trust department or agent, but not in the Town’s name. The Town does not have a policy for custodial credit risk.

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

(5) Investments

The Town participates in Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana. Only local governmental entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955.

Accounting standards require disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with accounting standards. The following facts are relevant for investments pools.

- Credit risk: LAMP has a fund rating of AAAM issued by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk. LAMP's pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments.
- Foreign currency risk. Not applicable.

The investment in LAMP totaling \$52,858 is stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.



TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) Restricted Assets - Proprietary Fund Type

Restricted assets consisted of the following at June 30, 2023:

|  |                   |
|--|-------------------|
| Customer deposits                      | \$ 99,049         |
| Revenue bond reserve and sinking funds | <u>81,927</u>     |
| Total                                  | <u>\$ 180,976</u> |

(7) Receivables

Receivables consisted of the following at June 30, 2023:

|                  | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>     |
|------------------|------------------------------------|-------------------------------------|------------------|
| Accounts, net    | \$ -                               | \$ 80,065                           | \$ 80,065        |
| Ad valorem taxes | <u>7,048</u>                       | <u>-</u>                            | <u>7,048</u>     |
| Totals           | <u>\$ 7,048</u>                    | <u>\$ 80,065</u>                    | <u>\$ 87,113</u> |

(8) Due from Other Governmental Units

The amount due from other governmental units consisted of the following at June 30, 2023:

|  |                  |
|--|------------------|
| Governmental activities:                 |                  |
| State of Louisiana - video poker revenue | <u>\$143,882</u> |

(9) Accounts and Other Payables

The accounts and other payables consisted of the following at June 30, 2023:

|                     | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>     |
|---------------------|------------------------------------|-------------------------------------|------------------|
| Accounts payable    | \$ 64,559                          | \$ 40,571                           | \$105,130        |
| Accrued liabilities | <u>2,369</u>                       | <u>-</u>                            | <u>2,369</u>     |
| Totals              | <u>\$ 66,928</u>                   | <u>\$ 40,571</u>                    | <u>\$107,499</u> |

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

(10) Capital Assets

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

|   | <u>Beginning<br/>Balance</u> | <u>Additions</u>   | <u>Deletions</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|--------------------|------------------|---------------------------|
| Governmental activities:                        |                              |                    |                  |                           |
| Capital assets not being depreciated:           |                              |                    |                  |                           |
| Land  | \$ 143,375                   | \$ -               | \$ -             | \$ 143,375                |
| Other capital assets:                           |                              |                    |                  |                           |
| Buildings and improvements                      | 372,926                      | 2,800              | -                | 375,726                   |
| Infrastructure                                  | 1,234,583                    | -                  | -                | 1,234,583                 |
| Equipment                                       | 668,701                      | 69,557             | -                | 738,258                   |
| Totals  | <u>2,276,210</u>             | <u>72,357</u>      | <u>-</u>         | <u>2,348,567</u>          |
| Less accumulated depreciation                   |                              |                    |                  |                           |
| Buildings and improvements                      | 176,679                      | 14,105             | -                | 190,784                   |
| Infrastructure                                  | 856,967                      | 43,827             | -                | 900,794                   |
| Equipment                                       | 513,770                      | 26,108             | -                | 539,878                   |
| Total accumulated depreciation                  | <u>1,547,416</u>             | <u>84,040</u>      | <u>-</u>         | <u>1,631,456</u>          |
| Governmental activities,<br>capital assets, net | <u>\$ 872,169</u>            | <u>\$ (11,683)</u> | <u>\$ -</u>      | <u>\$ 860,486</u>         |

Depreciation expense was charged to governmental activities as follows:

|                            |                  |
|----------------------------|------------------|
| General government         | \$ 13,741        |
| Police                     | 10,466           |
| Fire                       | 13,278           |
| Highways and streets       | 44,012           |
| Parks and recreation       | <u>2,543</u>     |
| Total depreciation expense | <u>\$ 84,040</u> |

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

|  | Beginning<br>Balance | Additions         | Deletions         | Ending<br>Balance   |
|--|----------------------|-------------------|-------------------|---------------------|
| Business-type activities:                        |                      |                   |                   |                     |
| Capital assets not being depreciated:            |                      |                   |                   |                     |
| Land - water system                              | \$ 24,000            | \$ -              | \$ -              | \$ 24,000           |
| Construction in Progress                         | 676,591              | 78,097            | 754,688           | -                   |
| Totals   | <u>700,591</u>       | <u>78,097</u>     | <u>754,688</u>    | <u>24,000</u>       |
| Other capital assets:                            |                      |                   |                   |                     |
| Gas system and equipment                         | 474,225              | -                 | -                 | 474,225             |
| Water system and equipment                       | 2,198,225            | 754,689           | -                 | 2,952,914           |
| Sewer plant and equipment                        | 3,868,034            | 6,533             | -                 | 3,874,567           |
| Totals   | <u>6,540,484</u>     | <u>761,222</u>    | <u>-</u>          | <u>7,301,706</u>    |
| Less accumulated depreciation                    |                      |                   |                   |                     |
| Gas system and equipment                         | 380,000              | 17,936            | -                 | 397,936             |
| Water system and equipment                       | 1,411,140            | 38,595            | -                 | 1,449,735           |
| Sewer plant and equipment                        | 2,735,253            | 99,588            | -                 | 2,834,841           |
| Total accumulated depreciation                   | <u>4,526,393</u>     | <u>156,119</u>    | <u>-</u>          | <u>4,682,512</u>    |
| Business-type activities,<br>capital assets, net | <u>\$ 2,714,682</u>  | <u>\$ 683,200</u> | <u>\$ 754,688</u> | <u>\$ 2,643,194</u> |

Depreciation expense was charged to business-type activities as follows:

|                            |                  |
|----------------------------|------------------|
| Gas                        | \$ 17,936        |
| Water                      | 38,595           |
| Sewer                      | 99,588           |
| Total depreciation expense | <u>\$156,119</u> |

(11) Changes in Long-Term Liabilities

The following is a summary of long-term liability transactions of the Town for the year ended June 30, 2023:

|                                      | Beginning<br>Balance | Additions   | Reductions       | Ending<br>Balance | Due Within<br>One Year |
|--------------------------------------|----------------------|-------------|------------------|-------------------|------------------------|
| Long-term debt:                      |                      |             |                  |                   |                        |
| Direct placement -<br>Revenue bonds  | \$ 176,397           | \$ -        | \$ 20,684        | \$ 155,713        | \$ 23,261              |
| Direct borrowings -<br>Notes payable | 75,278               | -           | 23,335           | 51,943            | 15,534                 |
|                                      | <u>\$ 251,675</u>    | <u>\$ -</u> | <u>\$ 44,019</u> | <u>\$ 207,656</u> | <u>\$ 38,795</u>       |

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

Bonds and notes payable at June 30, 2023 consisted of the following:

Governmental activities -

Notes payable.

