

TOWN OF GRAND COTEAU, LOUISIANA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor,
and Members of the Board of Aldermen and Alderwomen
Grand Coteau, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Grand Coteau, Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Grand Coteau, Louisiana, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the 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 are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 37 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Grand Coteau, Louisiana's basic financial statements. The other supplementary information on pages 44 through 56 and pages 65 through 70 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information on pages 44 through 56 and pages 65 through 70 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 other supplementary information, except for the schedule of insurance in force, is fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule of insurance in force on page 69 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2020, on our consideration of the Town of Grand Coteau's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Grand Coteau's internal control over financial reporting and compliance.

Dannall, Sikes & Frederick
A Corporation of Certified Public Accountants

Lafayette, Louisiana
December 2, 2020

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

The Town of Grand Coteau's basic financial statements are comprised of the following three components:

Government-wide financial statements – provide readers with a broad overview of the Town of Grand Coteau's finances in a manner similar to a private sector business.

Fund financial statements – provide readers information with an emphasis on inflows and outflows of resources useful for making decisions in a budgetary context where the focus is on meeting the Town's near-term financial needs.

Notes to basic financial statements – provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2020

	PRIMARY GOVERNMENT		TOTAL
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,703,815	\$ 217,408	\$ 1,921,223
Certificate of deposit	-	1,286	1,286
Receivables, (net of allowance for uncollectibles)	8,003	110,492	118,495
Accrued interest receivable	-	1,806	1,806
Due from other governments	84,217	-	84,217
Internal balances	(88,354)	88,354	-
Restricted assets	-	197,106	197,106
Prepaid expenses	10,616	-	10,616
Capital assets (net)	837,478	2,291,978	3,129,456
<u>Total assets</u>	2,555,775	2,908,430	5,464,205
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	100,401	16,042	116,443
Payable from restricted assets	-	61,170	61,170
Interest payable	-	1,260	1,260
Long-term liabilities			
Due within one year	1,950	23,364	25,314
Due in more than one year	46,952	260,472	307,424
<u>Total liabilities</u>	149,303	362,308	511,611
<u>NET POSITION</u>			
Net investment in capital assets	837,478	2,077,920	2,915,398
Restricted for:			
Customer deposits	-	67,250	67,250
Bond retirement	-	49,042	49,042
Unrestricted	1,568,994	351,910	1,920,904
<u>Total net position</u>	2,406,472	2,546,122	4,952,594

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, 2020

	PROGRAM REVENUES				NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION		
	EXPENSES	FEES, FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>FUNCTIONS / PROGRAMS</u>							
Governmental Activities							
General government	\$ 358,756	\$ -	\$ -	\$ -	\$ (358,756)	\$ -	\$ (358,756)
Public safety	584,770	194,173	-	-	(390,597)	-	(390,597)
Public works	219,170	-	-	-	(219,170)	-	(219,170)
Culture and recreation	2,180	-	-	-	(2,180)	-	(2,180)
<u>Total governmental activities</u>	1,164,876	194,173	-	-	(970,703)	-	(970,703)
Business-type Activities							
Gas	184,905	242,692	5,557	-	-	63,344	63,344
Water	247,521	208,715	7,920	-	-	(30,886)	(30,886)
Sewer	208,997	153,361	-	-	-	(55,636)	(55,636)
<u>Total business-type activities</u>	641,423	604,768	13,477	-	-	(23,178)	(23,178)
<u>Total primary government</u>	1,806,299	798,941	13,477	-	(970,703)	(23,178)	(993,881)
General revenues							
Taxes							
Property taxes, levied for general purposes					34,314	-	34,314
Sales taxes, levied for general purposes					489,883	-	489,883
Franchise taxes					73,252	-	73,252
Occupational licenses and other permits					53,851	-	53,851
Intergovernmental					664,847	-	664,847
Miscellaneous					37,787	-	37,787
Transfers					(14,880)	14,880	-
<u>Total general revenues and transfers</u>					1,339,054	15,263	1,354,317
<u>Changes in net position</u>					368,351	(7,915)	360,436
Net position - July 1, 2019					2,038,121	2,554,037	4,592,158
Net position - June 30, 2020					2,406,472	2,546,122	4,952,594

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

FUND FINANCIAL STATEMENTS

TOWN OF GRAND COTEAU, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>GENERAL</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 650,736	\$ 1,053,079	\$ 1,703,815
Receivables, net of allowance for uncollectibles			
Taxes	3,055	-	3,055
Intergovernmental	84,217	-	84,217
Other receivable	4,948	-	4,948
Prepaid insurance	10,616	-	10,616
Due from other funds	<u>217,242</u>	<u>47,238</u>	<u>264,480</u>
<u>Total assets</u>	<u>970,814</u>	<u>1,100,317</u>	<u>2,071,131</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Accounts payable	\$ 62,735	\$ 400	\$ 63,135
Accrued liabilities	37,266	-	37,266
Due to other funds	270,239	82,595	352,834
<u>Total liabilities</u>	<u>370,240</u>	<u>82,995</u>	<u>453,235</u>
 <u>FUND BALANCES</u>			
Restricted	-	1,017,322	1,017,322
Assigned	478,100	-	478,100
Unassigned	122,474	-	122,474
<u>Total fund balances</u>	<u>600,574</u>	<u>1,017,322</u>	<u>1,617,896</u>
<u>Total liabilities and fund balances</u>	<u>970,814</u>	<u>1,100,317</u>	<u>2,071,131</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, 2020

Total fund balances for governmental funds at June 30, 2020		\$ 1,617,896
Cost of capital assets at June 30, 2020	\$ 2,236,695	
Less: Accumulated depreciation as of June 30, 2020	<u>(1,399,217)</u>	837,478
Elimination of interfund assets and liabilities		
Due from other funds	264,480	
Due to other funds	(264,480)	-
Long-term liabilities at June 30, 2020		
Capital leases	(22,791)	
Compensated absences	<u>(26,111)</u>	<u>(48,902)</u>
Net position at June 30, 2020		<u><u>2,406,472</u></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, 2020

