

TOWN OF GRAND COTEAU, LOUISIANA

Financial Report

Year Ended June 30, 2024

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net position	6
Statement of activities	7
FUND FINANCIAL STATEMENTS (FFS)	
Balance sheet - governmental funds	10
Reconciliation of the governmental funds balance sheet to the statement of net position	11
Statement of revenues, expenditures, and changes in fund balances - governmental funds	12
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	13
Statement of net position - proprietary funds	14
Statement of revenues, expenses, and changes in net position - proprietary funds	15
Statement of cash flows - proprietary funds	16-17
Notes to basic financial statements	18-37
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	39
Sales Tax Fund	40
2010 Sales Tax Fund	41
TIF District Fund	42
Notes to required supplementary information	43
OTHER SUPPLEMENTARY INFORMATION	
OTHER FINANCIAL INFORMATION	
Justice System Funding Schedule - Collecting/Disbursing Entity	46
Schedule of insurance in force (unaudited)	47
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
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 <i>Government Auditing Standards</i>	49-50
Schedule of current and prior year audit findings and management's corrective action plan	51-66

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INDEPENDENT AUDITOR'S REPORT

* A Professional Accounting Corporation

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

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Grand Coteau, Louisiana (the Town), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

The Town has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2025, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
February 20, 2025

BASIC FINANCIAL STATEMENTS

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

TOWN OF GRAND COTEAU, LOUISIANA

Statement of Net Position

June 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and interest-bearing deposits	\$ 3,514,132	\$ 332,795	\$3,846,927
Investments	55,750	-	55,750
Receivables, net	14,631	47,551	62,182
Due from other governmental units	95,061	-	95,061
Prepaid items	10,615	1,806	12,421
Internal balances	61,510	(61,510)	-
Restricted assets:			
Cash and interest-bearing deposits	-	244,859	244,859
Capital assets:			
Land and construction in progress	143,375	24,000	167,375
Capital assets, net	<u>1,058,702</u>	<u>2,494,999</u>	<u>3,553,701</u>
Total assets	<u>4,953,776</u>	<u>3,084,500</u>	<u>8,038,276</u>
LIABILITIES			
Accounts and other payables	79,228	36,898	116,126
Accrued interest payable	-	460	460
Customer deposits	-	111,938	111,938
Compensated absences payable	26,111	33,396	59,507
Long-term liabilities:			
Due within one year	29,370	29,482	58,852
Due after one year	<u>88,908</u>	<u>115,594</u>	<u>204,502</u>
Total liabilities	<u>223,617</u>	<u>327,768</u>	<u>551,385</u>
NET POSITION			
Net investment in capital assets	1,083,799	2,424,143	3,507,942
Restricted	2,220,140	82,241	2,302,381
Unrestricted	<u>1,426,220</u>	<u>250,348</u>	<u>1,676,568</u>
Total net position	<u>\$ 4,730,159</u>	<u>\$ 2,756,732</u>	<u>\$ 7,486,891</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, 2024

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 449,371	\$ -	\$ 235,062	\$ -	\$ (214,309)	\$ -	\$ (214,309)
Public safety:							
Police	668,573	221,942	22,500	-	(424,131)	-	(424,131)
Fire	191,021	7,847	-	-	(183,174)	-	(183,174)
Highways and streets	16,055	-	3,330	-	(12,725)	-	(12,725)
Culture and recreation	11,815	-	-	-	(11,815)	-	(11,815)
Interest on long-term debt	4,797	-	-	-	(4,797)	-	(4,797)
Total governmental activities	<u>1,341,632</u>	<u>229,789</u>	<u>260,892</u>	<u>-</u>	<u>(850,951)</u>	<u>-</u>	<u>(850,951)</u>
Business-type activities:							
Gas	267,025	189,486	-	-	-	(77,539)	(77,539)
Water	239,125	139,316	-	-	-	(99,809)	(99,809)
Sewer	258,895	205,559	-	-	-	(53,336)	(53,336)
Total business-type activities	<u>765,045</u>	<u>534,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(230,684)</u>	<u>(230,684)</u>
Total	<u>\$ 2,106,677</u>	<u>\$ 764,150</u>	<u>\$ 260,892</u>	<u>\$ -</u>	<u>(850,951)</u>	<u>(230,684)</u>	<u>(1,081,635)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					132,401	-	132,401
Sales and use taxes, levied for general purposes					236,860	-	236,860
Sales and use taxes, levied for specific purposes					453,056	-	453,056
Franchise taxes					83,946	-	83,946
Occupational licenses and other permits					65,349	-	65,349
State beer tax					1,663	-	1,663
Racino income					25,732	-	25,732
Video poker revenue					517,833	-	517,833
Interest and investment earnings					3,476	355	3,831
Miscellaneous					20,693	-	20,693
Transfers					(16,380)	16,380	-
Total general revenues and transfers					<u>1,524,629</u>	<u>16,735</u>	<u>1,541,364</u>
Change in net position					673,678	(213,949)	459,729
Net position - beginning					<u>4,056,481</u>	<u>2,970,681</u>	<u>7,027,162</u>
Net position - ending					<u>\$ 4,730,159</u>	<u>\$ 2,756,732</u>	<u>\$ 7,486,891</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, 2024

	General	Sales Tax	2010 Sales Tax	TIF District	Total
ASSETS					
Cash and interest-bearing deposits	\$ 888,790	\$ 660,958	\$ 623,910	\$ 1,340,474	\$ 3,514,132
Investments	55,750	-	-	-	55,750
Receivables -					
Taxes	6,365	-	-	-	6,365
Other	8,266	-	-	-	8,266
Due from other funds	80,103	775	2,031	-	82,909
Due from other governmental units	95,061	-	-	-	95,061
Prepaid items	10,615	-	-	-	10,615
Total assets	<u>\$ 1,144,950</u>	<u>\$ 661,733</u>	<u>\$ 625,941</u>	<u>\$ 1,340,474</u>	<u>\$ 3,773,098</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 59,732	\$ -	\$ -	\$ 4,368	\$ 64,100
Accrued liabilities	15,128	-	-	-	15,128
Due to other funds	-	2,031	19,368	-	21,399
Total liabilities	<u>74,860</u>	<u>2,031</u>	<u>19,368</u>	<u>4,368</u>	<u>100,627</u>
Fund balances -					
Nonspendable - prepaid items	10,615	-	-	-	10,615
Restricted - sales tax dedications	-	659,702	606,573	1,336,106	2,602,381
Unassigned	1,059,475	-	-	-	1,059,475
Total fund balances	<u>1,070,090</u>	<u>659,702</u>	<u>606,573</u>	<u>1,336,106</u>	<u>3,672,471</u>
Total liabilities and fund balances	<u>\$ 1,144,950</u>	<u>\$ 661,733</u>	<u>\$ 625,941</u>	<u>\$ 1,340,474</u>	<u>\$ 3,773,098</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, 2024