\$39,541 equipment loan dated September 1, 2021, interest at 4.30 percent \$ 32,284

Business-type activities -

Revenue bonds:

\$225,000 Sewer Revenue Bond, due in monthly installments of \$1,033 through August 31, 2034; interest at 4.5 percent \$ 109,713

\$150,000 Limited Tax Bonds, Series 2014, due in annual installments of \$4,000 - \$16,000 through March 1, 2026; interest at 3.0 percent 46,000

Notes payable.

\$26,254 auto loan dated August 7, 2019; interest at 5.17 percent 2,401

\$28,677 auto loan dated October 27, 2021; interest at 4.98 percent 17,258

Total bonds payable applicable to business-type activities \$ 175,372

Annual debt service requirements of all outstanding debt are as follows:

| Year ending<br>June 30, | Governmental Activities |                      | Business-Type Activities |                      | Total                 |                      |
|-------------------------|-------------------------|----------------------|--------------------------|----------------------|-----------------------|----------------------|
|                         | Principal<br>payments   | Interest<br>payments | Principal<br>payments    | Interest<br>payments | Principal<br>payments | Interest<br>payments |
| 2024                    | \$ 7,569                | \$ 1,388             | \$ 30,605                | \$ 7,032             | \$ 38,174             | \$ 8,420             |
| 2025                    | 7,895                   | 1,063                | 28,832                   | 5,928                | 36,727                | 6,991                |
| 2026                    | 8,234                   | 723                  | 30,211                   | 4,820                | 38,445                | 5,543                |
| 2027                    | 8,586                   | 369                  | 8,742                    | 3,651                | 17,328                | 4,020                |
| 2028                    | -                       | -                    | 50,117                   | 11,848               | 50,117                | 11,848               |
| 2029 - 2033             | -                       | -                    | 26,865                   | 1,385                | 26,865                | 1,385                |
| Total                   | <u>\$ 32,284</u>        | <u>\$ 3,543</u>      | <u>\$ 175,372</u>        | <u>\$ 34,664</u>     | <u>\$ 207,656</u>     | <u>\$ 38,207</u>     |

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

(12) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2023 follows:

|                       |                  |
|-----------------------|------------------|
| Mayor Patrick Richard | <u>\$ 16,500</u> |
| Aldermen:             |                  |
| James Richard         | 4,500            |
| Brad Randell          | 4,500            |
| Annette Charles       | 4,500            |
| Eh Wheeler            | 4,500            |
| Devon Thomas          | 9,600            |
| Ted Miller            | 5,100            |
| Sandra Smith          | 5,100            |
| Brandon Bobb          | 5,100            |
| Gretchen Coco         | <u>5,100</u>     |
|                       | <u>48,000</u>    |
|                       | <u>\$ 64,500</u> |

(13) Compensation, Benefits and Other Payments to Mayor

A detail of compensation, benefits, and other payments made to Mayor Patrick Richard for the year ended June 30, 2023 follows:

| <u>Purpose</u> | <u>Amount</u>    |
|----------------|------------------|
| Salary         | \$ 16,500        |
| Reimbursements | <u>88</u>        |
|                | <u>\$ 16,588</u> |

(14) On-Behalf Payment of Salaries

The State of Louisiana paid the Town's police officers \$33,857 of supplemental pay during the year ended June 30, 2023. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

(15) Litigation and Claims

At June 30, 2023, the Town was involved in certain lawsuits arising from the normal course of operations, which have been referred to its insurance provider. In the opinion of the Town's legal counsel, the Town has no liability in excess of insurance coverage.

(16) Risk Management

The Town is exposed to 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 for each of those risks of loss. Management believes coverage is sufficient to preclude any significant uninsured losses to the Town. There have been no significant reductions in the insurance during the year, nor have settlements exceeded coverage for the past three years.

(17) Interfund Receivables Payables

A. A summary of interfund receivables and payables at June 30, 2023 follows:

|                           | <u>Interfund<br/>Receivables</u> | <u>Interfund<br/>Payables</u> |
|---------------------------|----------------------------------|-------------------------------|
| Major governmental funds: |                                  |                               |
| General Fund              | \$ 99,096                        | \$ 123,437                    |
| Sales Tax Fund            | 1,921                            | -                             |
| 2010 Sales Tax Fund       | -                                | 20,514                        |
| Proprietary funds:        |                                  |                               |
| Gas Fund                  | 169,082                          | -                             |
| Water Fund                | -                                | 109,661                       |
| Sewer Fund                | <u>10,308</u>                    | <u>26,795</u>                 |
| Total                     | <u>\$ 280,407</u>                | <u>\$ 280,407</u>             |

The amounts of interfund receivables and payables listed above are for short-term loans.

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

B. Transfers consisted of the following at June 30, 2023:

|                           | <u>Transfers<br/>In</u> | <u>Transfers<br/>Out</u> |
|---------------------------|-------------------------|--------------------------|
| Major governmental funds: |                         |                          |
| General Fund              | \$ 459,926              | \$ -                     |
| Sales Tax Fund            | -                       | 130,000                  |
| 2010 Sales Tax Fund       | -                       | 130,000                  |
| Proprietary Fund:         |                         |                          |
| Gas Fund                  | 20,300                  | -                        |
| Water Fund                | 95,823                  | -                        |
| Sewer Fund                | -                       | 316,049                  |
| Total                     | <u>\$ 576,049</u>       | <u>\$ 576,049</u>        |

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the different funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**REQUIRED  
SUPPLEMENTARY INFORMATION**