	<u>GENERAL</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>REVENUES</u>			
Taxes	\$ 107,566	\$ 489,883	\$ 597,449
Licenses and permits	53,851	-	53,851
Intergovernmental	664,847	-	664,847
Fines and forfeits	194,173	-	194,173
Miscellaneous	37,787	-	37,787
Total revenues	<u>1,058,224</u>	<u>489,883</u>	<u>1,548,107</u>
<u>EXPENDITURES</u>			
Current operating			
Executive and administrative	292,071	53,246	345,317
Street department	179,678	-	179,678
Police department	481,877	-	481,877
Fire department	79,955	-	79,955
Capital outlay	94,766	-	94,766
Debt service	-	-	-
Total expenditures	<u>1,128,347</u>	<u>53,246</u>	<u>1,181,593</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>			
<u>OVER (UNDER) EXPENDITURES</u>	<u>(70,123)</u>	<u>436,637</u>	<u>366,514</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from capital lease	12,634	-	12,634
Transfers in	260,000	-	260,000
Transfers out	(14,880)	(260,000)	(274,880)
Total other financing sources (uses)	<u>257,754</u>	<u>(260,000)</u>	<u>(2,246)</u>
NET CHANGE IN FUND BALANCES	187,631	176,637	364,268
FUND BALANCES, beginning of year	<u>412,943</u>	<u>840,685</u>	<u>1,253,628</u>
FUND BALANCES, end of year	<u><u>600,574</u></u>	<u><u>1,017,322</u></u>	<u><u>1,617,896</u></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, 2020

Total net change in fund balances for the year ended June 30, 2020 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$	364,268
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$	94,766
Depreciation expense for year ended June 30, 2020	<u>(67,560)</u>	27,206
Differences between capital leases on modified accrual basis versus accrual basis		(20,571)
Differences between compensated absences on modified accrual basis versus accrual basis		<u>(2,552)</u>
Total change in net position for the year ended June 30, 2020 per Statement of Activities		<u><u>368,351</u></u>

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

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	GAS FUND	WATER FUND	SEWER FUND	TOTAL ENTERPRISE FUNDS
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash and cash equivalents	\$ 126,068	\$ 41,547	\$ 49,793	\$ 217,408
Certificate of deposit	1,286	-	-	1,286
Accounts receivable, net	35,592	41,345	33,555	110,492
Prepaid insurance	533	679	594	1,806
Due from other funds	84,121	74,967	53,547	212,635
<u>Total current assets</u>	<u>247,600</u>	<u>158,538</u>	<u>137,489</u>	<u>543,627</u>
<u>RESTRICTED ASSETS</u>				
Cash	41,763	58,024	21,385	121,172
Certificate of deposit	44,901	-	31,033	75,934
<u>Total restricted assets</u>	<u>86,664</u>	<u>58,024</u>	<u>52,418</u>	<u>197,106</u>
<u>PROPERTY AND EQUIPMENT</u>				
Utility plant, net	93,108	829,670	1,369,200	2,291,978
<u>Total assets</u>	<u>427,372</u>	<u>1,046,232</u>	<u>1,559,107</u>	<u>3,032,711</u>
<u>LIABILITIES AND NET POSITION</u>				
<u>CURRENT LIABILITIES (from current assets)</u>				
Accounts payable	4,406	6,318	5,318	16,042
Due to other funds	105,497	742	18,042	124,281
<u>Total</u>	<u>109,903</u>	<u>7,060</u>	<u>23,360</u>	<u>140,323</u>
<u>CURRENT LIABILITIES (from restricted assets)</u>				
Revenue bonds payable	-	12,000	6,384	18,384
Notes payable	4,980	-	-	4,980
Interest payable	-	1,260	-	1,260
Customers' deposits	35,863	25,307	-	61,170
<u>Total current liabilities</u>	<u>40,843</u>	<u>38,567</u>	<u>6,384</u>	<u>85,794</u>

Continued on next page.

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
JUNE 30, 2020

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			<u>TOTAL ENTERPRISE FUNDS</u>
	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	
<u>NONCURRENT LIABILITIES</u>				
Revenue bonds payable	\$ -	\$ 72,000	\$ 123,674	\$ 195,674
Notes payable	31,402	-	-	31,402
Compensated absences	25,784	6,671	941	33,396
<u>Total noncurrent liabilities</u>	<u>57,186</u>	<u>78,671</u>	<u>124,615</u>	<u>260,472</u>
<u>Total liabilities</u>	<u>207,932</u>	<u>124,298</u>	<u>154,359</u>	<u>486,589</u>
<u>NET POSITION</u>				
Net investment in capital assets	93,108	745,670	1,239,142	2,077,920
Restricted for customer deposits	50,801	16,449	-	67,250
Restricted for bond retirement	-	3,008	46,034	49,042
Unrestricted	75,531	156,807	119,572	351,910
<u>Total net position</u>	<u>219,440</u>	<u>921,934</u>	<u>1,404,748</u>	<u>2,546,122</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 FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			<u>TOTAL ENTERPRISE FUNDS</u>
	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	
<u>OPERATING REVENUES</u>				
Charges for services	\$ 239,566	\$ 196,887	\$ 153,361	\$ 589,814
Miscellaneous income	3,126	11,828	-	14,954
Total operating revenues	<u>242,692</u>	<u>208,715</u>	<u>153,361</u>	<u>604,768</u>
<u>OPERATING EXPENSES</u>				
Personal services	61,181	60,660	29,513	151,354
Contractual services	62,829	-	6,020	68,849
Supplies	9,442	16,737	3,464	29,643
Other expenses	38,098	129,455	56,609	224,162
Depreciation	12,077	37,789	107,382	157,248
Total operating expenses	<u>183,627</u>	<u>244,641</u>	<u>202,988</u>	<u>631,256</u>
<u>OPERATING INCOME (LOSS)</u>	<u>59,065</u>	<u>(35,926)</u>	<u>(49,627)</u>	<u>(26,488)</u>
<u>NON-OPERATING REVENUES</u>				
<u>(EXPENSES)</u>				
Grants	5,557	7,920	-	13,477
Interest income	383	-	-	383
Interest expense	(1,278)	(2,880)	(6,009)	(10,167)
Total non-operating revenues (expenses)	<u>4,662</u>	<u>5,040</u>	<u>(6,009)</u>	<u>3,693</u>
<u>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</u>	<u>63,727</u>	<u>(30,886)</u>	<u>(55,636)</u>	<u>(22,795)</u>
<u>OPERATING TRANSFERS IN (OUT)</u>				
Operating transfer in	-	14,880	-	14,880
Operating transfer out	-	-	-	-
Total operating transfers in (out)	<u>-</u>	<u>14,880</u>	<u>-</u>	<u>14,880</u>
<u>CHANGE IN NET POSITION</u>	<u>63,727</u>	<u>(16,006)</u>	<u>(55,636)</u>	<u>(7,915)</u>
NET POSITION, beginning of year	<u>155,713</u>	<u>937,940</u>	<u>1,460,384</u>	<u>2,554,037</u>
NET POSITION, end of year	<u>219,440</u>	<u>921,934</u>	<u>1,404,748</u>	<u>2,546,122</u>