Total fund balances for governmental funds at June 30, 2024		\$3,672,471
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land and construction in progress	\$ 143,375	
Buildings and improvements, net of \$204,889 accumulated depreciation	170,837	
Infrastructure, net of \$953,508 accumulated depreciation	392,345	
Equipment, net of \$625,446 accumulated depreciation	<u>495,520</u>	1,202,077
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:		
Notes payable	(118,278)	
Compensated absences	<u>(26,111)</u>	<u>(144,389)</u>
Total net position of governmental activities at June 30, 2024		<u>\$4,730,159</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, 2024

	General	Sales Tax	2010 Sales Tax	TIF District	Total
Revenues:					
Taxes	\$ 216,347	\$ 236,860	\$ 236,860	\$ 216,196	\$ 906,263
Licenses and permits	72,707	-	-	-	72,707
Intergovernmental	813,967	-	-	-	813,967
Fines and forfeits	221,942	-	-	-	221,942
Miscellaneous	24,159	7	-	3	24,169
Total revenues	<u>1,349,122</u>	<u>236,867</u>	<u>236,860</u>	<u>216,199</u>	<u>2,039,048</u>
Expenditures:					
Current -					
General government	401,242	3,039	2,120	28,870	435,271
Public safety:					
Police	509,542	-	-	-	509,542
Fire	159,241	-	-	-	159,241
Highways and streets	87,750	-	-	-	87,750
Capital outlay	493,980	-	-	-	493,980
Debt service	35,946	-	-	-	35,946
Total expenditures	<u>1,687,701</u>	<u>3,039</u>	<u>2,120</u>	<u>28,870</u>	<u>1,721,730</u>
Excess (deficiency) of revenues over expenditures	<u>(338,579)</u>	<u>233,828</u>	<u>234,740</u>	<u>187,329</u>	<u>317,318</u>
Other financing sources (uses):					
Proceeds from issuance of debt	117,143	-	-	-	117,143
Transfers out	(16,380)	-	-	-	(16,380)
Total other financing sources (uses)	<u>100,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,763</u>
Net change in fund balance	(237,816)	233,828	234,740	187,329	418,081
Fund balances, beginning	<u>1,307,906</u>	<u>425,874</u>	<u>371,833</u>	<u>1,148,777</u>	<u>3,254,390</u>
Fund balances, ending	<u>\$ 1,070,090</u>	<u>\$ 659,702</u>	<u>\$ 606,573</u>	<u>\$ 1,336,106</u>	<u>\$ 3,672,471</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, 2024

Total net changes in fund balances for the year ended June 30, 2024 per the statement of revenues, expenditures and changes in fund balances	\$ 418,081
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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	\$ 493,978	
Depreciation expense for the year ended June 30, 2024	<u>(152,387)</u>	341,591

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:

Proceeds from issuance of debt	(117,143)	
Repayment of long-term debt	<u>31,149</u>	<u>(85,994)</u>

Total changes in net position for the year ended June 30, 2024 per the statement of activities	<u>\$ 673,678</u>
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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, 2024

	Gas Fund	Water Fund	Sewer Fund	Total
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 57,778	\$ 160,939	\$ 114,078	\$ 332,795
Receivables -				
Accounts, net	12,615	18,507	16,429	47,551
Due from other funds	135,008	-	24,475	159,483
Prepaid items	<u>533</u>	<u>679</u>	<u>594</u>	<u>1,806</u>
Total current assets	<u>205,934</u>	<u>180,125</u>	<u>155,576</u>	<u>541,635</u>
Noncurrent assets:				
Restricted assets -				
Customers' deposits -				
Cash and interest-bearing deposits	100,075	78,411	66,373	244,859
Land	-	-	24,000	24,000
Capital assets, net	<u>96,876</u>	<u>1,440,151</u>	<u>957,972</u>	<u>2,494,999</u>
Total noncurrent assets	<u>196,951</u>	<u>1,518,562</u>	<u>1,048,345</u>	<u>2,763,858</u>
Total assets	<u>402,885</u>	<u>1,698,687</u>	<u>1,203,921</u>	<u>3,305,493</u>
LIABILITIES				
Current liabilities (payable from current assets):				
Accounts payable	28,288	6,458	2,152	36,898
Notes payable	5,841	-	-	5,841
Due to other funds	<u>-</u>	<u>161,922</u>	<u>59,071</u>	<u>220,993</u>
Total	<u>34,129</u>	<u>168,380</u>	<u>61,223</u>	<u>263,732</u>
Current liabilities (payable from restricted assets):				
Customer deposits	53,912	58,026	-	111,938
Compensated absences	25,784	6,671	941	33,396
Accrued interest payable	-	460	-	460
Revenue bonds payable	<u>-</u>	<u>15,000</u>	<u>8,641</u>	<u>23,641</u>
Total	<u>79,696</u>	<u>80,157</u>	<u>9,582</u>	<u>169,435</u>
Total current liabilities	<u>113,825</u>	<u>248,537</u>	<u>70,805</u>	<u>433,167</u>
Noncurrent liabilities:				
Notes payable	6,133	-	-	6,133
Revenue bonds payable	<u>-</u>	<u>16,000</u>	<u>93,461</u>	<u>109,461</u>
Total	<u>6,133</u>	<u>16,000</u>	<u>93,461</u>	<u>115,594</u>
Total liabilities	<u>119,958</u>	<u>264,537</u>	<u>164,266</u>	<u>548,761</u>
NET POSITION				
Net investment in capital assets	131,065	1,413,208	879,870	2,424,143
Restricted	-	15,868	66,373	82,241
Unrestricted	<u>151,862</u>	<u>5,074</u>	<u>93,412</u>	<u>250,348</u>
Total net position	<u>\$ 282,927</u>	<u>\$1,434,150</u>	<u>\$1,039,655</u>	<u>\$2,756,732</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, 2024

	Gas Fund	Water Fund	Sewer Fund	Total
Operating revenues:				
Charges for services	\$ 205,559	\$ 187,926	\$ 139,316	\$ 532,801
Miscellaneous	<u>-</u>	<u>1,560</u>	<u>-</u>	<u>1,560</u>
Total operating revenues	<u>205,559</u>	<u>189,486</u>	<u>139,316</u>	<u>534,361</u>
Operating expenses:				
Personal services	33,065	55,833	35,631	124,529
Contractual services	124,541	-	7,579	132,120
Supplies	8,817	22,697	693	32,207
Other expenses	71,518	124,087	89,891	285,496
Depreciation	<u>16,351</u>	<u>63,028</u>	<u>100,550</u>	<u>179,929</u>
Total operating expenses	<u>254,292</u>	<u>265,645</u>	<u>234,344</u>	<u>754,281</u>
Operating loss	(48,733)	(76,159)	(95,028)	(219,920)
Nonoperating revenues (expenses):				
Interest income	188	12	155	355
Interest and fiscal charges	<u>(4,603)</u>	<u>(1,380)</u>	<u>(4,781)</u>	<u>(10,764)</u>
Total nonoperating revenues (expenses)	<u>(4,415)</u>	<u>(1,368)</u>	<u>(4,626)</u>	<u>(10,409)</u>
Loss before transfers	(53,148)	(77,527)	(99,654)	(230,329)
Transfers:				
Transfers in (out)	<u>-</u>	<u>16,380</u>	<u>-</u>	<u>16,380</u>
Change in net position	(53,148)	(61,147)	(99,654)	(213,949)
Net position, beginning	<u>336,075</u>	<u>1,495,297</u>	<u>1,139,309</u>	<u>2,970,681</u>
Net position, ending	<u><u>\$ 282,927</u></u>	<u><u>\$ 1,434,150</u></u>	<u><u>\$ 1,039,655</u></u>	<u><u>\$ 2,756,732</u></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, 2024