TOWN OF GRAND COTEAU, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2023

|   | Budget            |                   | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------|-------------------|---------------------|---|
|   | Original          | Final             |                     | (Negative)  |
| <b>Revenues:</b>                            |                   |                   |                     |   |
| Taxes                                       | \$ 200,479        | \$ 224,778        | \$ 226,644          | \$ 1,866  |
| Licenses and permits                        | 70,345            | 48,599            | 75,569              | 26,970  |
| Intergovernmental                           | 891,748           | 625,732           | 694,765             | 69,033  |
| Fines and forfeits                          | 303,320           | 254,825           | 312,833             | 58,008  |
| Miscellaneous                               | 20,205            | 7,920             | 24,139              | 16,219  |
| Total revenues                              | <u>1,486,097</u>  | <u>1,161,854</u>  | <u>1,333,950</u>    | <u>172,096</u>  |
| <b>Expenditures:</b>                        |                   |                   |                     |   |
| Current -                                   |                   |                   |                     |   |
| General government                          | 341,949           | 397,018           | 392,384             | 4,634   |
| Public safety - police                      | 673,256           | 656,234           | 664,827             | (8,593)   |
| Public safety - fire                        | 234,516           | 155,511           | 178,263             | (22,752)  |
| Highways and streets                        | 238,667           | 196,882           | 179,745             | 17,137  |
| Parks and recreation                        | -                 | 10,741            | 7,373               | 3,368   |
| Capital outlay                              | 593,608           | 243,733           | 72,356              | 171,377   |
| Debt service                                | 11,828            | 8,958             | 8,958               | -   |
| Total expenditures                          | <u>2,093,824</u>  | <u>1,669,077</u>  | <u>1,503,906</u>    | <u>165,171</u>  |
| Deficiency of revenues over<br>expenditures | (607,727)         | (507,223)         | (169,956)           | 337,267   |
| <b>Other financing sources (uses):</b>      |                   |                   |                     |   |
| Proceeds from capital lease                 | -                 | 117,142           | -                   | (117,142)   |
| Transfers in                                | 290,000           | 290,000           | 459,926             | 169,926   |
| Transfers out                               | (15,800)          | (15,800)          | -                   | 15,800  |
| Total other financing<br>sources (uses)     | <u>274,200</u>    | <u>391,342</u>    | <u>459,926</u>      | <u>68,584</u>   |
| Net change in fund balance                  | (333,527)         | (115,881)         | 289,970             | 405,851   |
| Fund balance, beginning                     | <u>1,017,936</u>  | <u>1,017,936</u>  | <u>1,017,936</u>    | <u>-</u>  |
| Fund balance, ending                        | <u>\$ 684,409</u> | <u>\$ 902,055</u> | <u>\$ 1,307,906</u> | <u>\$ 405,851</u>                                       |

The accompanying notes are an integral part of this schedule.

TOWN OF GRAND COTEAU, LOUISIANA  
Sales Tax Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2023

|                                      | Budget            |                   | Actual            | Variance -<br>Positive<br>(Negative) |
|--------------------------------------|-------------------|-------------------|-------------------|--------------------------------------|
|                                      | Original          | Final             |                   |                                      |
| Revenues:                            |                   |                   |                   |                                      |
| Taxes                                | \$ 191,000        | \$ 201,000        | \$ 220,151        | \$ 19,151                            |
| Miscellaneous - interest             | -                 | 3                 | 5                 | 2                                    |
| Total revenues                       | <u>191,000</u>    | <u>201,003</u>    | <u>220,156</u>    | <u>19,153</u>                        |
| Expenditures:                        |                   |                   |                   |                                      |
| Current -                            |                   |                   |                   |                                      |
| General government:                  | <u>15,278</u>     | <u>17,027</u>     | <u>16,109</u>     | <u>918</u>                           |
| Excess of revenues over expenditures | 175,722           | 183,976           | 204,047           | 20,071                               |
| Other financing uses:                |                   |                   |                   |                                      |
| Transfers out                        | <u>(130,000)</u>  | <u>(130,000)</u>  | <u>(130,000)</u>  | <u>-</u>                             |
| Net change in fund balance           | 45,722            | 53,976            | 74,047            | 20,071                               |
| Fund balance, beginning              | <u>351,827</u>    | <u>351,827</u>    | <u>351,827</u>    | <u>-</u>                             |
| Fund balance, ending                 | <u>\$ 397,549</u> | <u>\$ 405,803</u> | <u>\$ 425,874</u> | <u>\$ 20,071</u>                     |

The accompanying notes are an integral part of this schedule.

TOWN OF GRAND COTEAU, LOUISIANA  
2010 Sales Tax Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2023

|                                      | Budget            |                   | Actual            | Variance -<br>Positive<br>(Negative) |
|--------------------------------------|-------------------|-------------------|-------------------|--------------------------------------|
|                                      | Original          | Final             |                   |                                      |
| Revenues:                            |                   |                   |                   |                                      |
| Taxes                                | <u>\$ 191,000</u> | <u>\$ 201,000</u> | <u>\$ 220,151</u> | <u>\$ 19,151</u>                     |
| Expenditures:                        |                   |                   |                   |                                      |
| Current -                            |                   |                   |                   |                                      |
| General government:                  | <u>16,247</u>     | <u>17,996</u>     | <u>17,040</u>     | <u>956</u>                           |
| Excess of revenues over expenditures | 174,753           | 183,004           | 203,111           | 20,107                               |
| Other financing uses:                |                   |                   |                   |                                      |
| Transfers out                        | <u>(130,000)</u>  | <u>(130,000)</u>  | <u>(130,000)</u>  | <u>-</u>                             |
| Net change in fund balance           | 44,753            | 53,004            | 73,111            | 20,107                               |
| Fund balance, beginning              | <u>298,722</u>    | <u>298,722</u>    | <u>298,722</u>    | <u>-</u>                             |
| Fund balance, ending                 | <u>\$ 343,475</u> | <u>\$ 351,726</u> | <u>\$ 371,833</u> | <u>\$ 20,107</u>                     |

The accompanying notes are an integral part of this schedule.