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

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			
	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL ENTERPRISE FUNDS</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash received from customers	\$ 232,478	\$ 203,520	\$ 146,407	\$ 582,405
Cash payments to suppliers for goods and services	(116,968)	(146,383)	(62,760)	(326,111)
Cash payments to employees for services	(54,730)	(57,663)	(28,572)	(140,965)
<u>Net cash provided (used) by operating activities</u>	<u>60,780</u>	<u>(526)</u>	<u>55,075</u>	<u>115,329</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Transfers in (out)	(49,080)	36,314	(5,964)	(18,730)
<u>Net cash provided (used) by noncapital financing activities</u>	<u>(49,080)</u>	<u>36,314</u>	<u>(5,964)</u>	<u>(18,730)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Intergovernmental grants	5,557	7,920	-	13,477
Acquisition of capital assets	(35,230)	(15,825)	(14,133)	(65,188)
Principal paid on revenue bonds and notes	-	(12,000)	(6,384)	(18,384)
Issuance of debt	15,920	-	-	15,920
Interest paid on revenue bonds and notes	(1,278)	(2,880)	(6,009)	(10,167)
<u>Net cash used by capital and related financing activities</u>	<u>(15,031)</u>	<u>(22,785)</u>	<u>(26,526)</u>	<u>(64,342)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Purchase of investments	(383)	-	-	(383)
Interest on investments	383	-	-	383
<u>Net cash provided by investing activities</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	<u>(3,331)</u>	<u>13,003</u>	<u>22,585</u>	<u>32,257</u>
<u>CASH AND CASH EQUIVALENTS, July 1, 2019</u>	<u>171,162</u>	<u>86,568</u>	<u>48,593</u>	<u>306,323</u>
<u>CASH AND CASH EQUIVALENTS, June 30, 2020</u>	<u>167,831</u>	<u>99,571</u>	<u>71,178</u>	<u>338,580</u>

Continued on next page.

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

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	GAS FUND	WATER FUND	SEWER FUND	TOTAL ENTERPRISE FUNDS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 59,065	\$ (35,926)	\$ (49,627)	\$ (26,488)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	12,077	37,789	107,382	157,248
(Increase) decrease in accounts receivable	(10,762)	(5,923)	(6,954)	(23,639)
Increase (decrease) in accounts payable	(6,599)	(191)	3,333	(3,457)
Increase (decrease) in compensated absences	6,450	2,997	941	10,388
Increase (decrease) in customers' deposits	550	728	-	1,278
Total adjustments	<u>1,716</u>	<u>35,400</u>	<u>104,702</u>	<u>141,818</u>
Net cash provided by operating activities	<u>60,781</u>	<u>(526)</u>	<u>55,075</u>	<u>115,330</u>
	GAS FUND	WATER FUND	SEWER FUND	TOTAL ENTERPRISE FUNDS
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE BALANCE SHEET				
Cash and cash equivalents, beginning of period				
Cash - unrestricted	\$ 129,949	\$ 4,483	\$ 24,708	\$ 159,140
Cash - restricted	41,213	82,085	23,885	147,183
Total cash and cash equivalents	<u>171,162</u>	<u>86,568</u>	<u>48,593</u>	<u>306,323</u>
Cash and cash equivalents, end of period				
Cash - unrestricted	126,068	41,547	49,793	217,408
Cash - restricted	41,763	58,024	21,385	121,172
Total cash and cash equivalents	<u>167,831</u>	<u>99,571</u>	<u>71,178</u>	<u>338,580</u>
Net increase (decrease)	<u>(3,331)</u>	<u>13,003</u>	<u>22,585</u>	<u>32,257</u>

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

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Grand Coteau, Louisiana have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, hereinafter referred to as GAAP (generally accepted accounting principles). The accepted standard-setting body for establishing governmental accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board).

The following is a summary of certain significant accounting policies and practices of the Town of Grand Coteau:

A. FINANCIAL REPORTING ENTITY

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Town of Grand Coteau for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Town to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The Town of Grand Coteau 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 Statement of Net Position and the Statement of Activities display information on all of the nonfiduciary activities of the Town of Grand Coteau, the primary government, as a whole. They include all funds of the reporting entity. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

FUND FINANCIAL STATEMENTS

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. 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, fines, 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.

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of the category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise funds are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Town reports the following major governmental funds:

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 that are required to be accounted for in another fund.

Special Revenue Funds

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

2010 Sales Tax Fund: The 2010 Sales Tax Fund is used 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: The TIF District Fund is used 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.

The Town reports the following major proprietary funds:

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Enterprise Funds

Gas Fund: The Gas Fund accounts for gas services to residents of the Town of Grand Coteau. All activities necessary to provide such services are accounted for in this fund including, but not limited to, operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

Water Fund: The Water Fund accounts for water services to residents of the Town of Grand Coteau. All activities necessary to provide such services are accounted for in this fund including, but not limited to, operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

Sewer Fund: The Sewer Fund accounts for sewer services to the Town of Grand Coteau. All activities necessary to provide such services are accounted for in this fund including, but not limited to, operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

MEASUREMENT FOCUS

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included in their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objective of this measurement focus is the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

BASIS OF ACCOUNTING

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that accumulated unpaid vacation and sick pay are not accrued and principal and interest on general long-term debt are recognized when due. Purchases of various operating supplies are regarded as expenditures at the time purchased.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Bad debts are written off when accounts become worthless.

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These transactions are recorded when the transfers occur.

Program Revenues

Program revenues included in the Statement of Activities 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.

Allocation of Indirect Expenses

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function.

CASH AND INVESTMENTS

Louisiana statutes authorize the Town to invest in United States bonds, treasury notes or certificates, time certificates of deposit in state and national banks, or any other federally insured investment.

At year-end, the carrying amount of the Town's cash and cash equivalents was \$1,921,223. The bank balance of cash was \$1,907,686 and of cash equivalents was \$77,718. Investments are stated at cost or amortized cost, which approximates market. Investments consist of time certificates of deposits. Cash and certificates of deposits are fully secured through the pledge of bank-owned securities or federal deposit insurance.

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 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 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.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

These securities are held in the name of the Town or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. The Town does not have a policy for custodial credit risk. As of June 30, 2020, the Town's is fully insured by FDIC and pledged collateral.

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." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

CAPITAL ASSETS

The accounting treatment of property plant and equipment (capital assets) depends on whether they are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Prior to GASB No. 34, governments were not required to report general infrastructure assets. The Town of Grand Coteau did not capitalize infrastructure expenditures. During the fiscal year ending June 30, 2004, the Town began to capitalize infrastructure.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated assets, which are recorded at their estimated fair value at the date of donation. The Town of Grand Coteau maintains a threshold level of \$500 or more for capitalizing capital assets.

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 assets is as follows:

Building 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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

It is the policy of the Town to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as facilities acquisition and construction expenditures of the governmental fund upon acquisition.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

BAD DEBTS

Uncollectible amounts due for ad valorem taxes, miscellaneous liens, and sundry claims are recorded as bad debts through the establishment of an allowance account at the time information available indicated the uncollectibility of the particular receivables.