	Gas Fund	Water Fund	Sewer Fund	Total
Cash flows from operating activities:				
Receipts from customers	\$ 217,736	\$ 199,652	\$ 149,487	\$ 566,875
Payments to suppliers	(188,510)	(158,399)	(106,587)	(453,496)
Payments to employees	<u>(33,065)</u>	<u>(55,833)</u>	<u>(35,631)</u>	<u>(124,529)</u>
Net cash provided (used) by operating activities	<u>(3,839)</u>	<u>(14,580)</u>	<u>7,269</u>	<u>(11,150)</u>
Cash flows from noncapital financing activities:				
Net increase in customer deposits payable	5,683	7,328	-	13,011
Net transfers received from other funds	<u>34,074</u>	<u>68,641</u>	<u>18,109</u>	<u>120,824</u>
Net cash provided by noncapital financing activities	<u>39,757</u>	<u>75,969</u>	<u>18,109</u>	<u>133,835</u>
Cash flows from capital and related financing activities:				
Principal paid on revenue bonds and notes payable	(7,685)	(15,000)	(7,611)	(30,296)
Interest paid on revenue bonds and notes payable	(4,603)	(1,380)	(4,781)	(10,764)
Net purchase of capital assets	<u>(36,938)</u>	<u>-</u>	<u>(18,796)</u>	<u>(55,734)</u>
Net cash used by capital and related financing activities	<u>(49,226)</u>	<u>(16,380)</u>	<u>(31,188)</u>	<u>(96,794)</u>
Cash flows from investing activities:				
Net maturities (purchases) of investments	(188)	-	(144)	(332)
Interest received on interest-bearing deposits	<u>188</u>	<u>12</u>	<u>155</u>	<u>355</u>
Net cash provided by investing activities	<u>-</u>	<u>12</u>	<u>11</u>	<u>23</u>
Net increase (decrease) in cash and cash equivalents	(13,308)	45,021	(5,799)	25,914
Cash and cash equivalents, beginning	<u>124,253</u>	<u>194,329</u>	<u>154,232</u>	<u>472,814</u>
Cash and cash equivalents, ending	<u>\$ 110,945</u>	<u>\$ 239,350</u>	<u>\$ 148,433</u>	<u>\$ 498,728</u>

(continued)

TOWN OF GRAND COTEAU, LOUISIANA

Statement of Cash Flows (Continued)
Proprietary Fund
For the Year Ended June 30, 2024

	Gas Fund	Water Fund	Sewer Fund	Total
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating loss	\$ (48,733)	\$ (76,159)	\$ (95,028)	\$ (219,920)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities -				
Depreciation	16,351	63,028	100,550	179,929
Changes in current assets and liabilities:				
Decrease in accounts receivable	12,177	10,166	10,171	32,514
(Increase) decrease in accounts payable	16,366	(11,615)	(8,424)	(3,673)
Net cash provided (used) by operating activities	<u>\$ (3,839)</u>	<u>\$ (14,580)</u>	<u>\$ 7,269</u>	<u>\$ (11,150)</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	\$ 77,214	\$ 127,301	\$ 120,509	\$ 325,024
Cash and interest-bearing deposits - restricted	93,759	67,028	65,597	226,384
Less: Certificates of deposit with a maturity greater than three months when purchased	(46,720)	-	(31,874)	(78,594)
Total cash and cash equivalents	<u>124,253</u>	<u>194,329</u>	<u>154,232</u>	<u>472,814</u>
Cash and cash equivalents, ending -				
Cash and interest-bearing deposits - unrestricted	57,778	160,939	114,078	332,795
Cash and interest-bearing deposits - restricted	100,075	78,411	66,373	244,859
Less: Certificates of deposit with a maturity greater than three months when purchased	(46,908)	-	(32,018)	(78,926)
Total cash and cash equivalents	<u>110,945</u>	<u>239,350</u>	<u>148,433</u>	<u>498,728</u>
Net increase (decrease)	<u>\$ (13,308)</u>	<u>\$ 45,021</u>	<u>\$ (5,799)</u>	<u>\$ 25,914</u>

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

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Grand Coteau, Louisiana (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting policies of the Town also conform to the requirements of Louisiana Revised Statute 24:513, the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*. The accounting and reporting framework and the more significant accounting policies are described below.

A. Financial Reporting Entity

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

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

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

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

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

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

Fund Financial Statements

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

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

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

Governmental Funds:

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

General Fund

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

Special Revenue Funds

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

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

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

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

Proprietary Funds -

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

Enterprise Funds

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

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

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

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

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

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

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

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

Cash and interest-bearing deposits

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

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

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

Interfund receivables and payables

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

Receivables

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

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

receivables are recognized as bad debts through the establishment of an allowance for uncollectible accounts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectible accounts at June 30, 2024 was \$37,486. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month totaled \$22,918 at year end.

Prepaid Items

Payments made to vendors for services that will benefit future periods beyond June 30, 2024, are recorded as prepaid items.

Capital Assets

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

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

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

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

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

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

Restricted Assets

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

Long-term debt

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

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

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

Compensated Absences

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

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2024, 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, 2024, 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, 2024, the Town reported \$2,302,381 of restricted net position, of which \$2,220,140 was restricted by enabling legislation.
- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

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

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

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

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

E. Revenues, Expenditures, and Expenses

Revenues

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

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

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

Substantially all other revenues are recorded when received.

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

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

Interfund Transfers

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

F. Revenue Restrictions

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

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

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

G. Capitalization of Interest Expense

It is the policy of the Town of Grand Coteau to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At June 30, 2024 there were no borrowings for assets under construction and no capitalized interest expense recorded.

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

H. Use of Estimates

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

(2) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in November and are actually billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of St. Landry Parish. Town property tax revenues are budgeted in the year billed. For the year ended June 30, 2024, taxes of 19.95 mills were levied on property with assessed valuations totaling \$6,989,860 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 \$139,448. Taxes receivable at June 30, 2024 were \$6,365.

(3) Dedication of Sales Tax Proceeds

Proceeds of a 1 percent sales and use tax (accounted for in the Sales Tax Fund – a special revenue fund) levied by the Town of Grand Coteau (2024 collections \$236,860) 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 (2024 collections \$236,860) 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 (2024 collections \$216,196) are dedicated for specific purposes. These taxes are deposited into a special trust fund named the “Grand Coteau Economic Development District No. 1 District Trust Fund” the purpose of which is to fund economic development projects selected by the Grand Coteau Economic Development District No. 1.

