

TOWN OF GRAND COTEAU, LOUISIANA

Financial Report

Year Ended June 30, 2021

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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 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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Grand Coteau, Louisiana, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other 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 justice system funding included in other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The justice system funding schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the justice system funding schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2022, on our consideration of the Town of Grand Coteau, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Grand Coteau, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Grand Coteau, Louisiana's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
March 22, 2022

BASIC FINANCIAL STATEMENTS

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

TOWN OF GRAND COTEAU, LOUISIANA

Statement of Net Position

June 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and interest-bearing deposits	\$2,166,094	\$ 259,194	\$2,425,288
Investments	50,000	-	50,000
Receivables, net	2,930	88,186	91,116
Due from other governmental units	102,223	-	102,223
Prepaid items	10,615	1,806	12,421
Internal balances	(99,466)	99,466	-
Restricted assets:			
Cash and interest-bearing deposits	-	162,485	162,485
Capital assets:			
Land and construction in progress	267,975	71,360	339,335
Capital assets, net	<u>623,968</u>	<u>2,133,539</u>	<u>2,757,507</u>
Total assets	<u>3,124,339</u>	<u>2,816,036</u>	<u>5,940,375</u>
LIABILITIES			
Accounts and other payables	73,671	27,251	100,922
Accrued interest payable	-	2,160	2,160
Customer deposits	-	83,139	83,139
Compensated absences payable	26,111	33,396	59,507
Long-term liabilities:			
Due within one year	-	32,412	32,412
Due after one year	<u>-</u>	<u>189,296</u>	<u>189,296</u>
Total liabilities	<u>99,782</u>	<u>367,654</u>	<u>467,436</u>
NET POSITION			
Net investment in capital assets	891,943	1,983,191	2,875,134
Restricted	1,290,978	77,186	1,368,164
Unrestricted	<u>841,636</u>	<u>388,005</u>	<u>1,229,641</u>
Total net position	<u>\$3,024,557</u>	<u>\$2,448,382</u>	<u>\$5,472,939</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, 2021

Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 449,049	\$ -	\$ 9,356	\$ (439,693)	\$ -	\$ (439,693)
Public safety:						
Police	366,563	220,023	10,250	(136,290)	-	(136,290)
Fire	136,895	-	-	(136,895)	-	(136,895)
Highways and streets	221,996	-	5,107	(216,889)	-	(216,889)
Culture and recreation	2,543	-	-	(2,543)	-	(2,543)
Total governmental activities	<u>1,177,046</u>	<u>220,023</u>	<u>24,713</u>	<u>(932,310)</u>	<u>-</u>	<u>(932,310)</u>
Business-type activities:						
Gas	233,167	193,515	10,400	-	(29,252)	(29,252)
Water	224,295	147,164	-	-	(77,131)	(77,131)
Sewer	211,442	233,511	-	-	22,069	22,069
Total business-type activities	<u>668,904</u>	<u>574,190</u>	<u>10,400</u>	<u>-</u>	<u>(84,314)</u>	<u>(84,314)</u>
Total	<u>\$ 1,845,950</u>	<u>\$ 794,213</u>	<u>\$ 35,113</u>	<u>(932,310)</u>	<u>(84,314)</u>	<u>(1,016,624)</u>
General revenues:						
Taxes -						
Property taxes, levied for general purposes				105,470	-	105,470
Sales and use taxes, levied for general purposes				581,908	-	581,908
Franchise taxes				71,654	-	71,654
Occupational licenses and other permits				52,725	-	52,725
State beer tax				1,852	-	1,852
Racino income				20,002	-	20,002
Video poker revenue				587,149	-	587,149
Interest and investment earnings				641	906	1,547
Miscellaneous				72,822	264	73,086
Transfers				14,596	(14,596)	-
Total general revenues and transfers				<u>1,508,819</u>	<u>(13,426)</u>	<u>1,495,393</u>
Change in net position				576,509	(97,740)	478,769
Net position - beginning, as restated				<u>2,448,048</u>	<u>2,546,122</u>	<u>4,994,170</u>
Net position - ending				<u>\$ 3,024,557</u>	<u>\$ 2,448,382</u>	<u>\$ 5,472,939</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, 2021