Allowance for uncollectible accounts receivable at June 30, 2020 in the General Fund and Enterprise Funds was \$8,624 and \$35,197, respectively.

ENCUMBRANCES

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town as an extension of formal budgetary integration in the funds.

INVENTORY

The Town practices the policy of recording materials and supplies as expenditures or expenses when acquired. The Town does not record any of these items as inventory because the amount of the items in stock is insignificant.

COMPENSATED ABSENCES

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

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, the Town considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

RESTRICTED ASSETS

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

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 are reported as liabilities in the government-wide statements.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

REVENUES, EXPENDITURES, AND EXPENSES

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing or investing activities. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 Non-operating

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.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

EQUITY CLASSIFICATIONS

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

1. 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.
2. Restricted net position – Consist of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net position 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 balance reports aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Proprietary fund equity is classified the same as in the government-wide statements.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

1. Restricted fund balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions for enabling legislation.
2. Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board of Aldermen – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Aldermen removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual
3. Assigned fund balance – This classification reflects the amounts constrained by the Town’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Board of Aldermen, Mayor and Town Clerk have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.
4. Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

When both restricted and unrestricted resources are available for use, it is the Town's policy to use externally restricted resources first, then unrestricted resources – committed, assigned and unassigned – in order as needed.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

NOTE 2 - RECEIVABLES

Receivables at June 30, 2020 consist of the following:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Taxes receivable	\$ 11,679	\$ -	\$ 11,679
Accounts		145,689	145,689
Allowance for bad debts	(8,624)	(35,197)	(43,821)
Other receivable	<u>4,948</u>	<u>-</u>	<u>4,948</u>
<u>Total</u>	<u>8,003</u>	<u>110,492</u>	<u>118,495</u>

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2020 for the Town of Grand Coteau are as follows:

	Balances July 1, 2019	Additions	Disposals	Balances June 30, 2020
Governmental Activities				
Land	\$ 143,375	\$ -	\$ -	\$ 143,375
Building and improvements	230,990	3,950	-	234,940
Equipment	519,619	90,816	-	610,435
Other structures and improvements	1,247,945	-	-	1,247,945
Totals at historical cost	<u>2,141,929</u>	<u>94,766</u>	<u>-</u>	<u>2,236,695</u>
Less accumulated depreciation				
Building and improvements	(162,101)	(6,040)	-	(168,141)
Equipment	(476,379)	(15,865)	-	(492,244)
Other structures and improvements	(693,177)	(45,655)	-	(738,832)
Total accumulated depreciation	<u>(1,331,657)</u>	<u>(67,560)</u>	<u>-</u>	<u>(1,399,217)</u>
Governmental Activities				
Capital assets, net	<u>810,272</u>	<u>27,206</u>	<u>-</u>	<u>837,478</u>
	Balances July 1, 2019	Additions	Disposals	Balances June 30, 2020
Business- type Activities				
Land	\$ 24,000	\$ -	\$ -	\$ 24,000
Gas system and equipment	414,984	35,230	-	450,214
Waterworks system and equipment	2,148,379	15,825	-	2,164,204
Sewer plant and equipment	3,843,160	14,133	-	3,857,293
Totals at historical cost	<u>6,430,523</u>	<u>65,188</u>	<u>-</u>	<u>6,495,711</u>
Less accumulated depreciation				
Gas system and equipment	(345,029)	(12,077)	-	(357,106)
Waterworks system and equipment	(1,296,745)	(37,789)	-	(1,334,534)
Sewer plant and equipment	(2,404,711)	(107,382)	-	(2,512,093)
Total accumulated depreciation	<u>(4,046,485)</u>	<u>(157,248)</u>	<u>-</u>	<u>(4,203,733)</u>
Business-type Activities				
Capital assets, net	<u>2,384,038</u>	<u>(92,060)</u>	<u>-</u>	<u>2,291,978</u>

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - CAPITAL ASSETS - CONTINUED

Depreciation expense was charged to governmental activities as follows:

General government	\$ 12,466
Public safety - police	4,998
Public safety - fire	8,424
Public works - streets	39,492
Park	<u>2,180</u>
Total	<u><u>67,560</u></u>

NOTE 4 - ACCOUNTS AND OTHER PAYABLES

The accounts and other payable consisted of the following at June 30, 2020:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts payable	\$ 63,135	\$ 16,042	\$79,177
Accrued payroll	<u>37,266</u>	<u>-</u>	<u>37,266</u>
	<u><u>100,401</u></u>	<u><u>16,042</u></u>	<u><u>116,443</u></u>

NOTE 5 - RETIREMENT

The employees of the Town are covered by social security only. The Town does not contribute to any other retirement plan for its employees.

NOTE 6 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purpose of the Statement of Cash Flows consist of the following:

Unrestricted assets	
Cash	\$217,408
Restricted assets	
Cash	<u>121,172</u>
	<u><u>338,580</u></u>

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - ACCOUNTS RECEIVABLE – ENTERPRISE FUND

The accounts receivable consists of gas, water and sewer billings uncollected as of June 30, 2020. The detail of the accounts receivable as of June 30, 2020 is as follows:

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>
<u>Days</u>	<u>Amounts</u>	<u>Amounts</u>	<u>Amounts</u>
Current	\$ 33,971	\$ 38,017	\$30,569
31-60	1,697	1,922	1,537
61-90	882	999	799
91 and older	12,078	13,677	10,938
<u>Total</u>	<u>48,628</u>	<u>54,615</u>	<u>43,843</u>
Less: Allowance for doubtful accounts	(12,718)	(12,422)	(10,057)
Plus: NSF receivable	<u>(318)</u>	<u>(848)</u>	<u>(231)</u>
<u>Total</u>	<u>35,592</u>	<u>41,345</u>	<u>33,555</u>

Gas rates at June 30, 2020 were as follows:

Residential users:

Flat \$24.40 per 500 cubic feet or less
\$9.00 over 500, but less than 6,500 cubic feet
Over 6,500 cubic feet, \$11.50 per 1,000 gallons

Commercial users:

Flat \$24.40 per 500 cubic feet or less
\$9.00 over 500, but less than 6,500 cubic feet
Over 6,500 cubic feet, \$11.50 per 1,000 gallons

Water rates at June 30, 2020 were as follows:

Residential users:

Flat \$15.91 per 2,000 gallons or less
Over 2,000 gallons, \$4.00 per 1,000 gallons

Commercial users:

Flat \$41.68 per 2,000 gallons or less
Over 2,000 gallons, \$4.00 per 1,000 gallons

Sewer rates at June 30, 2019 were as follows:

Residential users:

Flat \$16.97 per 2,000 gallons or less
Over 2,000 gallons, \$3.25 per 1,000 gallons

Commercial users:

Flat \$25.46 per 2,000 gallons or less
Over 2,000 gallons, \$3.25 per 1,000 gallons

NOTE 8 - AD VALOREM TAXES

For the year ended June 30, 2020, the Town of Grand Coteau levied a general tax of 5.28 mills on property with assessed valuation totaling \$5,513,940. Taxes receivable at June 30, 2020 totaled \$2,083.