(4) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2024, the Town had cash and interest-bearing deposits (book balances) totaling \$4,091,786 as follows:

Demand deposits	\$ 3,395,027
Money market accounts	617,833
Time deposits	<u>78,926</u>
Total	<u>\$ 4,091,786</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, 2024, and the related federal insurance and pledged securities:

Bank balances	<u>\$4,051,618</u>
Federal deposit insurance	\$ 500,000
Pledged securities	<u>3,551,618</u>
Total	<u>\$4,051,618</u>

Deposits in the amount of \$3,551,618 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution’s trust department or agent, but not in the Town’s name. The Town does not have a policy for custodial credit risk.

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

(5) Investments

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

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

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

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

The investment in LAMP totaling \$55,750 is stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) Restricted Assets - Proprietary Fund Type

Restricted assets consisted of the following at June 30, 2024:

Customer deposits	\$ 116,567
Revenue bond reserve and sinking funds	<u>128,292</u>
Total	<u>\$ 244,859</u>

(7) Receivables

Receivables consisted of the following at June 30, 2024:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts, net	\$ -	\$ 47,551	\$ 47,551
Ad valorem taxes	6,365	-	6,365
Other	<u>8,266</u>	<u>-</u>	<u>8,266</u>
Totals	<u>\$ 14,631</u>	<u>\$ 47,551</u>	<u>\$ 62,182</u>

(8) Due from Other Governmental Units

The amount due from other governmental units consisted of the following at June 30, 2024:

Governmental activities:	
State of Louisiana - video poker revenue	<u>\$ 95,061</u>

(9) Accounts and Other Payables

The accounts and other payables consisted of the following at June 30, 2024:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts payable	\$ 64,100	\$ 36,898	\$100,998
Accrued liabilities	<u>15,128</u>	<u>-</u>	<u>15,128</u>
Totals	<u>\$ 79,228</u>	<u>\$ 36,898</u>	<u>\$116,126</u>

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

(10) Capital Assets

Capital asset activity for the year ended June 30, 2024 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
Other capital assets:				
Buildings and improvements	375,726	-	-	375,726
Infrastructure	1,234,583	111,270	-	1,345,853
Equipment	738,258	382,708	-	1,120,966
Totals	<u>2,348,567</u>	<u>493,978</u>	<u>-</u>	<u>2,842,545</u>
Less accumulated depreciation				
Buildings and improvements	190,784	14,105	-	204,889
Infrastructure	900,794	52,714	-	953,508
Equipment	539,878	85,568	-	625,446
Total accumulated depreciation	<u>1,631,456</u>	<u>152,387</u>	<u>-</u>	<u>1,783,843</u>
Governmental activities, capital assets, net	<u>\$ 860,486</u>	<u>\$ 341,591</u>	<u>\$ -</u>	<u>\$ 1,202,077</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 13,958
Police	41,886
Fire	31,780
Highways and streets	52,948
Parks and recreation	11,815
Total depreciation expense	<u>\$ 152,387</u>

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land - water system	\$ 24,000	\$ -	\$ -	\$ 24,000
Other capital assets:				
Gas system and equipment	474,225	36,938	-	511,163
Water system and equipment	2,952,914	-	-	2,952,914
Sewer plant and equipment	3,874,567	18,796	-	3,893,363
Totals	<u>7,301,706</u>	<u>55,734</u>	<u>-</u>	<u>7,357,440</u>
Less accumulated depreciation				
Gas system and equipment	397,936	16,351	-	414,287
Water system and equipment	1,449,735	63,028	-	1,512,763
Sewer plant and equipment	2,834,841	100,550	-	2,935,391
Total accumulated depreciation	<u>4,682,512</u>	<u>179,929</u>	<u>-</u>	<u>4,862,441</u>
Business-type activities, capital assets, net	<u>\$2,643,194</u>	<u>\$(124,195)</u>	<u>\$ -</u>	<u>\$2,518,999</u>

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

Gas	\$ 16,351
Water	63,028
Sewer	<u>100,550</u>
Total depreciation expense	<u>\$179,929</u>

(11) Changes in Long-Term Liabilities

The following is a summary of long-term liability transactions of the Town for the year ended June 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-term debt:					
Direct placement -					
Revenue bonds	\$ 155,713	\$ -	\$ 22,611	\$ 133,102	\$23,641
Direct borrowings -					
Notes payable	<u>51,943</u>	<u>117,143</u>	<u>38,834</u>	<u>130,252</u>	<u>35,211</u>
	<u>\$ 207,656</u>	<u>\$ 117,143</u>	<u>\$ 61,445</u>	<u>\$ 263,354</u>	<u>\$58,852</u>

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

Bonds and notes payable at June 30, 2024 consisted of the following:

Governmental activities -

Notes payable:

\$39,541 equipment loan dated September 1, 2021; interest at 4.30 percent	\$ 24,714
\$117,143 equipment loan dated May 5, 2023; interest at 5.79 percent	<u>93,564</u>
Total notes payable applicable to governmental activities	<u>\$ 118,278</u>

Business-type activities -

Revenue bonds:

\$225,000 Sewer Revenue Bonds, due in monthly installments of \$1,033 through August 31, 2034; interest at 4.5 percent	\$ 102,102
\$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	31,000

Notes payable:

\$28,677 auto loan dated October 27, 2021; interest at 4.98 percent	<u>11,974</u>
Total bonds and notes payable applicable to business-type activities	<u>\$ 145,076</u>

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

Year ending June 30,	Governmental Activities		Business-Type Activities		Total	
	Principal payments	Interest payments	Principal payments	Interest payments	Principal payments	Interest payments
2025	\$ 29,370	\$ 6,486	\$ 28,832	\$ 5,928	\$ 58,202	\$ 12,414
2026	30,953	4,902	30,491	4,820	61,444	9,722
2027	32,620	3,233	8,742	3,651	41,362	6,884
2028	25,335	1,472	9,144	3,249	34,479	4,721
2029	-	-	9,564	2,829	9,564	2,829
2030 - 2034	-	-	54,828	7,137	54,828	7,137
2035	-	-	3,475	17	3,475	17
Total	<u>\$ 118,278</u>	<u>\$ 16,093</u>	<u>\$ 145,076</u>	<u>\$ 27,631</u>	<u>\$ 263,354</u>	<u>\$ 43,724</u>

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

(12) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2024 follows:

Mayor Patrick Richard	<u>\$ 18,000</u>
Aldermen:	
Devon Thomas	9,000
Ted Miller	9,000
Sandra Smith	9,000
Brandon Bobb	9,000
Gretchen Coco	<u>9,000</u>
	<u>45,000</u>
	<u>\$ 63,000</u>

(13) Compensation, Benefits and Other Payments to Mayor

A detail of compensation, benefits, and other payments made to Mayor Patrick Richard for the year ended June 30, 2024 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 18,000
Reimbursements	<u>335</u>
	<u>\$ 18,335</u>

(14) On-Behalf Payment of Salaries

The State of Louisiana paid the Town's police officers \$22,500 of supplemental pay during the year ended June 30, 2024. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

(15) Litigation and Claims

At June 30, 2024, the Town was involved in certain lawsuits arising from the normal course of operations, which have been referred to its insurance provider. It is the opinion of the Town's legal counsel that the Town has no liability in excess of insurance coverage.