	<u>General</u>	<u>Sales Tax</u>	<u>2010 Sales Tax</u>	<u>TIF District</u>	<u>Total</u>
ASSETS					
Cash and interest-bearing deposits	\$ 891,429	\$ 280,314	\$ 224,904	\$ 769,447	\$2,166,094
Investments	50,000	-	-	-	50,000
Receivables -					
Taxes	2,930	-	-	-	2,930
Due from other funds	5,747	22,766	154	-	28,667
Due from other governmental units	102,223	-	-	-	102,223
Prepaid items	<u>10,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,615</u>
Total assets	<u>\$1,062,944</u>	<u>\$ 303,080</u>	<u>\$ 225,058</u>	<u>\$ 769,447</u>	<u>\$2,360,529</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 46,162	\$ -	\$ -	\$ 2,215	\$ 48,377
Accrued liabilities	25,294	-	-	-	25,294
Due to other funds	<u>123,741</u>	<u>-</u>	<u>4,392</u>	<u>-</u>	<u>128,133</u>
Total liabilities	<u>195,197</u>	<u>-</u>	<u>4,392</u>	<u>2,215</u>	<u>201,804</u>
Fund balances -					
Nonspendable - prepaid items	10,615	-	-	-	10,615
Restricted - sales tax dedications	-	303,080	220,666	767,232	1,290,978
Unassigned	<u>857,132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>857,132</u>
Total fund balances	<u>867,747</u>	<u>303,080</u>	<u>220,666</u>	<u>767,232</u>	<u>2,158,725</u>
Total liabilities and fund balances	<u>\$1,062,944</u>	<u>\$ 303,080</u>	<u>\$ 225,058</u>	<u>\$ 769,447</u>	<u>\$2,360,529</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, 2021

Total fund balances for governmental funds at June 30, 2021		\$2,158,725
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	\$ 267,975	
Buildings and improvements, net of \$166,339 accumulated depreciation	68,601	
Infrastructure, net of \$813,139 accumulated depreciation	421,444	
Equipment, net of \$489,874 accumulated depreciation	<u>133,923</u>	891,943
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:		
Compensated absences		<u>(26,111)</u>
Total net position of governmental activities at June 30, 2021		<u>\$3,024,557</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, 2021

	General	Sales Tax	2010 Sales Tax	TIF District	Total
Revenues:					
Taxes	\$ 177,124	\$ 191,547	\$ 191,538	\$ 198,823	\$ 759,032
Licenses and permits	53,080	-	-	-	53,080
Intergovernmental	634,329	-	-	-	634,329
Fines and forfeits	220,023	-	-	-	220,023
Miscellaneous	72,838	8	-	4	72,850
Total revenues	<u>1,157,394</u>	<u>191,555</u>	<u>191,538</u>	<u>198,827</u>	<u>1,739,314</u>
Expenditures:					
Current -					
General government	366,082	9,509	10,065	28,690	414,346
Public safety:					
Police	386,578	-	-	-	386,578
Fire	54,628	-	-	-	54,628
Highways and streets	182,896	-	-	-	182,896
Capital outlay	200,335	-	-	-	200,335
Total expenditures	<u>1,190,519</u>	<u>9,509</u>	<u>10,065</u>	<u>28,690</u>	<u>1,238,783</u>
Excess (deficiency) of revenues over expenditures	<u>(33,125)</u>	<u>182,046</u>	<u>181,473</u>	<u>170,137</u>	<u>500,531</u>
Other financing sources (uses):					
Transfers in	290,000	-	-	-	290,000
Transfers out	(15,404)	(115,000)	(145,000)	-	(275,404)
Total other financing sources (uses)	<u>274,596</u>	<u>(115,000)</u>	<u>(145,000)</u>	<u>-</u>	<u>14,596</u>
Net change in fund balance	241,471	67,046	36,473	170,137	515,127
Fund balances, beginning, as restated	<u>626,276</u>	<u>236,034</u>	<u>184,193</u>	<u>597,095</u>	<u>1,643,598</u>
Fund balances, ending	<u>\$ 867,747</u>	<u>\$ 303,080</u>	<u>\$ 220,666</u>	<u>\$ 767,232</u>	<u>\$ 2,158,725</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, 2021

Total net changes in fund balances for the year ended June 30, 2021 per the
statement of revenues, expenditures and changes in fund balances \$ 515,127

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 of revenues, expenditures and changes in fund balances	\$ 124,600	
Depreciation expense for the year ended June 30, 2021	<u>(70,135)</u>	54,465

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>6,917</u>
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Total changes in net position for the year ended June 30, 2021 per the
statement of activities \$ 576,509