TOWN OF GRAND COTEAU, LOUISIANA  
TIF District Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2023

|                            | Budget              |                     | Actual              | Variance -<br>Positive<br>(Negative) |
|----------------------------|---------------------|---------------------|---------------------|--------------------------------------|
|                            | Original            | Final               |                     |                                      |
| Revenues:                  |                     |                     |                     |                                      |
| Taxes                      | \$ 199,000          | \$ 211,000          | \$ 224,426          | \$ 13,426                            |
| Miscellaneous - interest   | <u>1</u>            | <u>2</u>            | <u>3</u>            | <u>1</u>                             |
| Total revenues             | 199,001             | 211,002             | 224,429             | 13,427                               |
| Expenditures:              |                     |                     |                     |                                      |
| Current -                  |                     |                     |                     |                                      |
| General government:        | <u>32,061</u>       | <u>32,300</u>       | <u>29,752</u>       | <u>2,548</u>                         |
| Net change in fund balance | 166,940             | 178,702             | 194,677             | 15,975                               |
| Fund balance, beginning    | <u>954,100</u>      | <u>954,100</u>      | <u>954,100</u>      | <u>-</u>                             |
| Fund balance, ending       | <u>\$ 1,121,040</u> | <u>\$ 1,132,802</u> | <u>\$ 1,148,777</u> | <u>\$ 15,975</u>                     |

The accompanying notes are an integral part of this schedule.

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Required Supplementary Information

(1) Budget and Budgetary Accounting

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

1. Prior to June 15, the Town Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following January 1.
2. A summary of the proposed budget is published, and the public 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 at least ten days 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.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen.

**OTHER SUPPLEMENTARY INFORMATION**

## **OTHER FINANCIAL INFORMATION**

TOWN OF GRAND COTEAU, LOUISIANA

Justice System Funding Schedule - Collecting/Disbursing Entity  
 As Required by Act 87 of the 2020 Regular Legislative Session  
 Cash Basis Presentation  
 For the Year Ended June 30, 2023

|   | First Six Month<br>Period Ended<br><u>12/31/2022</u> | Second Six Month<br>Period Ended<br><u>6/30/2023</u> |
|---|--|--|
| Beginning Balance of Amounts Collected (i.e. cash on hand)  | \$ -   | \$ -   |
| Add: Collections  |  |  |
| Criminal Court Costs/Fees   | 550  | 538  |
| Criminal Fines - Other  | <u>91,216</u>  | <u>219,013</u>                                       |
| Subtotal Collections  | <u>91,766</u>  | <u>219,551</u>                                       |
| Less: Disbursements To Governments & Nonprofits:  |  |  |
| Louisiana Traumatic Head and Spinal Cord Injury Trust<br>Fund, Criminal Fines - Other                     | 1,995  | 3,235  |
| Louisiana Commission on Law Enforcement Crime Victims<br>Reparation Fund, Criminal Fines - Other          | 782  | 1,268  |
| Louisiana Supreme Court - Louisiana Judicial College,<br>Criminal Fines - Other                           | 200  | 324  |
| Treasurer, State of Louisiana - Trail Court Case Management<br>Information System, Criminal Fines - Other | 398  | 647  |
| Acadiana Criminalistics Laboratory Commission,<br>Criminal Fines - Other                                  | 90   | 140  |
| St. Landry Parish Crime Stoppers, Criminal Fines - Other  | 798  | 1,294  |
| Less: Amounts Retained by Collecting Agency   |  |  |
| Criminal Fines - Other  | <u>87,503</u>  | <u>212,643</u>                                       |
| Subtotal Disbursements/Retainage  | <u>91,766</u>  | <u>219,551</u>                                       |
| Total: Ending Balance of Amounts Collected but<br>not Disbursed/Retained (i.e. cash on hand)              | <u>\$ -</u>  | <u>\$ -</u>  |



TOWN OF GRAND COTEAU, LOUISIANA

Schedule of Insurance in Force  
(Unaudited)  
June 30, 2023

| Insurer                                    | Type of Coverage           | Limits of Coverage    | Effective Dates |           |
|--|----------------------------|-----------------------|-----------------|-----------|
|  |                            |                       | From            | To        |
| Louisiana Municipal Risk Management Agency | Workmen's Compensation     | Statutory             | Monthly         | Monthly   |
| Western Surety Bond (CNA)                  | Position Bond              | \$246,000             | 9/15/2022       | 9/15/2023 |
|  | Blanket Bond               | \$5,000               | 10/1/2022       | 10/1/2023 |
| Dupre Carrier Godchaux Agency              | Property Building          | \$10,000 deductible   | 3/14/2023       | 3/14/2024 |
|  | Town Hall                  | \$529,947             |                 |           |
|  | Utility Shed               | \$20,086              |                 |           |
|  | Police Building            | \$534,125             |                 |           |
|  | Fire Station               | \$537,162             |                 |           |
|  | Equipment Garage           | \$52,326              |                 |           |
|  | Recreation                 | \$105,808             |                 |           |
|  | Gas Rectifiers             | \$29,420              |                 |           |
|  | Water and Sewer System     | \$306,000             |                 |           |
|  | Water Tower                | \$408,000             |                 |           |
|  | Water Treatment Plant      | \$385,132             |                 |           |
|  | Chlorinator Equipment Shed | \$91,800              |                 |           |
|  | Tradewinds Generator       | \$160,000             |                 |           |
| Lift Stations                              | \$509,000                  |                       |                 |           |
| Louisiana Risk Management                  | General Liability          | \$500,000             | 5/1/2023        | 5/1/2024  |
|  | Errors and Omissions       | \$1,000 each claimant |                 |           |
|  | Law Enforcement Officer    | \$1,000 deductible    |                 |           |
|  | Automobile Liability       | \$500,000             |                 |           |
|  | Uninsured Motorist         | \$100,000             |                 |           |
| Rod Prejean Associates                     | Vehicles Physical Damage   | \$107,500             | 1/8/2023        | 1/8/2024  |
|  | Each occurrence            | \$1,500,000           |                 |           |

**INTERNAL CONTROL, COMPLIANCE**

**AND**

**OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

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Of Counsel

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## INDEPENDENT AUDITOR'S 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*

The Honorable Patrick Richard, Mayor  
and Members of the Board of Aldermen  
Town of Grand Coteau, Louisiana

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Grand Coteau, Louisiana (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 20, 2023.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of current and prior year audit findings and management's corrective action plan, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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 Town's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2023-001, 2023-004, and 2023-005 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2023-002, 2023-003, and 2023-006 to be significant deficiencies.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2023-007, 2023-008, and 2023-009.