(16) Risk Management

The Town is exposed to risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage for each of those risks of loss. Management believes coverage is sufficient to preclude any significant uninsured losses to the Town. There have been no significant reductions in the insurance during the year, nor have settlements exceeded coverage for the past three years.

(17) Interfund Receivables/Payables

A. A summary of interfund receivables and payables at June 30, 2024 follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major governmental funds:		
General Fund	\$ 80,103	\$ -
Sales Tax Fund	775	2,031
2010 Sales Tax Fund	2,031	19,368
Proprietary funds:		
Gas Fund	135,008	-
Water Fund	-	161,922
Sewer Fund	<u>24,475</u>	<u>59,071</u>
Total	<u>\$ 242,392</u>	<u>\$ 242,392</u>

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

TOWN OF GRAND COTEAU, LOUISIANA

Notes to Basic Financial Statements (Continued)

B. Transfers consisted of the following at June 30, 2024:

	Transfers In	Transfers Out
Major governmental funds:		
General Fund	\$ -	\$ 16,380
Proprietary Fund:		
Water Fund	16,380	-
Total	<u>\$ 16,380</u>	<u>\$ 16,380</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.

(18) New Accounting Pronouncements

The following accounting standard adopted by the Governmental Accounting Standards Board, scheduled to be implemented in the future, may affect the Town's financial statements:

GASB Statement 101, *Compensated Absences*. This standard updates the recognition and measurement guidance for compensated absences by aligning the guidance under unified model and by amending certain disclosures. This standard is effective for reporting periods beginning after December 15, 2023. The Town will include the requirements of this standard, as applicable, in its June 30, 2025, financial statements. The effect of this standard or its applicability to the Town is unknown at this time.

(19) Malfeasance in Office - Police Chief

In July of 2023 Police Chief Jeffrey Guilbeau was arrested by the St. Landry Parish Sheriff's office and charged with distribution of schedule 1 narcotics, theft, obstruction of justice, and malfeasance in office. Mr. Guilbeau was booked, jailed, and released on bond. He continued to serve as police chief until May of 2024 at which time an interim police chief was appointed to serve until a special election to be held in October 2025. Mr. Guilbeau pled guilty to all charges and was sentenced to three years' probation.

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF GRAND COTEAU, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 224,778	\$ 212,583	\$ 216,347	\$ 3,764
Licenses and permits	48,599	34,300	72,707	38,407
Intergovernmental	681,145	775,924	813,967	38,043
Fines and forfeits	254,825	200,750	221,942	21,192
Miscellaneous	17,003	17,759	24,159	6,400
Total revenues	<u>1,226,350</u>	<u>1,241,316</u>	<u>1,349,122</u>	<u>107,806</u>
Expenditures:				
Current -				
General government	413,638	447,927	401,242	46,685
Public safety - police	589,395	476,553	509,542	(32,989)
Public safety - fire	211,792	263,691	159,241	104,450
Highways and streets	211,122	134,860	87,750	47,110
Parks and recreation	6,291	-	-	-
Capital outlay	165,000	281,299	493,980	(212,681)
Debt service	35,855	16,380	35,946	(19,566)
Total expenditures	<u>1,633,093</u>	<u>1,620,710</u>	<u>1,687,701</u>	<u>(66,991)</u>
Deficiency of revenues over expenditures	(406,743)	(379,394)	(338,579)	40,815
Other financing sources (uses):				
Proceeds from issuance of debt	-	117,143	117,143	-
Transfers in	290,000	290,000	-	(290,000)
Transfers out	<u>(16,388)</u>	<u>(16,388)</u>	<u>(16,380)</u>	<u>8</u>
Total other financing sources (uses)	<u>273,612</u>	<u>390,755</u>	<u>100,763</u>	<u>(289,992)</u>
Net change in fund balance	(133,131)	11,361	(237,816)	(249,177)
Fund balance, beginning	<u>1,307,906</u>	<u>1,307,906</u>	<u>1,307,906</u>	<u>-</u>
Fund balance, ending	<u>\$1,174,775</u>	<u>\$1,319,267</u>	<u>\$1,070,090</u>	<u>\$ (249,177)</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, 2024

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 201,000	\$ 215,939	\$ 236,860	\$ 20,921
Miscellaneous - interest	<u>3</u>	<u>6</u>	<u>7</u>	<u>1</u>
Total revenues	<u>201,003</u>	<u>215,945</u>	<u>236,867</u>	<u>20,922</u>
Expenditures:				
Current -				
General government:	<u>17,027</u>	<u>15,917</u>	<u>3,039</u>	<u>12,878</u>
Excess of revenues over expenditures	183,976	200,028	233,828	33,800
Other financing uses:				
Transfers out	<u>(130,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	53,976	200,028	233,828	33,800
Fund balance, beginning	<u>425,874</u>	<u>425,874</u>	<u>425,874</u>	<u>-</u>
Fund balance, ending	<u>\$ 479,850</u>	<u>\$ 625,902</u>	<u>\$ 659,702</u>	<u>\$ 33,800</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, 2024

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	<u>\$ 201,000</u>	<u>\$ 194,412</u>	<u>\$ 236,860</u>	<u>\$ 42,448</u>
Expenditures:				
Current -				
General government:	<u>17,996</u>	<u>13,033</u>	<u>2,120</u>	<u>10,913</u>
Excess of revenues over expenditures	183,004	181,379	234,740	53,361
Other financing uses:				
Transfers out	<u>(130,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	53,004	181,379	234,740	53,361
Fund balance, beginning	<u>371,833</u>	<u>371,833</u>	<u>371,833</u>	<u>-</u>
Fund balance, ending	<u>\$ 424,837</u>	<u>\$ 553,212</u>	<u>\$ 606,573</u>	<u>\$ 53,361</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, 2024

	Budget			Variance - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 211,000	\$ 161,422	\$ 216,196	\$ 54,774
Miscellaneous - interest	<u>2</u>	<u>2</u>	<u>3</u>	<u>1</u>
Total revenues	211,002	161,424	216,199	54,775
Expenditures:				
Current -				
General government:	<u>32,300</u>	<u>21,547</u>	<u>28,870</u>	<u>(7,323)</u>
Net change in fund balance	178,702	139,877	187,329	47,452
Fund balance, beginning	<u>1,148,777</u>	<u>1,148,777</u>	<u>1,148,777</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,327,479</u>	<u>\$ 1,288,654</u>	<u>\$ 1,336,106</u>	<u>\$ 47,452</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 General Fund and the TIF District Fund incurred expenditures in excess of appropriations totaling, \$66,991 and \$7,323, respectively, for the year ended June 30, 2024.