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, 2021

	Gas Fund	Water Fund	Sewer Fund	Total
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 103,535	\$ 49,793	\$ 105,866	\$ 259,194
Receivables -				
Accounts, net	28,744	42,415	17,027	88,186
Due from other funds	88,720	14,506	7,696	110,922
Prepaid items	<u>533</u>	<u>679</u>	<u>594</u>	<u>1,806</u>
Total current assets	<u>221,532</u>	<u>107,393</u>	<u>131,183</u>	<u>460,108</u>
Noncurrent assets:				
Restricted assets -				
Customers' deposits -				
Cash and interest-bearing deposits	42,037	57,394	63,054	162,485
Land and construction in progress	-	47,360	24,000	71,360
Capital assets, net	<u>80,609</u>	<u>802,707</u>	<u>1,250,223</u>	<u>2,133,539</u>
Total noncurrent assets	<u>122,646</u>	<u>907,461</u>	<u>1,337,277</u>	<u>2,367,384</u>
Total assets	<u>344,178</u>	<u>1,014,854</u>	<u>1,468,460</u>	<u>2,827,492</u>
LIABILITIES				
Current liabilities (payable from current assets):				
Accounts payable	8,015	14,823	4,413	27,251
Notes payable	13,428	-	-	13,428
Due to other funds	-	-	11,456	11,456
Total	<u>21,443</u>	<u>14,823</u>	<u>15,869</u>	<u>52,135</u>
Current liabilities (payable from restricted assets):				
Customer deposits	42,037	41,102	-	83,139
Compensated absences	25,784	6,671	941	33,396
Accrued interest payable	-	2,160	-	2,160
Revenue bonds payable	-	12,000	6,984	18,984
Total	<u>67,821</u>	<u>61,933</u>	<u>7,925</u>	<u>137,679</u>
Total current liabilities	<u>89,264</u>	<u>76,756</u>	<u>23,794</u>	<u>189,814</u>
Noncurrent liabilities:				
Notes payable	12,899	-	-	12,899
Revenue bonds payable	-	60,000	116,397	176,397
Total	<u>12,899</u>	<u>60,000</u>	<u>116,397</u>	<u>189,296</u>
Total liabilities	<u>102,163</u>	<u>136,756</u>	<u>140,191</u>	<u>379,110</u>
NET POSITION				
Net investment in capital assets	54,282	778,067	1,150,842	1,983,191
Restricted	-	14,132	63,054	77,186
Unrestricted	<u>187,733</u>	<u>85,899</u>	<u>114,373</u>	<u>388,005</u>
Total net position	<u>\$ 242,015</u>	<u>\$ 878,098</u>	<u>\$ 1,328,269</u>	<u>\$ 2,448,382</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, 2021

	Gas Fund	Water Fund	Sewer Fund	Total
Operating revenues:				
Charges for services	\$ 233,511	\$ 188,048	\$ 147,164	\$ 568,723
Miscellaneous	264	5,467	-	5,731
Total operating revenues	<u>233,775</u>	<u>193,515</u>	<u>147,164</u>	<u>574,454</u>
Operating expenses:				
Personal services	65,811	59,940	29,769	155,520
Contractual services	84,935	-	5,815	90,750
Supplies	11,281	22,060	8,497	41,838
Other expenses	35,008	111,378	68,780	215,166
Depreciation	12,499	37,269	105,718	155,486
Total operating expenses	<u>209,534</u>	<u>230,647</u>	<u>218,579</u>	<u>658,760</u>
Operating income (loss)	24,241	(37,132)	(71,415)	(84,306)
Nonoperating revenues (expenses):				
Interest income	242	12	652	906
Grant revenue	-	10,400	-	10,400
Interest and fiscal charges	(1,908)	(2,520)	(5,716)	(10,144)
Total nonoperating revenues (expenses)	<u>(1,666)</u>	<u>7,892</u>	<u>(5,064)</u>	<u>1,162</u>
Income (loss) before transfers	22,575	(29,240)	(76,479)	(83,144)
Transfers:				
Transfers in (out)	-	(14,596)	-	(14,596)
Change in net position	22,575	(43,836)	(76,479)	(97,740)
Net position, beginning	<u>219,440</u>	<u>921,934</u>	<u>1,404,748</u>	<u>2,546,122</u>
Net position, ending	<u>\$ 242,015</u>	<u>\$ 878,098</u>	<u>\$1,328,269</u>	<u>\$2,448,382</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, 2021

	Gas Fund	Water Fund	Sewer Fund	Total
Cash flows from operating activities:				
Receipts from customers	\$ 240,359	\$ 192,445	\$ 163,692	\$ 596,496
Payments to suppliers	(127,615)	(124,933)	(83,997)	(336,545)
Payments to employees	(65,811)	(59,940)	(29,769)	(155,520)
Other receipts	<u>264</u>	<u>-</u>	<u>-</u>	<u>264</u>
Net cash provided by operating activities	<u>47,197</u>	<u>7,572</u>	<u>49,926</u>	<u>104,695</u>
Cash flows from noncapital financing activities:				
Net increase in customer deposits payable	6,174	15,795	-	21,969
Net transfers to other funds	<u>(110,096)</u>	<u>45,123</u>	<u>39,265</u>	<u>(25,708)</u>
Net cash provided (used) by noncapital financing activities	<u>(103,922)</u>	<u>60,918</u>	<u>39,265</u>	<u>(3,739)</u>
Cash flows from capital and related financing activities:				
Principal paid on revenue bonds and notes payable	(10,055)	(12,000)	(6,677)	(28,732)
Interest paid on revenue bonds and notes payable	(1,908)	(1,620)	(5,716)	(9,244)
Grant proceeds	-	10,400	-	10,400
Net purchase of capital assets	<u>-</u>	<u>(57,666)</u>	<u>(10,741)</u>	<u>(68,407)</u>
Net cash used by capital and related financing activities	<u>(11,963)</u>	<u>(60,886)</u>	<u>(23,134)</u>	<u>(95,983)</u>
Cash flows from investing activities:				
Net maturities (purchases) of investments	(242)	-	(635)	(877)
Interest received on interest-bearing deposits	<u>242</u>	<u>12</u>	<u>652</u>	<u>906</u>
Net cash provided by investing activities	<u>-</u>	<u>12</u>	<u>17</u>	<u>29</u>
Net increase (decrease) in cash and cash equivalents	(68,688)	7,616	66,074	5,002
Cash and cash equivalents, beginning	<u>167,831</u>	<u>99,571</u>	<u>71,178</u>	<u>338,580</u>
Cash and cash equivalents, ending	<u>\$ 99,143</u>	<u>\$ 107,187</u>	<u>\$ 137,252</u>	<u>\$ 343,582</u>