The Town's ad valorem tax, levied for the calendar year, is due on or before December 31, and becomes delinquent on January 1.

TOWN OF GRAND COTEAU, LOUISIANA
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 9 - RESTRICTIONS OF NET POSITION

The Town records restrictions to indicate that a portion of the fund equity is legally segregated for a specific future use. The following details the description and amount of all restrictions of net position of the Town:

	Balance at June 30, 2020
Enterprise Funds	
Restricted for customers' deposits	\$ 67,250
Restricted for bond retirement	49,042
	116,292

NOTE 10 - DEDICATION OF SALES TAX PROCEEDS

The Town of Grand Coteau has two 1% percent sales tax funds and one 2% percent sales tax fund. Proceeds of the one percent sales and use tax 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.

The 2010 one percent sales tax is dedicated to support the General Fund of the Town. Sales tax monies are transferred to the General Fund and Utility Fund as operating transfers for these dedicated costs.

Proceeds of the 2% sales and use tax and 2% hotel occupancy tax are dedicated to the following:

The two percent sales and use tax and two percent hotel occupancy is deposited in 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.

NOTE 11 - PROPRIETARY FUNDS – RESTRICTED ASSETS

Certain assets of the Enterprise Funds have been restricted for debt service and customers' deposits. These assets consist of cash and short-term investments restricted for the following:

Customers' deposits	\$ 128,420
Bond retirement - Reserve	35,148
Bond retirement - Sinking Fund	17,349
Bond retirement - Depreciation and Contingency	16,189
	197,106

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 - GOVERNMENTAL ACTIVITIES – LONG-TERM DEBT

A summary of changes in long-term debt from is as follows:

	Balances July 1, 2019	Additions	Payments	Balances June 30, 2020	Due Within One Year
Capital lease	\$ 2,220	\$12,634	\$ (7,937)	\$ 22,791	\$ 1,950
Compensated absences	23,559	2,552	-	26,111	-
	<u>25,779</u>	<u>15,186</u>	<u>(7,937)</u>	<u>48,902</u>	<u>1,950</u>

NOTE 13 - PROPRIETARY FUND – LONG-TERM DEBT

The following is a summary of changes in Proprietary Fund debt for the year ended June 30, 2020:

Description of Debt	Balances July 1, 2019	Issued	Retired	Balances June 30, 2020	Due Within One Year
\$225,000 of Sewer Revenue Bonds at 4.5% dated February 17, 1995	\$136,442	\$ -	\$ 6,384	\$130,058	\$ 6,384
\$25,995 loan in gas for auto at 4.98% dated October 18, 2018	20,462	-	4,744	15,718	4,980
\$26,254 loan in gas for auto at 5.17% dated August 7, 2019	-	26,254	5,590	20,664	4,782
\$150,000 of Limited Tax Bonds, Series 2014 at 3.0% dated November 13, 2014	96,000	-	12,000	84,000	12,000
Total notes	<u>252,904</u>	<u>26,254</u>	<u>28,718</u>	<u>250,440</u>	<u>28,146</u>
Compensated absences payable	23,008	10,388	-	33,396	-
Total long-term debt	<u>275,912</u>	<u>36,642</u>	<u>28,718</u>	<u>283,836</u>	<u>28,146</u>

TOWN OF GRAND COTEAU, LOUISIANA
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 13 - PROPRIETARY FUND – LONG-TERM DEBT - CONTINUED

The annual requirements to retire debt as of June 30, 2020, are as follows:

Years Ending June 30	Principal	Interest	Total
2021	28,439	10,086	38,525
2022	29,043	8,924	37,967
2023	32,083	7,722	39,805
2024	28,203	6,421	34,624
2025-2029	74,799	19,567	94,366
2030-2034	54,827	9,546	64,373
2035	3,046	17	3,063
	<u>250,440</u>	<u>62,283</u>	<u>312,723</u>

NOTE 14 - SEWER REVENUE BOND – FEBRUARY 17, 1995 – RESTRICTION ON USE

A bond of \$225,000 was issued on February 17, 1995 for improvements of the Town’s sewer system. The bond has a stated interest of 4½ percent and is payable over a forty year period. Commencing March 17, 1998 and on the 17th day of each month thereafter through February 17, 2035, monthly payments of \$1,033 will be due which will consist of fully amortized payments of principal and interest. Each payment shall be applied, first, to the payment of accrued interest; and second, to the payment of principal.

- a. Actual monthly payments into the Sinking Fund during the interest only period depend on the schedule of advances of principal made to the Town during construction. However, monthly debt service payments into the Sinking Fund will not exceed \$1,033.
- b. The Town will have to make monthly payments of \$52 into a Reserve Fund. The payments into the Reserve Fund will continue until an amount equal to one year’s debt service on the bond is accumulated therein.
- c. The Town will have to make monthly payments of \$52 into a Contingency Fund. The payments into the Contingency Fund will be made over the life of the bond.

NOTE 15 - WATER LIMITED TAX BOND – NOVEMBER 13, 2014 – RESTRICTION ON USE

- a. Actual monthly payments into the Sinking Fund are required to cover the upcoming principal and interest payments due on the bonds for the coming year.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - INTERFUND RECEIVABLES/PAYABLES

	Interfund Receivables	Interfund Payables
Governmental Funds		
Special Revenue Funds	\$ 47,238	\$ 82,595
General Fund	217,242	270,239
Proprietary Funds		
Gas Fund	84,121	105,497
Water Fund	74,967	742
Sewer Fund	53,547	18,042
	\$ 477,115	\$ 477,115

NOTE 17 - RISK MANAGEMENT

The Town is exposed to risks of loss in the areas of general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance for the year.

NOTE 18 - FUND BALANCE CONSTRAINTS

The constraints on fund balance as listed in aggregate in the Statement of Revenues, Expenditures, and Changes in Fund Balances are detailed according to balance classification and fund.

	General Fund	Special Revenue Funds	Total
Fund Balances:			
Nonspendable:	\$ -	\$ -	\$ -
Restricted:	-	1,017,322	1,017,322
Committed:	-	-	-
Assigned:			
Fire and police equipment	478,100	-	478,100
Total - Assigned	478,100	1,017,322	1,495,422
Unassigned:	122,474	-	122,474
Total fund balances	600,574	1,017,322	1,617,896

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 19 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The Town does not provide any post-employment benefits to retirees and therefore is not required to report under GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*.