### **Town of Grand Coteau, Louisiana's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
December 20, 2023

TOWN OF GRAND COTEAU, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
For the Year Ended June 30, 2023

Part I. Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2023-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The Town did not have adequate segregation of functions within the accounting system.

CRITERIA. AU-C§315.04, *Understanding the Entity and its Environment and assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that the Town does not have a sufficient number of employees performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization, (2) custody; (3) record keeping; and (4) reconciliation

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town has determined that it is not cost effective to achieve complete segregation of duties within the accounting department.

TOWN OF GRAND COTEAU, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
For the Year Ended June 30, 2023

2023-002 Controls over Personnel Files

Fiscal year finding initially occurred: Unknown

CONDITION: The Town did not have proper controls over the maintenance of personnel files.

CRITERIA. AU-C§315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the failure to maintain personnel files.

EFFECT: Failure to maintain personnel files could result in employees being paid at a rate not approved by the Board of Aldermen and deductions applied at incorrect amounts

RECOMMENDATION: Procedures should be implemented to ensure that personnel files are current and complete for all employees

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will implement procedures to ensure personnel files are maintained and kept current for all employees.

2023-003 Maintenance of Employee Leave Records

Fiscal year finding initially occurred: 2021

CONDITION: The Town did not have proper controls over the maintenance of employee leave records.

CRITERIA: AU-C§315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

TOWN OF GRAND COTEAU, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
For the Year Ended June 30, 2023

"Internal control is a process, effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations."

CAUSE: The cause of the condition is the failure to maintain a system to track the accrual and use of employee vacation and sick leave.

EFFECT: Failure to maintain employee leave records could result in employees being paid for leave time in excess of amounts of available leave time.

RECOMMENDATION: Procedures should be implemented to ensure that leave records are current and complete for all employees.

MANAGEMENT'S CORRECTIVE ACTION PLAN. The Town will implement procedures to ensure leave records are maintained and kept current for all employees.

2023-004

Written Policies and Procedures

Fiscal year finding initially occurred: 2023

CONDITION: The Town does not have written policies and procedures for budgeting, receipts collections, payroll processing, contracting, use of credit cards, travel and expense reimbursements, ethics, debt service, capital asset management, and the safeguarding of traffic tickets.

CRITERIA: Formal written policies and procedures are necessary as a clear understanding of what should be done, how it should be done, who should do it, and when it should be done and ensure the procedures followed meet management's expectations. Written procedures aid in the continuity of operations and for cross-training staff.

CAUSE: The cause of the condition is the fact that the Town has not properly documented its policies and procedures.

EFFECT: Failure to adopt formal written policies and procedures increases the risk that improper use of Town assets or violations of policy may occur and not be identified.

TOWN OF GRAND COTEAU, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
For the Year Ended June 30, 2023

RECOMMENDATION: Management should adopt formal written policies and procedures for budgeting, receipts/collections, payroll processing, contracting, use of credit cards, travel and expense reimbursements, ethics, debt service, capital asset management, and the safeguarding of traffic tickets.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management will review policies and procedures and will properly document procedures in place for budgeting, receipts/collections, payroll processing, contracting, use of credit cards, travel and expense reimbursements, ethics, debt service, capital asset management, and the safeguarding of traffic tickets.

2023-005

Reconciliation of Utility Accounts Receivable/Revenue

Fiscal year finding initially occurred: 2021

CONDITION: The utility accounts receivable balance and utility service revenue in the general ledger is not reconciled monthly with the detailed accounts receivable customer listing and monthly billing register.

CRITERIA: Not reconciling the detailed accounts receivable customer listing and service revenue billing registers to the balance in the general ledger on a monthly basis is a fraud risk factor.

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures to achieve adequate internal control.

EFFECT: Errors or irregularities could be made in the recording of deposits, billings, payments, adjustments, or voided receipts without being detected in a timely manner.

RECOMMENDATION: It is recommended that the Town implement procedures to ensure the accounts receivable balance and service revenue in the general ledger is reconciled monthly with the detailed accounts receivable customer listing and monthly billing registers.

MANAGEMENT'S CORRECTIVE ACTION PLAN. The Town will establish policies and procedures to ensure the utility accounts receivable balance and service revenue in the general ledger is reconciled monthly with the detailed accounts receivable customer listing and monthly billing registers.



TOWN OF GRAND COTEAU, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
For the Year Ended June 30, 2023

2023-006      Utility Bill Collections

Fiscal year finding initially occurred: 2021

CONDITION: During a test of utility accounts of the Town's customers, it was noted that some accounts are not being paid in full or timely, and the customers, including employees and Town officials, continue to receive service in violation of the Town's utility cut-off policy and are not charged a late fee.

CRITERIA: The utility cut-off policy requires that the Town terminate services to customers when an account becomes 30 days delinquent. The Town's policy also requires that a late fee be charged if payment is not received by the 15<sup>th</sup> of the month.

CAUSE: The Town has not properly followed its written policies and procedures regarding past due accounts and proper cut-off procedures to disconnect services relating to nonpayment by customers.

EFFECT: Failure to follow written policies and procedures increases the risk of not having continuity of operations and the risk of long outstanding collections of utilities.

RECOMMENDATION: Management should consistently comply with its written policies and procedures in the future and cut-off utility services of customers, including employees and Town officials, who do not pay within the time limited stated in the policy.

MANAGEMENT'S CORRECTIVE ACTION PLAN. The Town will adhere to its cut-off policy.

TOWN OF GRAND COTEAU, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
For the Year Ended June 30, 2023

B. Compliance

2023-007 Failure to Publish Minutes

Fiscal year finding initially occurred: 2021

CONDITION: The Town did not publish minutes for all of its public meetings within a reasonable period of time.

CRITERIA: LA R.S. 42:20 states that all public bodies shall keep written minutes of all open meetings. It further states that the minutes shall be public records and shall be available within a reasonable period of time after the meeting and published in the public body's official journal. LA R.S. 43:144 requires the official proceedings to be published within 20 days from the date of the meeting. In addition, LA R.S. 42:20B states that if the public body has a website, the minutes need to be posted to the website within 10 days after publication in the official journal and should remain there for at least three months after being posted online.

CAUSE: The Town did not publish minutes in the official journal within the required time frame but rather posted a copy of the minutes on the Town Hall door and on the local Post Office bulletin board.