(continued)

TOWN OF GRAND COTEAU, LOUISIANA

Statement of Cash Flows (Continued)
 Proprietary Fund
 For the Year Ended June 30, 2021

	Gas Fund	Water Fund	Sewer Fund	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 24,241	\$ (37,132)	\$ (71,415)	\$ (84,306)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities -				
Depreciation	12,499	37,269	105,718	155,486
Changes in current assets and liabilities:				
(Increase) decrease in accounts receivable	6,848	(1,070)	16,528	22,306
(Increase) decrease in accounts payable	3,609	8,505	(905)	11,209
Net cash provided by operating activities	<u>\$ 47,197</u>	<u>\$ 7,572</u>	<u>\$ 49,926</u>	<u>\$ 104,695</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	\$ 127,354	\$ 41,547	\$ 49,793	\$ 218,694
Cash and interest-bearing deposits - restricted	86,664	58,024	52,418	197,106
Less: Certificates of deposit with a maturity greater than three months when purchased	<u>(46,187)</u>	<u>-</u>	<u>(31,033)</u>	<u>(77,220)</u>
Total cash and cash equivalents	<u>167,831</u>	<u>99,571</u>	<u>71,178</u>	<u>338,580</u>
Cash and cash equivalents, ending -				
Cash and interest-bearing deposits - unrestricted	103,535	49,793	105,866	259,194
Cash and interest-bearing deposits - restricted	42,037	57,394	63,054	162,485
Less: Certificates of deposit with a maturity greater than three months when purchased	<u>(46,429)</u>	<u>-</u>	<u>(31,668)</u>	<u>(78,097)</u>
Total cash and cash equivalents	<u>99,143</u>	<u>107,187</u>	<u>137,252</u>	<u>343,582</u>
Net increase (decrease)	<u>\$ (68,688)</u>	<u>\$ 7,616</u>	<u>\$ 66,074</u>	<u>\$ 5,002</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 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 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

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

service receivables as the major receivables. Uncollectible amounts due for customer utility 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, 2021 was \$41,874. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month totaled \$20,314 at year end.

Prepaid Items

Payments made to vendors for services that will benefit future periods beyond June 30, 2021, 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 \$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 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, 2021, 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, 2021, 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, 2021, the Town reported \$1,368,164 of restricted net position, of which \$1,290,978 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.
- 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 4

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, 2021 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) Uncertainties Arising During and After Financial Statement Date

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may have and may continue to impact the Town's ongoing operations. The extent and severity of the potential impact on future operations is unknown at this time.

(3) 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, 2021, taxes of 19.95 mills were levied on property with assessed valuations totaling \$4,470,900 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 \$123,606. Taxes receivable at June 30, 2021 were \$2,019.

(4) 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 (2021 collections \$191,547) 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 (2021 collections \$191,538) 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 (2021 collections \$198,823) 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.

(5) 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, 2021, the Town had cash and interest-bearing deposits (book balances) totaling \$2,587,773 as follows:

Demand deposits	\$ 1,897,318
Money market accounts	612,358
Time deposits	<u>78,097</u>
Total	<u>\$ 2,587,773</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, 2021, and the related federal insurance and pledged securities:

Bank balances	<u>\$2,551,431</u>
Federal deposit insurance	\$ 500,000
Pledged securities	<u>2,051,431</u>
Total	<u>\$2,551,431</u>

Deposits in the amount of \$2,051,431 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)

(6) 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 \$50,000 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)

(7) Restricted Assets - Proprietary Fund Type

Restricted assets consisted of the following at June 30, 2021:

Customer deposits	\$ 83,139
Revenue bond reserve and sinking funds	<u>79,346</u>
Total	<u>\$ 162,485</u>

(8) Receivables

Receivables at June 30, 2021 of \$91,116 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts, net	\$ -	\$ 88,186	\$ 88,186
Taxes:			
Ad valorem	2,019	-	2,019
Other	<u>911</u>	<u>-</u>	<u>911</u>
Totals	<u>\$ 2,930</u>	<u>\$ 88,186</u>	<u>\$ 91,116</u>

(9) Due from Other Governmental Units

The amount due from other governmental units of \$102,223 consisted of the following at June 30, 2021:

Governmental activities:	
State of Louisiana - video poker revenue	<u>\$102,223</u>