NOTE 20 - PENSION PLAN

The Town does not participate in a pension plan and therefore is not required to report under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

NOTE 21 - SUBSEQUENT EVENTS

Subsequent events were evaluated through December 2, 2020, which is the date the financial statements were available to be issued.

COVID-19 Pandemic

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. The World Health Organization has characterized COVID-19 as a pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our taxpayers, employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES

TOWN OF GRAND COTEAU, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 97,505	\$ 102,027	\$ 107,566	\$ 5,539
Licenses and permits	50,750	65,300	53,851	(11,449)
Intergovernmental	941,168	581,685	664,847	83,162
Fines and forfeits	207,530	148,613	194,173	45,560
Miscellaneous	16,175	30,987	37,787	6,800
Total revenues	<u>1,313,128</u>	<u>928,612</u>	<u>1,058,224</u>	<u>129,612</u>
EXPENDITURES				
Current operating				
Executive and administrative	267,929	288,418	292,071	(3,653)
Street department	182,219	182,755	179,678	3,077
Police department	480,943	509,505	481,877	27,628
Fire department	78,046	80,700	79,955	745
Capital outlay	187,566	111,496	94,766	16,730
Debt service	9,320	374	-	374
Total expenditures	<u>1,206,023</u>	<u>1,173,248</u>	<u>1,128,347</u>	<u>44,901</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES				
	<u>107,105</u>	<u>(244,636)</u>	<u>(70,123)</u>	<u>174,513</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	31,500	12,634	12,634	-
Transfers in	260,000	260,000	260,000	-
Transfers out	(11,000)	(14,880)	(14,880)	-
Total other financing sources (uses)	<u>280,500</u>	<u>257,754</u>	<u>257,754</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>387,605</u></u>	<u><u>13,118</u></u>	<u>187,631</u>	<u><u>174,513</u></u>
FUND BALANCE, beginning of year			<u>412,943</u>	
FUND BALANCE, end of year			<u><u>600,574</u></u>	

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2020

	BUDGET		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Sales tax collections	\$ 152,415	\$ 152,415	\$ 152,038	\$ (377)
Total revenues	<u>152,415</u>	<u>152,415</u>	<u>152,038</u>	<u>(377)</u>
EXPENDITURES				
Current operating				
Executive and administrative	9,585	10,685	9,538	1,147
Total expenditures	<u>9,585</u>	<u>10,685</u>	<u>9,538</u>	<u>1,147</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>142,830</u>	<u>141,730</u>	<u>142,500</u>	<u>770</u>
OTHER FINANCING USES				
Transfers out	(130,000)	(130,000)	(130,000)	-
Total other financing sources (uses)	<u>(130,000)</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>12,830</u>	<u>11,730</u>	12,500	<u>770</u>
FUND BALANCE, beginning of year			<u>223,534</u>	
FUND BALANCE, end of year			<u>236,034</u>	

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
2010 SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2020

	BUDGET		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Sales tax collections	\$ 152,415	\$ 152,415	\$ 152,038	\$ (377)
Total revenues	<u>152,415</u>	<u>152,415</u>	<u>152,038</u>	<u>(377)</u>
EXPENDITURES				
Current operating				
Executive and administrative	10,315	11,515	9,583	1,932
Total expenditures	<u>10,315</u>	<u>11,515</u>	<u>9,583</u>	<u>1,932</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>142,100</u>	<u>140,900</u>	<u>142,455</u>	<u>1,555</u>
OTHER FINANCING USES				
Transfers in	-	-	-	-
Transfers out	(130,000)	(130,000)	(130,000)	-
Total other financing uses	<u>(130,000)</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>12,100</u>	<u>10,900</u>	12,455	<u>1,555</u>
FUND BALANCE, beginning of year			<u>171,738</u>	
FUND BALANCE, end of year			<u>184,193</u>	

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
TIF DISTRICT FUND
FOR THE YEAR ENDED JUNE 30, 2020

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes				
Sales tax collections	\$ 164,530	\$ 164,530	\$ 185,807	\$ 21,277
Total revenues	<u>164,530</u>	<u>164,530</u>	<u>185,807</u>	<u>21,277</u>
EXPENDITURES				
Current operating				
Executive and administrative	299,495	37,280	34,125	3,155
Total expenditures	<u>299,495</u>	<u>37,280</u>	<u>34,125</u>	<u>3,155</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(134,965)</u>	<u>127,250</u>	<u>151,682</u>	<u>24,432</u>
NET CHANGE IN FUND BALANCE	<u>(134,965)</u>	<u>127,250</u>	<u>151,682</u>	<u>24,432</u>
FUND BALANCE, beginning of year			<u>445,413</u>	
FUND BALANCE, end of year			<u>597,095</u>	

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 BASIS OF ACCOUNTING

The budgetary basis is in accordance with generally accepted accounting principles (GAAP).

NOTE 2 BUDGETARY PRACTICES

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

- A public meeting is scheduled by the Town Council after allowing for at least 10 days' notice to the public at the time the budget is initially submitted to the Town Council.
- The budget must be finally adopted by the Council no later than the last day of the preceding fiscal year.
- The Mayor and Town Council may authorize transfers of budgetary amounts within departments and revisions requiring alterations of levels of expenditures or transfers between departments.
- Operating appropriations, to the extent not expended or encumbered, lapse at year-end. Capital appropriations continue in force until the project is completed or deemed abandoned.
- Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The budgeted amounts shown in these financials statements include the original and final budget amounts for the year ending June 30, 2020. The budget was amended during a public meeting prior to the fiscal year-end.

MAJOR GOVERNMENTAL FUND

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. The General Fund has a greater number and variety of revenue sources than any other fund, and its resources normally finance a wider range of activities. The resources of the General Fund are ordinarily largely expended and replenished on an annual basis.

TOWN OF GRAND COTEAU, LOUISIANA
GENERAL FUND
BALANCE SHEET
JUNE 30, 2020

ASSETS

Cash	\$ 650,736
Receivables, net of allowance for uncollectibles	
Ad valorem taxes	3,055
Intergovernmental	84,217
Other receivable	4,948
Prepaid insurance	10,616
Due from other funds	<u>217,242</u>
Total assets	<u><u>970,814</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 62,735
Accrued liabilities	37,266
Due to other funds	<u>270,239</u>
Total liabilities	<u><u>370,240</u></u>

FUND BALANCE

Assigned	478,100
Unassigned	<u>122,474</u>
Total fund balance	<u><u>600,574</u></u>
Total liabilities and fund balance	<u><u>970,814</u></u>