EFFECT: Members of the public were not provided with information regarding the Town's activities in the manner prescribed by law.

RECOMMENDATION: The Town should comply with LA R.S. 42:20B and 43:144 and publish all minutes in accordance with state law.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will implement policies and procedures to ensure that minutes of all open meetings will be made available as public record and published in the official journal timely.

2023-008 Purchase of Gift Cards

Fiscal year finding initially occurred: 2023

CONDITION: In December 2022 the Town purchased and distributed \$50 gift cards to all employees as a Christmas gift. Gift cards purchased totaled \$1,000.

TOWN OF GRAND COTEAU, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
For the Year Ended June 30, 2023

CRITERIA. Article 7, Section 14 of the Louisiana Constitution states that except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private. The Louisiana Supreme Court has held that this constitutional provision is violated when public funds or property are gratuitously alienated and when the state or political subdivision of the state seeks to give up something of value when it is under no obligation to do so. In order for an expenditure of public funds to be permissible under Article 7, Section 14 of the Louisiana Constitution, the public entity must have the legal authority to make the expenditure and must show: (i) a public purpose of the expenditure or transfer that comports with the governmental purpose for which the public entity has legal authority to pursue; (ii) that the expenditure or transfer, taken as a whole, does not appear to be gratuitous; and (iii) that the public entity has the demonstrable, objective, and reasonable expectation of receiving at least equivalent value in exchange for the expenditure or transfer of public funds.

CAUSE: The Town did not properly evaluate the allowability of purchasing gift cards for employees.

EFFECT: Based upon the documentation provided, the Town cannot demonstrate that the purchase of gift cards for employees was not gratuitous and increases the risk that the Town will be in violation of state law.

RECOMMENDATION: The Town should implement policies and procedures to ensure that all approved expenditures are not prohibited by state law.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will implement policies to ensure that all approved expenditures are not prohibited by state law.

2023-009 Payment of Undocumented Leave Time

Fiscal year finding initially occurred: 2023

CONDITION: The Town's leave policy allows employees to carry forward up to 90 days of unused sick leave. Any accumulated sick leave up to the maximum of 90 days is paid to an employee at termination. In January 2023 the Town paid the former Police Chief for 80 days of unused sick leave for a total payment of \$14,828.80 with no documentation of the police chief's accrual and usage of leave during his term of office.

TOWN OF GRAND COTEAU, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
For the Year Ended June 30, 2023

CRITERIA. The Town of Grand Coteau was incorporated under the provisions of the Lawrason Act Under the Lawrason Act (LA R.S. 33:321-463) and clarified in Attorney General Opinion No. 15-0186, an elected chief of police may accrue leave under an established municipal policy as any other municipal employee. In order to be paid for leave upon separation under a policy, the police chief's accrual and usage of leave must be documented during their term of office.

CAUSE: The cause of the condition is the failure to maintain a system to track the accrual and use of employee vacation and sick.

EFFECT: Failure to maintain employee leave records increases the risk that employees could be paid for leave time in excess of leave time available. Payments made to employees in excess of available leave time could result in the Town being in violation of Article 7, Section 14 of the Louisiana Constitution. Payment of undocumented leave time to the former police chief may also result in the Town being in violation of the provisions of the Lawrason Act.

RECOMMENDATION: The Town should implement policies and procedures to ensure compliance with the Town's adopted policy and state laws regarding payments to employees for accrued leave time.

MANAGEMENT'S CORRECTIVE ACTION PLAN. The Town will implement policies and procedures to ensure compliance with the Town's adopted policy and state laws regarding payments to employees for accrued leave time.

C. Management Letter

A management letter was issued related to operating losses in the Town's Water and Sewer Funds.

TOWN OF GRAND COTEAU, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
For the Year Ended June 30, 2023

Part II: Prior Year Findings.

A. Internal Control Over Financial Reporting and Compliance

2022-001 Inadequate Segregation of Accounting Functions

CONDITION: The Town did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization, (2) custody; (3) record keeping; and (4) reconciliation

CURRENT STATUS: Unresolved. See item 2023-001.

2022-002 Controls over Personnel Files

CONDITION: The Town did not have proper controls over the maintenance of personnel files.

RECOMMENDATION: Procedures should be implemented to ensure that personnel files are current and complete for all employees.

CURRENT STATUS: Unresolved. See item 2023-002.

2022-003 Maintenance of Employee Leave Records

CONDITION: The Town did not have proper controls over the maintenance of employee leave records

RECOMMENDATION: Procedures should be implemented to ensure that leave records are current and complete for all employees.

CURRENT STATUS: Unresolved. See item 2023-003.

2022-004 Reconciliation of Bank Accounts

CONDITION: The Town did not prepare all bank reconciliations for its bank accounts for all months during the fiscal year timely.

TOWN OF GRAND COTEAU, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
For the Year Ended June 30, 2023

RECOMMENDATION: Management should prepare written bank reconciliations within 30 days of receipt of bank statements by an employee who does not have responsibility authority to (1) sign checks; or (2) receive and deposit cash; or (3) authorize disbursements. The monthly bank reconciliations should be properly completed, dated, and signed by both the preparer and reviewer/approver and be maintained on file for subsequent review and audit.

CURRENT STATUS: Resolved.

2022-005 Reconciliation of Utility Accounts Receivable

CONDITION: The utility accounts receivable balance in the general ledger is not reconciled monthly with the detailed accounts receivable customer listing.

RECOMMENDATION: It is recommended that the Town implement procedures to ensure the accounts receivable balance in the general ledger is reconciled monthly with the detailed accounts receivable customer listing.

CURRENT STATUS: Unresolved. See item 2023-005.

2022-006 Reconciliation of Customer Meter Deposits

CONDITION: The Town does not have complete and accurate records for customer meter deposits, and the meter deposit bank account balances are not reconciled monthly with a detailed listing of customers' meter deposits.

RECOMMENDATION: It is recommended that the Town implement procedures to ensure that an accurate listing of customer meter deposits is maintained and reconciled monthly to the meter deposit bank account and deposit liability.

CURRENT STATUS: Resolved.

2022-007 Utility Bill Collections

CONDITION: During a test of utility accounts of the Town's customers, it was noted that some accounts are not being paid in full or timely, and the customers, including employees and Town officials, continue to receive service in violation of the Town's utility cut-off policy and are not charged a late fee.