(10) Accounts and Other Payables

The accounts and other payables of \$100,922 consisted of the following at June 30, 2021:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts payable	\$ 48,377	\$ 27,251	\$ 75,628
Accrued liabilities	<u>25,294</u>	<u>-</u>	<u>25,294</u>
Totals	<u>\$ 73,671</u>	<u>\$ 27,251</u>	<u>\$ 100,922</u>

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

(11) Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 143,375	\$ -	\$ -	\$ 143,375
Construction in progress	-	124,600	-	124,600
Totals	<u>143,375</u>	<u>124,600</u>	<u>-</u>	<u>267,975</u>
Other capital assets:				
Buildings and improvements	234,940	-	-	234,940
Infrastructure	1,247,945	-	-	1,247,945
Equipment	610,435	-	-	610,435
Totals	<u>2,093,320</u>	<u>-</u>	<u>-</u>	<u>2,093,320</u>
Less accumulated depreciation				
Buildings and improvements	160,054	6,285	-	166,339
Infrastructure	769,311	43,828	-	813,139
Equipment	469,852	20,022	-	489,874
Total accumulated depreciation	<u>1,399,217</u>	<u>70,135</u>	<u>-</u>	<u>1,469,352</u>
Governmental activities, capital assets, net	<u>\$ 837,478</u>	<u>\$ 54,465</u>	<u>\$ -</u>	<u>\$ 891,943</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 12,942
Police	4,995
Fire	10,555
Highways and streets	39,100
Parks and recreation	<u>2,543</u>
Total depreciation expense	<u>\$ 70,135</u>

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land - water system	\$ 24,000	\$ -	\$ -	\$ 24,000
Construction in Progress	1,400	45,960	-	47,360
Totals	<u>25,400</u>	<u>45,960</u>	<u>-</u>	<u>71,360</u>
Other capital assets:				
Gas system and equipment	450,214	-	-	450,214
Water system and equipment	2,162,803	11,706	-	2,174,509
Sewer plant and equipment	3,857,293	10,741	-	3,868,034
Totals	<u>6,470,310</u>	<u>22,447</u>	<u>-</u>	<u>6,492,757</u>
Less accumulated depreciation				
Gas system and equipment	357,106	12,499	-	369,605
Water system and equipment	1,334,533	37,269	-	1,371,802

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

Gas	\$ 12,499
Water	37,269
Sewer	<u>105,718</u>
Total depreciation expense	<u>\$155,486</u>

(12) Changes in Long-Term Liabilities

The following is a summary of long-term liability transactions of the Town for the year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Long-term debt:					
Direct placement -					
Revenue bonds	\$ 214,058	\$ -	\$ 18,677	\$ 195,381	\$ 18,984
Direct borrowings -					
Notes payable	<u>36,382</u>	<u>-</u>	<u>10,055</u>	<u>26,327</u>	<u>13,428</u>
	<u>\$ 250,440</u>	<u>\$ -</u>	<u>\$ 28,732</u>	<u>\$ 221,708</u>	<u>\$ 32,412</u>

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

Bonds payable at June 30, 2021 consisted of the following:

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	\$ 123,381
---	------------

\$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	72,000
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Notes payable:

\$25,995 auto loan dated October 18, 2018; interest at 4.98 percent	10,358
---	--------

\$26,254 auto loan dated August 7, 2019; interest at 5.17 percent	<u>15,969</u>
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Total bonds payable applicable to business-type activities	<u><u>\$ 221,708</u></u>
--	--------------------------

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

Year ending June 30,	<u>Business-Type Activities</u>	
	<u>Principal payments</u>	<u>Interest payments</u>
2022	\$ 32,412	\$ 8,601
2023	31,803	7,260
2024	25,041	6,159
2025	22,991	5,332
2026	24,358	4,515
2027 - 2031	47,916	14,049
2032 - 2036	<u>37,187</u>	<u>2,834</u>
Total	<u><u>\$ 221,708</u></u>	<u><u>\$ 48,750</u></u>

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

(13) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2021 follows:

Mayor Patrick Richard	<u>\$ 14,400</u>
Aldermen:	
James Richard	5,250
Brad Randell	5,250
Annette Charles	5,250
Eli Wheeler	5,250
Devon Thomas	<u>5,250</u>
	<u>26,250</u>
	<u>\$ 40,650</u>

(14) 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, 2021 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	<u>\$ 14,400</u>

(15) On-Behalf Payment of Salaries

The State of Louisiana paid the Town's police officers \$10,250 of supplemental pay during the year ended June 30, 2021. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

(16) Pending Litigation

There was pending litigation against the Town of Grand Coteau at June 30, 2021.

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

(17) 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.

(18) Interfund Receivables/Payables

A. A summary of interfund receivables and payables at June 30, 2021 follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major governmental funds:		
General Fund	\$ 5,747	\$ 123,741
Sales Tax Fund	22,766	-
2010 Sales Tax Fund	154	4,392
Proprietary funds:		
Gas Fund	88,720	-
Water Fund	14,506	-
Sewer Fund	<u>7,696</u>	<u>11,456</u>
Total	<u>\$ 139,589</u>	<u>\$ 139,589</u>

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

B. Transfers consisted of the following at June 30, 2021:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 290,000	\$ 15,404
Sales Tax Fund	-	115,000
2010 Sales Tax Fund	-	145,000
Proprietary Fund:		
Water Fund	<u>-</u>	<u>14,596</u>
Total	<u>\$ 290,000</u>	<u>\$ 290,000</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.