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, 2024

	First Six Month Period Ended <u>December 31, 2023</u>	Second Six Month Period Ended <u>June 30, 2024</u>
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ <u>4,004</u>	\$ <u>3,714</u>
Add: Collections		
Criminal Court Costs/Fees	1,288	788
Criminal Fines - Other	<u>141,350</u>	<u>77,756</u>
Subtotal Collections	<u>142,638</u>	<u>78,544</u>
Less: Disbursements To Governments & Nonprofits:		
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund, Criminal Fines - Other	2,915	470
Louisiana Commission on Law Enforcement Crime Victims Reparation Fund, Criminal Fines - Other	1,143	137
Louisiana Supreme Court - Louisiana Judicial College, Criminal Fines - Other	292	35
Treasurer, State of Louisiana - Trail Court Case Management Information System, Criminal Fines - Other	583	70
Acadiana Criminalistics Laboratory Commission, Criminal Fines - Other	130	10
St. Landry Parish Crime Stoppers, Criminal Fines - Other	1,166	140
Less: Amounts Retained by Collecting Agency		
Criminal Fines - Other	<u>136,699</u>	<u>78,030</u>
Subtotal Disbursements/Retainage	<u>142,928</u>	<u>78,892</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	<u>\$ 3,714</u>	<u>\$ 3,366</u>

TOWN OF GRAND COTEAU, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
June 30, 2024

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	9/15/2023	9/15/2024
	Blanket Bond	\$5,000	10/1/2023	10/1/2024
Dupre Carrier Godchaux Agency	Property/Building	\$10,000 deductible	3/14/2024	3/14/2025
	Town Hall	\$575,961		
	Utility Shed	\$21,808		
	Police Building	\$578,196		
	Fire Station	\$584,633		
	Equipment Garage	\$57,035		
	Recreation	\$87,122		
	Gas Rectifiers	\$30,891		
	Water and Sewer System	\$321,300		
	Water Treatment Plant	\$419,794		
	Chlorinator Equipment Shed	\$100,062		
	Tradewinds Generator	\$168,000		
	Lift Stations	\$534,450		
Louisiana Risk Management	General Liability	\$500,000	5/1/2024	5/1/2025
	Errors and Omissions	\$1,000 each claimant		
	Law Enforcement Officer	\$1,000 deductible		
	Automobile Liability	\$500,000		
	Uninsured Motorist	\$100,000		
Rod Prejean & Associates	Vehicles Physical Damage - FD	\$107,500	1/8/2024	1/8/2025
	Each occurrence - FD	\$1,500,000		
	Vehicles Physical Damage	\$38,500	3/7/2024	3/7/2025
	Each occurrence	\$1,500,000		

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, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 20, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2024-001, 2024-004, 2024-005, and 2024-008 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 2024-002, 2024-003, 2024-006, 2024-007, and 2024-009 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2024-010, 2024-011, 2024-012, 2024-013, and 2024-014.

Town of Grand Coteau, Louisiana's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
February 20, 2025

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, 2024

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

A. Internal Control Over Financial Reporting

2024-001 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, 2024

2024-002 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.

2024-003 Maintenance of Employee Leave Records

Fiscal year finding initially occurred: 2021

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

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

TOWN OF GRAND COTEAU, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
For the Year Ended June 30, 2024

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

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

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

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

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

2024-004

Written Policies and Procedures

Fiscal year finding initially occurred: 2023

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

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

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

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

TOWN OF GRAND COTEAU, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
For the Year Ended June 30, 2024

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

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

2024-005 Untimely and Incomplete Reconciliation of Balance Sheet Accounts

Fiscal year finding initially occurred: 2021

CONDITION: During our audit of the Town's financial records for the fiscal year ended June 30, 2024, we noted that key balance sheet accounts, including interfund receivables and payables, utility receivables, meter deposits liabilities, and cash accounts, were not being reconciled on a regular and timely basis.

CRITERIA: Sound financial management practices, Governmental Accounting Standards Board (GASB) principles, and Generally Accepted Accounting Principles (GAAP) requirements necessitate that governments maintain accurate and timely financial records. These standards and best practices stipulate that all balance sheet accounts, including cash and receivable balances, be reconciled at least monthly to ensure the reliability and accuracy of financial reporting and compliance with federal, state, and local regulations.

CAUSE: It appears that a lack of established procedures, insufficient staff training, and/or inadequate oversight contributed to the absence of routine, timely account reconciliations.

EFFECT: Without timely and accurate reconciliations, the Town faces an increased risk of undetected errors, misstatements, and potential misappropriation of assets. This condition could lead to misleading financial information provided to internal and external stakeholders, potentially impacting decision-making, grant compliance, budgeting, and overall financial management.

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, 2024

RECOMMENDATION: We recommend that the Town implement written policies and procedures requiring monthly reconciliations of all significant balance sheet accounts. Management should ensure that accounting personnel receive adequate training and that supervisory reviews are performed to verify the completeness and accuracy of reconciliations.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will establish policies and procedures to ensure significant balance sheet accounts are reconciled monthly with the detailed subsidiary ledgers and underlying source documentation.

2024-006 Utility Bill Collections

Fiscal year finding initially occurred: 2021

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

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

TOWN OF GRAND COTEAU, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
For the Year Ended June 30, 2024

2024-007 Late Payment of Vendor Invoices

Fiscal year finding initially occurred: 2024

CONDITION: During our audit of the Town for the fiscal year ended June 30, 2024, we noted multiple instances where vendor invoices were not paid within the agreed-upon terms. As a direct result of these delays, the Town incurred late fees and finance charges on these overdue balances. The delayed payments were not isolated to a single vendor or department and included various routine operating expenditures.

CRITERIA: Sound financial management practices, as set forth by the Government Finance Officers Association (GFOA) and the Louisiana Local Government Budget Act require that disbursements be made in a timely manner to ensure the prudent use of public funds. Timely payments avoid the unnecessary expenditure of taxpayer dollars on interest and penalties, uphold strong vendor relationships, and support accurate financial reporting.

CAUSE: The delayed payments appeared to result from inadequate internal control over the accounts payable process, including insufficient staffing, lack of clear payment policies and procedures, and inconsistent review and approval processes.

EFFECT: By not paying invoices in a timely manner, the Town unnecessarily increased its operating costs due to late fees and finance charges. These added costs represent inefficient use of public resources and could negatively affect the Town's reputation with vendors, potentially impacting the pricing or credit terms offered in the future.

RECOMMENDATION: We recommend that the Town establish and document written policies and procedures governing the prompt processing and payment of invoices. This should include clear timelines, approval hierarchies, and regular monitoring of account payable aging reports to ensure timely payments.

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

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, 2024

2024-008 Electronic Timekeeping System

Fiscal year finding initially occurred: 2024

CONDITION: During our audit of the Town for the fiscal year ended June 30, 2024, we identified instances where the number of hours reflected on employee pay stubs did not consistently agree with the hours recorded in the electronic timekeeping system. These variances were not limited to a single department, indicating a systemic issue. As a result, some employees may have received in accurate compensation.

CRITERIA: Prudent financial management and accountability standards, as recommended by the Louisiana Legislative Auditor, Louisiana Revised Statutes, and the Government Finance Officers Association (GFOA) require accurate and reliable documentation of payroll. Payroll records should align with verified timekeeping data to ensure fair compensation and safeguard public funds from improper disbursement.