TOWN OF GRAND COTEAU, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
For the Year Ended June 30, 2023

RECOMMENDATION: Management should consistently comply with its written policies and procedures in the future and cut-off utility services of customers, including employees and Town officials, who do not pay within the time limited stated in the policy.

CURRENT STATUS: Unresolved. See item 2023-006.

2022-008 Late Payment of Invoices

CONDITION: During the year, the Town paid several invoices after the due date resulting in late fees being assessed.

RECOMMENDATION: It is recommended that the Town process and pay invoices timely and by the due date.

CURRENT STATUS: Resolved.

2022-009 Failure to Publish Minutes

CONDITION: The Town did not publish minutes for all of its public meetings within a reasonable period of time.

RECOMMENDATION: The Town should comply with LA R.S. 42:20B and 43:144 and publish all minutes in accordance with state law.

CURRENT STATUS: Unresolved. See item 2023-007.

2022-010 Records to be Kept -- Minutes

CONDITION: The Town failed to maintain minutes for all meetings held during the fiscal year. Town officials have been able to provide agendas for two scheduled meetings; however, there are no minutes available, and no recording of the meetings could be located.

RECOMMENDATION: The Town should comply with LA R.S. 33:421 and maintain minutes for all proceedings of the mayor and board of aldermen.

CURRENT STATUS: Resolved.

TOWN OF GRAND COTEAU, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
For the Year Ended June 30, 2023

2022-011      Compensation of Town Officials

CONDITION: Beginning in July 2021, the Town increased board member compensation; however, no evidence of approval of this action was provided in the minutes. Also, the Town failed to fix the compensation of the mayor, board of aldermen, clerk, chief of police, and other municipal officers by ordinance as required by LA R.S. 33:404.1. Although the Attorney General has opined that the budget ordinance, while not the preferred method, may be used to raise the set salary of the elected officials and municipal officers, thereby satisfying the requirements of LA R.S. 33:404.1, the Town's budget ordinance did not address this increase in compensation until the budget was amended at the end of the fiscal year.

RECOMMENDATION: The Town should comply with LA R.S. 33:404.1 regarding compensation of municipal officers.

CURRENT STATUS: Resolved.



# KOLDER, SLAVEN & COMPANY, LLC

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Bryan K. Joubert, CPA  
Nicholas Fowlkes, CPA  
Deidre L. Stock, CPA

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C. Burton Kolder, CPA\*  
Of Counsel

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Christine C. Doucet, CPA – retired 2022

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## MANAGEMENT LETTER

The Honorable Patrick Richard, Mayor  
and Members of the Board of Aldermen  
Town of Grand Coteau, Louisiana

We have completed our audit of the basic financial statements of the Town of Grand Coteau, Louisiana, for the year ended June 30, 2023, and submit the following recommendations for your consideration:

- (1) The Water and Sewer Funds experienced operating losses during the current year. Failure to make a profit on utility sales could result in the Town not having resources to pay current expenses. The Town should consider increasing utility rates and/or decreasing expenses in order for the utility system to operate on a profitable basis.

In conclusion, we express our appreciation to you and your staff, particularly to your office staff, for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing our recommendations, please feel free to contact us.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
December 20, 2023

**TOWN OF GRAND COTEAU, LOUISIANA**

**Statewide Agreed-Upon Procedures Report**

**Year Ended June 30, 2023**

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Alderman of the  
Town of Grand Coteau  
and the Louisiana Legislative Auditor:

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

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

The procedures and associated findings are as follows:

### 1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories, if applicable, to public funds and the entity's operations:

i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

*Written policies and procedures were obtained and do not address the functions noted above.*

ii. **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

*Written policies and procedures were obtained and do not address how vendors are added to the vendor list.*

iii. **Disbursements**, including processing, reviewing, and approving.

*Written policies and procedures were obtained and address the functions noted above.*

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).  
*Written policies and procedures were obtained and do not address the functions noted above.*
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.  
*Written policies and procedures were obtained and do not address the functions noted above.*
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.  
*Written policies and procedures were obtained and do not address the functions noted above.*
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.  
*Written policies and procedures were obtained and do not address the functions noted above.*
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).  
*Written policies and procedures were obtained and do not address the functions noted above.*
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy  
*Written policies and procedures were obtained and do not address the functions noted above.*
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements  
*Written policies and procedures were obtained and do not address the functions noted above.*
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.  
*Written policies and procedures were obtained and do not address the functions noted above.*
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.  
*Written policies and procedures were obtained and do not address the functions noted above.*

## **2) Board or Finance Committee**

---

- A. Obtain and inspect the board finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- i. Observe that the board finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.  
*No exceptions were found as a result of this procedure.*
  - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds  
*It was noted that the minutes did not reference or include monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.*
  - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund  
*No exceptions were found as a result of this procedure.*
  - iv. Observe whether the board finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.  
*It was noted that the board/finance committee did not receive written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.*

## **3) Bank Reconciliations**

---

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

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

*Obtained and reviewed bank reconciliations noting that for 3 out of the 5 bank reconciliations selected for testing, management did not have documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.*

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

---

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash checks money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

*Obtained a listing of deposit sites for the fiscal period and managements representation that the listing is complete.*

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (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

- i. Employees responsible for cash collections do not share cash drawers registers;

*Observed that employees responsible for cash collections do not share the same cash drawers/registers.*

- ii. 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;

*Observed that employees responsible for collecting cash are also responsible for preparing making bank deposits. However, another employee/official reconciles collection documentation to the deposit.*

- iii. 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; and

*Observed that employees responsible for collecting cash are not responsible for posting cash collection entries to the general ledger.*

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

*Observed that employees responsible for reconciling cash collections to the general ledger are not responsible for collecting cash*

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

*Obtained and reviewed a copy of the bond or insurance policy for theft covering all employees who have access to cash, noting no exceptions.*