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

(19) Beginning Net Position Adjustment

The Town has determined that certain transactions were recorded incorrectly in a prior year resulting in an understatement of cash and revenue related to a State grant and an overstatement of capital lease payable. These errors resulted in a restatement of previously reported net position, as follows:

	<u>Governmental Activities</u>	<u>General Fund</u>
Net position/fund balance, previously reported	\$ 2,406,472	\$ 600,574
Prior period adjustment:		
Correction of an error	<u>41,576</u>	<u>25,702</u>
Total	<u>\$ 2,448,048</u>	<u>\$ 626,276</u>

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF GRAND COTEAU, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes	\$ 102,027	\$ 171,735	\$ 177,124	\$ 5,389
Licenses and permits	65,300	51,590	53,080	1,490
Intergovernmental	948,496	542,861	634,329	91,468
Fines and forfeits	156,581	226,065	220,023	(6,042)
Miscellaneous	21,212	55,973	72,838	16,865
Total revenues	<u>1,293,616</u>	<u>1,048,224</u>	<u>1,157,394</u>	<u>109,170</u>
Expenditures:				
Current -				
General government	296,905	286,940	366,082	(79,142)
Public safety - police	499,272	522,039	386,578	135,461
Public safety - fire	109,993	61,228	54,628	6,600
Highways and streets	172,222	206,785	182,896	23,889
Capital outlay	710,793	279,963	200,335	79,628
Debt service	7,504	2,870	-	2,870
Total expenditures	<u>1,796,689</u>	<u>1,359,825</u>	<u>1,190,519</u>	<u>169,306</u>
Deficiency of revenues over expenditures	(503,073)	(311,601)	(33,125)	278,476
Other financing sources (uses):				
Proceeds from capital lease	31,000	-	-	-
Transfers in	275,480	290,000	290,000	-
Transfers out	-	-	(15,404)	(15,404)
Total other financing sources (uses)	<u>306,480</u>	<u>290,000</u>	<u>274,596</u>	<u>(15,404)</u>
Net change in fund balance	(196,593)	(21,601)	241,471	263,072
Fund balance, beginning, as restated	<u>626,276</u>	<u>626,276</u>	<u>626,276</u>	<u>-</u>
Fund balance, ending	<u>\$ 429,683</u>	<u>\$ 604,675</u>	<u>\$ 867,747</u>	<u>\$ 263,072</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, 2021

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 152,415	\$ 176,715	\$ 191,547	\$ 14,832
Miscellaneous - interest	-	-	8	8
Total revenues	<u>152,415</u>	<u>176,715</u>	<u>191,555</u>	<u>14,840</u>
Expenditures:				
Current -				
General government:	<u>10,685</u>	<u>12,860</u>	<u>9,509</u>	<u>3,351</u>
Excess of revenues over expenditures	141,730	163,855	182,046	18,191
Other financing uses:				
Transfers out	<u>(130,000)</u>	<u>(115,000)</u>	<u>(115,000)</u>	<u>-</u>
Net change in fund balance	11,730	48,855	67,046	18,191
Fund balance, beginning	<u>236,034</u>	<u>236,034</u>	<u>236,034</u>	<u>-</u>
Fund balance, ending	<u>\$ 247,764</u>	<u>\$ 284,889</u>	<u>\$ 303,080</u>	<u>\$ 18,191</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, 2021

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	<u>\$ 152,415</u>	<u>\$ 176,715</u>	<u>\$ 191,538</u>	<u>\$ 14,823</u>
Expenditures:				
Current -				
General government:	<u>11,515</u>	<u>13,690</u>	<u>10,065</u>	<u>3,625</u>
Excess of revenues over expenditures	140,900	163,025	181,473	18,448
Other financing uses:				
Transfers out	<u>(130,000)</u>	<u>(145,000)</u>	<u>(145,000)</u>	<u>-</u>
Net change in fund balance	10,900	18,025	36,473	18,448
Fund balance, beginning	<u>184,193</u>	<u>184,193</u>	<u>184,193</u>	<u>-</u>
Fund balance, ending	<u>\$ 195,093</u>	<u>\$ 202,218</u>	<u>\$ 220,666</u>	<u>\$ 18,448</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, 2021

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 164,530	\$ 179,912	\$ 198,823	\$ 18,911
Miscellaneous - interest	-	-	4	4
Total revenues	<u>164,530</u>	<u>179,912</u>	<u>198,827</u>	<u>18,915</u>
Expenditures:				
Current -				
General government:	25,398	26,482	28,690	(2,208)
Capital outlay	<u>32,285</u>	-	-	-
Total expenditures	<u>57,683</u>	<u>26,482</u>	<u>28,690</u>	<u>(2,208)</u>
Net change in fund balance	106,847	153,430	170,137	16,707
Fund balance, beginning	<u>597,095</u>	<u>597,095</u>	<u>597,095</u>	-
Fund balance, ending	<u>\$ 703,942</u>	<u>\$ 750,525</u>	<u>\$ 767,232</u>	<u>\$ 16,707</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.