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Taxes	\$ 102,027	\$ 107,566	\$ 5,539
Licenses and permits	65,300	53,851	(11,449)
Intergovernmental	581,685	664,847	83,162
Fines and forfeits	148,613	194,173	45,560
Miscellaneous	30,987	37,787	6,800
Total revenues	<u>928,612</u>	<u>1,058,224</u>	<u>129,612</u>
EXPENDITURES			
Current operating			
Executive and administrative	288,418	292,071	(3,653)
Street department	182,755	179,678	3,077
Police department	509,505	481,877	27,628
Fire department	80,700	79,955	745
Capital outlay	111,496	94,766	16,730
Debt service	374	-	374
Total expenditures	<u>1,173,248</u>	<u>1,128,347</u>	<u>44,901</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES			
	<u>(244,636)</u>	<u>(70,123)</u>	<u>174,513</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from capital lease	2,400	12,634	
Transfers in	260,000	260,000	-
Transfers out	(14,880)	(14,880)	-
Total other financing sources (uses)	<u>247,520</u>	<u>257,754</u>	<u>-</u>
NET CHANGE IN FUND BALANCE			
	<u>2,884</u>	187,631	<u>174,513</u>
FUND BALANCE, beginning of year			
		412,943	
FUND BALANCE, end of year			
		<u>600,574</u>	

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF REVENUES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
TAXES			
Property taxes	\$ 26,320	\$ 34,314	\$ 7,994
Franchise - Electric	74,330	71,870	(2,460)
Franchise - Cable television	985	984	(1)
Franchise- Telephone	392	398	6
Total taxes	<u>102,027</u>	<u>107,566</u>	<u>5,539</u>
LICENSES AND PERMITS			
Licenses and permits	65,300	53,851	(11,449)
Total licenses and permits	<u>65,300</u>	<u>53,851</u>	<u>(11,449)</u>
INTERGOVERNMENTAL			
Beer tax	1,813	1,746	(67)
Department of Public Safety	1,555	1,300	(255)
DOTD	3,330	3,330	-
Federal/state grants	-	-	-
Parish government reimbursements	-	1,642	1,642
Fire insurance rebate	3,467	3,467	-
Solid waste	6,798	6,798	-
Supplemental pay	13,250	11,000	(2,250)
Video poker fees / Racino income	551,472	635,564	84,092
Total intergovernmental	<u>581,685</u>	<u>664,847</u>	<u>83,162</u>
FINES			
Court fines and Step tickets	148,613	194,173	45,560
Total fines	<u>148,613</u>	<u>194,173</u>	<u>45,560</u>
MISCELLANEOUS			
Insurance proceeds	1,807	-	(1,807)
Court fees	7,968	9,368	1,400
Miscellaneous income	21,212	28,419	7,207
	<u>30,987</u>	<u>37,787</u>	<u>6,800</u>
Total revenues	<u><u>928,612</u></u>	<u><u>1,058,224</u></u>	<u><u>129,612</u></u>

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>EXECUTIVE AND ADMINISTRATIVE</u>			
<u>Personal services</u>			
Salaries - Clerical	\$ 70,000	\$ 65,747	\$ 4,253
Salaries - Mayor and Council	36,600	27,750	8,850
Payroll taxes	10,500	29,787	(19,287)
<u>Supplies</u>			
Supplies and postage	20,080	17,845	2,235
<u>Other</u>			
Conventions and conferences	6,501	6,501	-
Advertising	2,300	1,797	503
Dues and subscriptions	15,370	16,129	(759)
Employee drug screens	2,224	2,204	20
Engineering fees	7,436	7,436	-
Equipment rental	2,244	2,141	103
Insurance	40,560	42,152	(1,592)
Legal and professional	33,200	39,583	(6,383)
Miscellaneous	2,025	1,510	515
Pest control	1,620	1,325	295
Repairs and maintenance	4,880	12,511	(7,631)
Telephone	24,065	9,457	14,608
Travel	2,600	2,391	209
Utilities	6,000	5,592	408
Capital outlay	28,417	21,523	6,894
<u>Total executive and administrative</u>	<u>316,622</u>	<u>313,594</u>	<u>3,028</u>
 <u>STREET DEPARTMENT</u>			
<u>Personal services</u>			
Salaries	40,000	36,707	3,293
Payroll taxes	6,000	4,368	1,632

Continued on next page.
See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>STREET DEPARTMENT</u>			
<u>Supplies</u>			
Materials and Supplies	\$ 30,000	\$ 27,021	\$ 2,979
<u>Other</u>			
Auto and truck expense	31,000	31,272	(272)
Repairs and maintenance	14,000	20,364	(6,364)
Insurance	30,901	31,758	(857)
Utilities	25,177	21,961	3,216
Tractor expense	760	1,823	(1,063)
Miscellaneous	392	89	303
Uniforms	4,525	4,315	210
<u>Total street department</u>	<u>182,755</u>	<u>179,678</u>	<u>3,077</u>
<u>POLICE DEPARTMENT</u>			
<u>Personal services</u>			
Salaries	316,250	318,064	(1,814)
Payroll taxes	48,357	39,952	8,405
<u>Supplies</u>			
Materials and supplies	5,510	4,441	1,069
Uniforms	4,100	3,775	325
<u>Other</u>			
Insurance	69,530	69,196	334
Auto operating expense	21,428	22,840	(1,412)
Telephone	27,120	10,935	16,185
Repairs	4,100	3,761	339
Miscellaneous	750	246	504
Education	120	468	(348)
Prisoner meals	240	224	16
Fees	12,000	7,975	4,025
Capital outlay	10,205	8,705	1,500
Debt service	-	-	-
<u>Total police department</u>	<u>519,710</u>	<u>490,582</u>	<u>29,128</u>

Continued on next page.
See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>FIRE DEPARTMENT</u>			
<u>Personal services</u>			
Salaries	\$ 45,000	\$ 43,033	\$ 1,967
Payroll taxes	7,000	6,796	204
<u>Supplies</u>			
Materials and supplies	15,560	11,917	3,643
<u>Other</u>			
Telephone	1,825	826	999
Utilities	1,120	964	156
Insurance	7,725	6,814	911
Miscellaneous	2,130	1,595	535
Capital outlay	62,526	64,538	(2,012)
Repairs and maintenance	250	8,010	(7,760)
<u>Total fire department</u>	<u>143,136</u>	<u>144,493</u>	<u>(1,357)</u>
<u>Total expenditures</u>	<u>1,162,223</u>	<u>1,128,347</u>	<u>33,876</u>

See Independent Auditor's Report.

SPECIAL REVENUE FUNDS

The Special Revenue Fund is used to account for resources legally restricted to expenditures for specified current operating purposes or the acquisition of furniture, fixtures, machinery, equipment, or other relatively minor or comparatively short-lived assets.

The Sales Tax Fund is used to account for the collection and expenditure of the Town's one percent sales tax.

The 2010 Sales Tax Fund is used to account for the collection and expenditure of an additional one percent sales tax to supplement the general fund.

The TIF District Fund is used 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.