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and.
- i. Observe that receipts are sequentially pre-numbered.  
*Observed that for 4 out of the 6 deposits selected for testing, receipts were not sequentially pre-numbered.*
  - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.  
*For 4 out of the 6 deposits selected for testing, we could not trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip. For 2 out of the 6 deposits selected for testing, this attribute could not be determined due to lack of documentation.*
  - iii. Trace the deposit slip total to the actual deposit per the bank statement.  
*For 2 out of the 6 deposits selected for testing, we could not trace the deposit slip total to the actual deposit per the bank statement.*
  - iv. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).  
*Observed that 2 out of the 6 deposits selected for testing were not made within one business day of receipt at the collection location. For 4 out of the 6 deposits selected for testing, this attribute could not be determined due to lack of documentation.*
  - v. Trace the actual deposit per the bank statement to the general ledger.  
*Traced the actual deposit per the bank statement to the general ledger, noting no exceptions.*

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

---

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).  
*Obtained a listing of locations that process payments for the fiscal period and managements representation that the listing is complete.*
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;  
*Observed that at least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase, noting no exceptions.*
  - ii. At least two employees are involved in processing and approving payments to vendors;  
*Observed that at least two employees are involved in processing and approving payments to vendors, noting no exceptions.*

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.  
*Observed that the employee responsible for processing payments is not prohibited from adding/modifying vendor files.*
  - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and  
*Observed that the employee responsible for processing payments is also responsible for signing checks and mailing the signed checks*
  - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.  
*Observed that only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means, noting no exceptions.*
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity; and  
*Observed that the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity, noting no exceptions.*
  - ii. Observe whether the disbursement documentation included evidence (e.g., initial date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.  
*Observed that for 5 out of the 5 disbursements selected for testing, the disbursements did not have documentation including evidence of segregation of duties*
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.  
*Observed that for 5 out of the 5 non-payroll-related electronic disbursements selected for testing, there was no approval by only those persons authorized to disburse funds per the entity's policy. Also observed that for 5 out of the 5 non-payroll-related electronic disbursements selected for testing, there was no approval by the required number of authorized signers per the entity's policy.*



## ***6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)***

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- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

*Obtained a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards for the fiscal period and management's representation that the listing is complete.*

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials such as the mayor of a Lawrason Act municipality, should not be reported); and

*Observed that for 5 out of the 5 cards selected for testing, the selected monthly statement and all supporting documentation were not reviewed and approved, in writing, by someone other than the authorized card holder.*

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

*Observed that for 1 out of the 5 cards selected for testing, late fees were assessed on the selected monthly statement.*

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to 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). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

*No exceptions were found as a result of this procedure.*

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

---

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

*Obtained a listing of all travel and travel-related expense reimbursements during the fiscal period and managements representation that the listing is complete.*

- i. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));

*No exceptions were found as a result of this procedure.*

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased:

*No exceptions were found as a result of this procedure.*

- iii. Observe that each reimbursement is supported by documentation of the business public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

*No exceptions were found as a result of this procedure.*

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions were found as a result of this procedure.*

### **8) Contracts**

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**Not applicable. The Town did not have any contracts that were initiated or renewed during the fiscal period.**

- A. Obtain from management a listing of all agreements-contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law,

*N/A – This procedure is not applicable to the entity.*

- ii. Observe whether the contract was approved by the governing body-board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

*N/A – This procedure is not applicable to the entity.*

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was documented approval); and

*N/A – This procedure is not applicable to the entity.*

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

*N/A – This procedure is not applicable to the entity.*

### **9) Payroll and Personnel**

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

*Obtained a listing of employees and officials employed during the fiscal period and managements representation that the listing is complete. Obtained related paid salaries and personnel files and agreed to authorized salaries/pay rates in the personnel files.*

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);  
*No exceptions were found as a result of this procedure.*
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;  
*No exceptions were found as a result of this procedure.*
  - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and  
*For 5 out of the 5 employees selected for testing, it was noted that any leave accrued or taken during the pay period is not reflected in the entity's cumulative leave records*
  - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.  
*It was noted that for 1 out of the 5 employees selected for testing, the Town of Grand Coteau did not have a personnel file for this employee. Therefore, this attribute could not be tested for this employee.*
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.  
*For 1 out of the 1 termination payments selected for testing, the following was noted. We were unable to agree the hours used in the termination computation to cumulative leave records due to the fact that the Town of Grand Coteau has not kept any documentation or records of leave accumulated or used by employees, and, we were unable to agree the pay rate used in termination computation to the authorized pay rate in employee's personnel file due to the fact that the Town of Grand Coteau does not maintain complete personnel files for their employees.*
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.  
*Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, garnishments, and workers' compensation premiums have been paid, and any associated forms have been filed, by required deadlines, noting no exceptions*

## **10) Ethics**

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and  
*Observed documentation that demonstrates each employee/official completed one hour of ethics training during the fiscal period, noting no exceptions*
  - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.  
*This attribute could not be tested because the Town of Grand Coteau does not have an Ethics Policy.*
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.  
*No exceptions were found as a result of this procedure.*

## **11) Debt Service**

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- A. Obtain a listing of bonds notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.  
*Per discussion with management, it was noted that there were no bonds/notes or other debt instruments issued during the fiscal period.*
- B. Obtain a listing of bonds notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).  
*No exceptions were found as a result of this procedure*

## **12) Fraud Notice**

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- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.  
*Per discussion with management, there were no misappropriations of public or assets during the fiscal period.*
- B. Observe 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.  
*Observed that the entity does not have the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds posted on their premises. Note that the entity does not maintain a website.*

### ***13) Information Technology Disaster Recovery/Business Continuity***

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#### **A. Perform the following procedures:**

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week (b) was not stored on the government's local server or network, and (c) was encrypted.

*We performed the procedure and discussed the results with management.*

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

*We performed the procedure and discussed the results with management.*

- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

*We performed the procedure and discussed the results with management.*

- #### **B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.**

*No exceptions were found as a result of this procedure.*

### ***14) Prevention of Sexual Harassment***

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- #### **A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.**

*Observed documentation that demonstrates each employee/official selected for testing completed at least one hour of sexual harassment training during the fiscal period, noting no exceptions*

- #### **B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).**

*Observed that the entity does not have a sexual harassment policy and complaint procedure.*

- #### **C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42.344:**

- i. Number and percentage of public servants in the agency who have completed the training requirements;
- ii. Number of sexual harassment complaints received by the agency;

- iii. Number of complaints which resulted in a finding that sexual harassment occurred,
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

*The annual report was not prepared.*

### ***Management's Response***

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Management of the Town of Grand Coteau concurs with the exceptions and are working to address the deficiencies identified.

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

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

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

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
December 20, 2023