(2) Excess of Expenditures over Appropriations

The TIF District Fund incurred expenditures in excess of appropriations totaling \$2,208 for the year ended June 30, 2021.

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, 2021

	First Six Month Period Ended <u>12/31/2020</u>	First Six Month Period Ended <u>6/30/2021</u>
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ -	\$ -
Add: Collections		
Criminal Court Costs/Fees	500	350
Criminal Fines - Other	<u>88,027</u>	<u>130,917</u>
Subtotal Collections	<u>88,527</u>	<u>131,267</u>
Less: Disbursements To Governments & Nonprofits:		
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund, Criminal Fines - Other	1,551	4,085
Louisiana Commission on Law Enforcement Crime Victims Reparation Fund, Criminal Fines - Other	614	1,634
Louisiana Supreme Court - Louisiana Judicial College, Criminal Fines - Other	159	412
Treasurer, State of Louisiana - Trail Court Case Management Information System, Criminal Fines - Other	311	818
Acadiana Criminalistics Laboratory Commission, Criminal Fines - Other	40	90
St. Landry Parish Crime Stoppers, Criminal Fines - Other	615	1,614
Less: Amounts Retained by Collecting Agency		
Criminal Fines - Other	<u>85,237</u>	<u>122,614</u>
Subtotal Disbursements/Retainage	<u>88,527</u>	<u>131,267</u>
Total: Ending Balance of Amounts Collected but 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, 2021

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	9/15/2020	9/15/2021
	Blanket Bond	\$5,000	10/1/2020	10/1/2021
Dupre Carrier Godchaux Agency	Property/Building	\$2,500 deductible	1/14/2021	1/14/2022
	Town Hall	\$380,202		
	Police Building	\$41,266		
	Fire Station	\$90,362		
	Equipment Garage	\$394,000		
	Water Treatment Plant	\$337,580		
Louisiana Risk Management	General Liability	\$500,000	5/1/2021	5/1/2022
	Errors and Omissions	\$1,000 each claimant		
	Law Enforcement Officer	\$1,000 deductible		
	Automobile Liability			

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

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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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 22, 2022.

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 did identify 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 2021-001, 2021-004, 2021-005, 2021-006, and 2021-010 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 2021-002, 2021-003, 2021-007, 2021-008, and 2021-009 to be significant deficiencies.

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 2021-011, 2021-012, and 2021-013.

Town of Grand Coteau, Louisiana's Response to Findings

The Town's response to the findings identified in our audit is 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 auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
March 22, 2022

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, 2021

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

A. Internal Control Over Financial Reporting

2021-001 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, 2021

2021-002 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.

2021-003 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:

“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,

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, 2021

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.

2021-004

Reconciliation of Bank Accounts

Fiscal year finding initially occurred: 2021

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

CRITERIA: Timely reconciling all bank accounts is a key component of good controls over cash. Reconciling the bank balance with the book balance (general ledger) is necessary to ensure that (1) all receipts and disbursements are recorded (an essential process in ensuring complete and accurate monthly financial statements); (2) checks are clearing the bank in a reasonable time; (3) reconciling items are appropriate and are being recorded; and (4) the reconciled cash balance agrees to the general ledger cash balance. State law [Louisiana Revised Statute (R.S.) 10:4-406(d)(2)] allows a customer 30 days to examine bank statements and cancelled checks for unauthorized signature or alteration. After 30 days, the customer is precluded from asserting a claim against the bank for unauthorized signatures or alteration.

CAUSE: The cause of the condition is the fact that staff charged with preparing the bank reconciliations did not perform duties as instructed.

EFFECT: Failure to prepare bank reconciliations increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

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, 2021

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.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will evaluate and establish procedures to ensure that all cash accounts are reconciled on a monthly basis.

2021-005 Reconciliation of Utility Accounts Receivable

Fiscal year finding initially occurred: 2021

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

CRITERIA: Not reconciling the detailed accounts receivable customer listing 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 in the general ledger is reconciled monthly with the detailed accounts receivable customer listing.

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

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, 2021

2021-006 Reconciliation of Customer Meter Deposits

Fiscal year finding initially occurred: 2021

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.

CRITERIA: Not reconciling the meter deposit bank account balances to a detailed listing of customers' meter deposits and the related liability balance is a risk factor. A detailed listing of customers' meter deposits should be reconciled monthly to the related general ledger bank account balances and customer deposit liability balance.

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 and refunds without being detected in a timely manner.

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.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will establish policies and 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.

2021-007 Purchasing Procedures

Fiscal year finding initially occurred: 2021

CONDITION: There is a lack of controls over the purchasing system. Invoices are not officially approved, and the purchase order system is not properly utilized.