CAUSE: These discrepancies appear to result from inadequate internal controls over the reconciliation and verification of hours worked, including:

- Weak integration or oversight between the electronic timekeeping system and the payroll system.
- Insufficient review and approval procedures to detect and resolve discrepancies before payroll is processed.
- Lack of formal, documented policies and procedures governing the reconciliation of timekeeping data with payroll records.

EFFECT: If paid hours are not reconciled to the official timekeeping records, the Town risks financial losses through overpayments, employee dissatisfaction due to underpayments, and potential noncompliance with state and federal requirements.

RECOMMENDATION: We recommend that the Town strengthen its payroll-related internal controls by establishing a formal reconciliation process to regularly compare timekeeping reports to payroll registers prior to issuance of paychecks; implementing written policies and procedures that clearly define responsibilities, set timelines for reviews, and specify corrective actions when discrepancies are identified; and providing training to payroll, human resources, and supervisory personnel to ensure consistent adherence to approved practices and proper utilization of the timekeeping and payroll systems.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will establish procedures to ensure the electronic timekeeping system is fully and properly utilized.

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, 2024

2024-009 Delinquent Sales and Payroll Tax Payments

Fiscal year finding initially occurred: 2024

CONDITION: During our audit of the Town for the fiscal year ended June 30, 2024, we noted that the Town did not consistently remit certain taxes and files required returns on time. Specifically, the Town failed to timely remit state withholding taxes, submitted sales tax returns and remittances late, filed state unemployment reports and remitted related taxes after the designated deadlines, and failed to timely submit Federal Form 941 (Employer's Quarterly Federal Tax Return), resulting in late filings and potential exposure to penalties and interest at the federal level. As a result of these late filings and payments, the Town was assessed penalties and interest and was subject to a bank levy being placed on the town in November 2024.

CRITERIA: Applicable Louisiana statutes and regulations, as well as federal tax requirements (e.g. Internal Revenue Code provisions and IRS regulations), mandate timely filing and payment of all payroll, withholding, sales, and unemployment taxes. Compliance ensures the avoidance of penalties, interest, and other enforcement actions. Timely reporting and remittance are fundamental responsibilities of municipal governments, reflecting sound financial stewardship and accountability to the public.

CAUSE: The delays in filing and remitting taxes appear to be due to inadequate internal controls, insufficient oversight, and/or a lack of adherence to established deadlines and procedures.

EFFECT: Noncompliance with tax filing and payment obligations led to unnecessary penalties and interest charges for the Town and increases the risk of future penalties and interest charges. Such inefficiencies reduce funds available for public services, can damage the Town's reputation and credibility with state and federal agencies, and erode public confidence in the Town's fiscal management practices.

RECOMMENDATION: We recommend that the Town strengthen its internal controls and establish clear written policies and procedures to ensure timely compliance with all federal and state tax requirements. These measures should include implementing an internal calendar or reminder system for all filing and payment deadlines; providing training and support to personnel responsible for tax reporting, withholding, and remittance; and conducting supervisory reviews and periodic compliance audits of tax filing and payments.

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, 2024

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will evaluate and establish procedures to ensure all sales and payroll tax reports and payments are remitted by the prescribed due dates. As of the date of this report, all tax filings and payments are current.

B. Compliance

2024-010 Failure to Publish Minutes

Fiscal year finding initially occurred: 2021

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

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

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

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

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

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

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, 2024

2024-011 Noncompliance with Monthly Meeting Requirement

Fiscal year finding initially occurred: 2024

CONDITION: During the year ending June 30, 2024, the Town, organized under the Lawrason Act, did not hold a governing board meeting for of all the required months. This resulted in a failure to convene the board of aldermen at least once during that month, as mandated by state law.

CRITERIA: In accordance with LA R.S. 33:405, municipalities operating under the Lawrason Act are required to hold at least one regular meeting of the board of aldermen each month to conduct official public business and maintain transparency and accountability.

CAUSE: The regularly scheduled meeting was not held as a result of an unexpected extreme weather event and was not rescheduled. The omission appears to have resulted from scheduling conflicts or other administrative oversights that prevented the Town from convening the regular monthly meeting.

EFFECT: By failing to hold a meeting for one month, the Town did not comply with the statutory requirement of the Lawrason Act. This lapse in governance may limit public access to decision-making processes, reduce opportunities for public input, and potentially impair the timely consideration of municipal matters.

RECOMMENDATION: We recommend that the Town establish and enforce procedures to ensure compliance with the monthly meeting requirement. This may include setting annual meeting schedules by ordinance, improving internal controls over meeting notifications, and designating backup options should a scheduled meeting be postponed. Documented contingency plans and adherence to statutory obligations will help ensure consistent and transparent governance moving forward.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will implement policies to ensure compliance with the monthly meeting requirement.

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, 2024

2024-012 Noncompliance with Budget Act

Fiscal year finding initially occurred: 2024

CONDITION: The Town did not comply with the provisions of LA R.S. 39:1311(A)(2) with respect to the TIF District Fund. Total expenditures exceeded budgeted expenditures in the TIF District Fund by \$7,323, representing an overage of 34%. This excess was not supported by an authorized budget amendment as required under the Louisiana Local Government Budget Act.

CRITERIA: The Louisiana Local Government Budget Act (LA R.S. 39:1301 et seq.) establishes requirements for the adoption and amendment of budgets for political subdivisions. Specifically, LA R.S. 39:1311(A)(2) requires that expenditures not exceed the appropriations authorized in the legally adopted budget by more than 5% and that any variations greater than 5% be addressed through duly adopted budget amendments.

CAUSE: It appears that the Town did not adequately monitor expenditures against the approved budget throughout the fiscal year. As a result, no timely budget amendment was adopted to address the unforeseen change.

EFFECT: Exceeding budgeted appropriations without formal amendments compromises compliance with state statutes, weakens budgetary control and accountability, and may diminish public trust in the Town's financial management practices.

RECOMMENDATION: We recommend that the Town strengthen its budget monitoring and control processes. Management and the governing board should regularly review financial performance against budgeted amounts to identify and address significant variances promptly. If the budget needs to be adjusted, amendments should be adopted as outlined in LA R.S. 39:1301 et seq. Providing training to staff involved in budgeting and conducting periodic budgetary oversight meetings will further ensure compliance and enhance the Town's overall fiscal governance.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will implement policies and procedures to ensure compliance with LA R.S. 39:1301 et seq.

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, 2024

2024-013 Failure to Remit Court-Specific Fees Timely

Fiscal year finding initially occurred: 2024

CONDITION: During our audit of the Town for the year ended June 30, 2024, we noted that court-specific fees and the required remittance forms were not remitted in a timely manner to various state agencies, including the Louisiana Supreme Court, as required. Specifically, fees collected for the period May 2023 through July 2023 were not remitted until August 2023; fees collected for the period August 2023 through January 2024 were not remitted until March 2024; and any fees collected after January 2024 have not been remitted as of the conclusion of our fieldwork.