CRITERIA: Controls over purchasing are necessary in order to strengthen accountability and protect the assets of the Town.

CAUSE: Policies and procedures for purchasing and disbursements were not followed and lacked necessary controls.

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, 2021

EFFECT: Failure to follow written policies and procedures increases the risk of not having continuity of operations and the risk of improper purchases being made.

RECOMMENDATION: Management should enforce compliance with its written policies and procedures, revise policies and procedures to include proper controls, and have procedures in place to monitor those controls.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management will enforce current policies and procedures and revise policies and procedures to include necessary controls.

2021-008

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 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 15th 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-of 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, 2021

2021-009 Late Payment of Invoices

Fiscal year finding initially occurred: 2021

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

CRITERIA: Sound business practices require that obligations be paid timely and when due.

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: Failure to pay vendors timely could lead to late fees being assessed and increases the risk that vendors will cease doing business with the Town.

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

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will closely monitor all invoices received and disburse funds timely to avoid any late fees.

2021-010 Financial Accounting Records

Fiscal year finding initially occurred: 2021

CONDITION: The Town did not maintain accurate financial accounting records during the year, including accurate support for deposits, disbursements, and occupational licenses issued.

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.”

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, 2021

CAUSE: The cause of the condition is the failure to keep accurate support of certain revenue and expenditure transactions and occupational licenses issued.

EFFECT: Failure to maintain accurate financial accounting records could result in overspending of available funds. Additionally, inappropriate use of funds or receipt of funds from unidentified sources could go undetected for an extended period.

RECOMMENDATION: The Town should maintain supporting documentation for all revenue and expense/expenditure transactions and occupational licenses issued.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will evaluate and establish procedures to ensure that accurate financial accounting records are maintained for all revenue and expense transactions as well as for all occupational licenses issued.

B. Compliance

2021-011 Noncompliance with Budget Act

Fiscal year finding initially occurred: 2021

CONDITION: The Town did not comply with the provisions of LA-RS 39:1311(A)(1)&(2) with respect to the TIF District Fund. Total expenditures exceeded budgeted expenditures in the TIF District Fund by 8.34 % or \$2,208.

CRITERIA: LA-RS 39:1311(A)(1)&(2) states that when total actual revenues and other sources or expenditures and other uses plus projected revenues and other sources or expenditures and other uses for the remainder of the year are failing to meet or exceeding the total budgeted amounts by five percent or more, the budget must be amended.

CAUSE: The Town failed to properly monitor the expenditures of the TIF District Fund.

EFFECT: The Town may not prevent and/or detect compliance violations due to revenue shortfalls or over expenditures of the appropriated budget, and/or errors or irregularities on a timely basis.

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, 2021

RECOMMENDATION: The Town should periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to ensure compliance with state statutes.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will monitor financial activity and make budget amendments in accordance with LA-RS 30:1311(A)(1)&(2).

2021-012 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 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.

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, 2021

2021-013 Budget – Public Participation

Fiscal year finding initially occurred: 2021

CONDITION: The Town failed to advertise the original budget for fiscal year 2021.

CRITERIA: LA R.S. 39:1306(A) requires that the proposed budget be made available for public inspection not later than 15 days prior to the beginning of each fiscal year. LA R.S. 39:130y(B) requires notice of the public hearing to be published in the same advertisement as the availability of the proposed budget.

CAUSE: The Town did not publish a notice of when a public hearing on the budget would take place.

EFFECT: Members of the public were not provided information regarding public hearing on adoption of the budget in a timely manner.

RECOMMENDATION: The Town should comply with LA R.S. 39:1305(B) and 39:1306(D) and publish all required notices in accordance with state law.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will implement policies to ensure that the proposed budget be made available for public inspection no later than 15 days prior to the beginning of each fiscal year. The Town will also implement policies to ensure that all required notices are published within the prescribed time frame.

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, 2021

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting and Compliance

2020-001 Lack of Segregation of Duties

CONDITION: An adequate segregation of duties does not exist in the area of accounting at Town Hall. Often the Town Clerk may collect payments on accounts, make deposits, and post the same deposit into the general ledger. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Town may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition; errors or fraud could occur and not be undetected.

RECOMMENDATION: There can be only a proper segregation of duties when both the Town Clerk and Assistant Clerk are performing their respective duties. However, if this is not the case, every attempt should be made to keep the general ledgers current which will allow the Mayor and Council to keep abreast of the Town's financial condition.

CURRENT STATUS: Unresolved. See item 2021-001.

2020-002 Lack of Documentation of Employee Pay Records

CONDITION: The Town does not appear to have adequate internal control policies in place requiring documentation be maintained on pay rates in personnel files and readily available.

RECOMMENDATION: We recommend that the Town maintain a pay rate schedule for each employee in that employees personnel file with adequate approval for each pay increase.

CURRENT STATUS: Unresolved. See item 2021-002.

KOLDER, SLAVEN & COMPANY, LLC

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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, 2021, 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
March 22, 2022