CRITERIA: Louisiana statutes and administrative rules, as well as directives issued by the Louisiana Supreme Court, require that political subdivisions remit court-related fees and reports on a timely schedule. Timely remittance ensures that the state agencies and the judiciary receive accurate, current financial information necessary to fulfill their oversight and operational responsibilities.

CAUSE: The Town did not establish or follow adequate internal control procedures for remitting court-specific fees.

EFFECT: Failing to remit court-specific fees and related reports timely is noncompliant with statutory and regulatory requirements, potentially delaying the state agencies' ability to utilize these funds and perform mandated functions. Prolonged noncompliance may result in further scrutiny, penalties, or reputational damage to the Town.

RECOMMENDATION: We recommend that the Town implement and adhere to a formal schedule for timely remittance of court-specific fees and related reports, supported by robust internal controls and periodic compliance reviews. Management should designate responsible personnel to monitor deadlines and maintain records of submission. Additionally, periodic training on statutory requirements and reporting obligations should be provided to ensure all involved staff understand and comply with mandated timelines.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will implement policies and procedures to ensure compliance with LA R.S. 39:1301 et seq.

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, 2024

2024-014 Late Issuance of Audit Report

Fiscal year finding initially occurred: 2024

CONDITION: The Town's audit report was not complete until after the deadline imposed by state law.

CRITERIA: LSA-RS 24:513(5)(a)(i) (the state audit law) requires audited financial statements to be submitted to the Louisiana Legislative Auditor's office within six months after the fiscal year end of the Town.

CAUSE: The Town was unable to provide documentation for the audit timely.

EFFECT: The Town was not in compliance with LSA-RS 24:513(5)(a)(i).

RECOMMENDATION: The Town should implement policies and procedures to ensure that all financial records are readily available for audit in a timely manner.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will implement policies and procedures to ensure that all financial records are readily available for audit in a timely manner.

C. Management Letter

A management letter was issued relating to operating losses in the Town's Gas, 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, 2024

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting and Compliance

2023-001 Inadequate Segregation of Accounting Functions

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

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

CURRENT STATUS: Unresolved. See item 2024-001.

2023-002 Controls over Personnel Files

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

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

CURRENT STATUS: Unresolved. See item 2024-002.

2023-003 Maintenance of Employee Leave Records

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

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

CURRENT STATUS: Unresolved. See item 2024-003.

2023-004 Written Policies and Procedures

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

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, 2024

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

CURRENT STATUS: Unresolved. See item 2024-004.

2023-005 Reconciliation of Utility Accounts Receivable

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

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

CURRENT STATUS: Unresolved. See item 2024-005.

2023-006 Utility Bill Collections

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

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

CURRENT STATUS: Unresolved. See item 2024-006.

B. Compliance

2024-007 Failure to Publish Minutes

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

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

CURRENT STATUS: Unresolved. See item 2024-010.

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, 2024

2023-008 Purchase of Gift Cards

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

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

CURRENT STATUS: Resolved

2023-009 Payment of Undocumented Leave Time

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

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

CURRENT STATUS: Resolved.

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, 2024, and submit the following recommendations for your consideration:

- (1) The Gas, 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

Ville Platte, Louisiana
February 20, 2025

TOWN OF GRAND COTEAU, LOUISIANA

Statewide Agreed-Upon Procedures Report

Year Ended June 30, 2024

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2023 through June 30, 2024. The Town of Grand Coteau's management is responsible for those C/C areas identified in the SAUPs.

The Town of Grand Coteau has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2023 through June 30, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

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

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

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

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

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

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

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

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

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
It was noted that the entity did not have a monthly meeting in February 2024.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
The minutes for all meeting dates did not reference or include monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds.
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
No exceptions were found as a result of this procedure.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.
It was noted that the board/finance committee did not receive written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

3) Bank Reconciliations

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

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

Five of the five bank reconciliations selected for testing did not include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared.

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

Four of the five bank reconciliations selected for testing did not have documentation reflecting management has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

4) Collections (excluding electronic funds transfers)

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

Obtained a listing of deposit sites for the fiscal period and management's representation that the listing is complete.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

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

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

- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

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

- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

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

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

Observed that employees responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, are not responsible for collecting cash.

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

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

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and

- i. Observe that receipts are sequentially pre-numbered.

No exceptions were found as a result of this procedure.

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

For six of the ten deposits selected for testing, the sequentially pre-numbered receipts, system reports, and other related collection documentation could not be traced to the deposit slip.

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions were found as a result of this procedure.

- iv. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

For six of the ten deposits selected for testing, the deposit was not made within one business day of receipt at the collection location.

- v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions were found as a result of this procedure.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete.

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

Observed that there are at least two employees involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

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

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

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

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

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

Five of the five monthly statements selected for testing did not include evidence that the statement and all supporting documentation were reviewed or approved, in writing, by someone other than the authorized card holder.

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

One of the five monthly statements selected for testing had late fees and interest assessed on the statement.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Two of the two transactions selected for testing did not have an original itemized receipt that identifies precisely what was purchased. Two of the two transactions selected for testing did not have written documentation of the business/public purpose.

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

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

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

Three of the five reimbursements selected for testing had no evidence that the reimbursement was not reviewed or approved, in writing, by someone other than the person receiving the reimbursement.

8) Contracts

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

The Town of Grand Coteau, Louisiana did not have any contracts that were initiated or renewed during the fiscal period; therefore, the procedures below are not applicable.

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

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

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

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

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

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

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

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

9) Payroll and Personnel

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

Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Obtained related paid salaries and personnel files and noted that personnel files did not contain evidence of the authorized salary/pay rate.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
No exceptions were found as a result of this procedure.
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
Attendance and leave records had no evidence of supervisor approval for five of the five employees selected for testing.
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
No exceptions were found as a result of this procedure.
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
Personnel files did not contain evidence of the authorized salary/pay rate for five of the five employees selected for testing.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
N/A – This procedure is not applicable to the entity.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.
Not all employer and employee portions of third-party payroll-related amounts were paid, and not all associated forms were filed by the required deadlines.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
Three of the five employees selected for testing did not have documentation demonstrating that the employee/official completed one hour of ethics training during the calendar year are required by R.S. 42:1170.
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
N/A – This procedure is not applicable to the entity.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions were found as a result of this procedure.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

No exceptions were found as a result of this procedure.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balance and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

No exceptions were found as a result of this procedure.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Per discussion with management, there were no misappropriations of public funds and assets during the fiscal period.

- B. Observe the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions were found as a result of this procedure.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures:

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

No exceptions were found as a result of this procedure.

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 – completed the training; and
- Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

Five of the five employees selected for testing had no cybersecurity training documentation demonstrating that the employee, with full access to the agency's information technology assets have completed cybersecurity training as required by R.S. 41:1267.

14) Prevention of Sexual Harassment

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

Three of the five employees selected for testing had no documentation demonstrating that the employee completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

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

The entity does not have its sexual harassment policy and complaint procedure posted on its website or in a conspicuous location on the entity's premises.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

The entity did not comply with the above reporting requirements.

Management's Response

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

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

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
February 20, 2025