TOWN OF GRAND COTEAU, LOUISIANA
SPECIAL REVENUE FUND
SALES TAX FUND
BALANCE SHEET
JUNE 30, 2020

ASSETS

Cash		\$ 297,992
	<u>Total assets</u>	<u>297,992</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other funds		\$ 61,958
	<u>Total liabilities</u>	<u>61,958</u>

FUND BALANCE

Restricted		236,034
	<u>Total fund balance</u>	<u>236,034</u>

	<u>Total liabilities and fund balance</u>	<u>297,992</u>
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See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
 SALES TAX FUND
 STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Taxes			
Sales tax collections	\$ 152,415	\$ 152,038	\$ (377)
<u>Total revenues</u>	<u>152,415</u>	<u>152,038</u>	<u>(377)</u>
<u>EXPENDITURES</u>			
Current operating			
General and administrative	9,585	9,538	47
<u>Total expenditures</u>	<u>9,585</u>	<u>9,538</u>	<u>47</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>142,830</u>	<u>142,500</u>	<u>(330)</u>
<u>OTHER FINANCING USES</u>			
Transfers out	(130,000)	(130,000)	-
<u>Total other financing uses</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>12,830</u>	12,500	<u>(330)</u>
<u>FUND BALANCE</u> , beginning of year		<u>223,534</u>	
<u>FUND BALANCE</u> , end of year		<u>236,034</u>	

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
SPECIAL REVENUE FUND
2010 SALES TAX FUND
BALANCE SHEET
JUNE 30, 2020

ASSETS

Cash	\$ 157,592
Due from other funds	<u>47,238</u>
<u>Total assets</u>	<u><u>204,830</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other funds	\$ 20,637
<u>Total liabilities</u>	<u>20,637</u>

FUND BALANCE

Restricted	184,193
<u>Total fund balance</u>	<u>184,193</u>

<u>Total liabilities and fund balance</u>	<u><u>204,830</u></u>
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See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
2010 SALES TAX FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Taxes			
Sales tax collections	\$ 152,415	\$ 152,038	\$ (377)
<u>Total revenues</u>	<u>152,415</u>	<u>152,038</u>	<u>(377)</u>
<u>EXPENDITURES</u>			
General and administrative	10,315	9,583	732
<u>Total expenditures</u>	<u>10,315</u>	<u>9,583</u>	<u>732</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>142,100</u>	<u>142,455</u>	<u>355</u>
<u>OTHER FINANCING USES</u>			
Transfers out	(130,000)	(130,000)	-
<u>Total other financing uses</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>12,100</u>	12,455	<u>355</u>
<u>FUND BALANCE</u> , beginning of year		<u>171,738</u>	
<u>FUND BALANCE</u> , end of year		<u>184,193</u>	

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
SPECIAL REVENUE FUND
TIF DISTRICT FUND
BALANCE SHEET
JUNE 30, 2020

<u>ASSETS</u>	
Cash	<u>\$ 597,495</u>
<u>Total assets</u>	<u>597,495</u>
 <u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>	
Accounts Payable	<u>\$ 400</u>
<u>Total liabilities</u>	<u>400</u>
 <u>FUND BALANCE</u>	
Restricted	<u>597,095</u>
<u>Total fund balance</u>	<u>597,095</u>
 <u>Total liabilities and fund balance</u>	 <u>597,495</u>

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
TIF DISTRICT FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Taxes			
Sales tax collections	\$ 164,530	\$ 185,807	\$ 21,277
<u>Total revenues</u>	164,530	185,807	21,277
<u>EXPENDITURES</u>			
General and administrative	37,280	34,125	3,155
<u>Total expenditures</u>	37,280	34,125	3,155
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	127,250	151,682	24,432
<u>NET CHANGE IN FUND BALANCE</u>	127,250	151,682	24,432
<u>FUND BALANCE</u> , beginning of year		445,413	
<u>FUND BALANCE</u> , end of year		597,095	

See Independent Auditor's Report.

COMPLIANCE AND INTERNAL CONTROL



2000 Kaliste Saloom Road, Suite 300
Lafayette, LA 70508

P 337-232-3312
F 337-237-3614

DSFCPAS.COM

**DARNALL SIKES
& FREDERICK**
A CORPORATION OF CERTIFIED
PUBLIC ACCOUNTANTS

OTHER LOCATIONS:
Eunice Morgan City Abbeville

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 Mayor
and Members of the Board of Aldermen and Alderwomen
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, each major fund, and the aggregate remaining fund information of the Town of Grand Coteau, Louisiana, as of and for the year ended June 30, 2020, and the related note to the financial statements, which collectively comprise the Town of Grand Coteau, Louisiana's basic financial statements and have issued our report thereon dated December 2, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider significant deficiencies listed as items 2020-001 and 2020-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Grand Coteau's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Town of Grand Coteau's Response to Findings

The Town of Grand Coteau's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town of Grand Coteau's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Danall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
December 2, 2020

TOWN OF GRAND COTEAU, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2020

I. SUMMARY OF AUDIT RESULTS

1. We have audited the basic financial statements of the Town of Grand Coteau, Louisiana, as of and for the year ended June 30, 2020, and have issued our report thereon dated December 2, 2020. 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 and the provisions of the *Uniform Guidance*. Our audit of the financial statements as of June 30, 2020 resulted in an unmodified opinion.
2. Two significant deficiencies and material weaknesses relating to the audit of the financial statements were reported in the 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*.
3. No instances of noncompliance relating to the audit of the financial statements were reported in the 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*.
4. A management letter was issued for the Town of Grand Coteau, Louisiana, as of and for the year ended June 30, 2020.
5. There was no single audit required under the *Uniform Guidance*.

II. FINDINGS – FINANCIAL STATEMENT AUDIT

Internal Control Material to the Financial Statements

2020-001 Lack of Segregation of Duties

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

Criteria: A reporting entity should have adequate segregation of duties over accounting functions.

Cause: There are a small number of employees at the Town of Grand Coteau performing the daily operating activities.

Effect: Accounting functions are not segregated and it is important that you are aware of this condition because errors or fraud could occur and not be detected.

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

Response: The Town will consider how it can possibly strengthen its segregation of duties with present employees by shifting some responsibilities but believes that the cost to hire additional accounting personnel is not cost beneficial based upon the size of the Town's operations.

TOWN OF GRAND COTEAU, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2020

II. FINDINGS – FINANCIAL STATEMENT AUDIT

2020-002 Lack of Documentation of Employee Pay Records

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

Criteria: A reporting entity should have adequate policies, procedures, and documentation of pay records.

Cause: The Town was unable to verify approved pay rates because no documentation was maintained.

Effect: Employees are at risk of not receiving the proper salaries.

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

Response: The Town will implement the control policies recommended by the auditor.

TOWN OF GRAND COTEAU, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2020

III. FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Not Applicable

TOWN OF GRAND COTEAU, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2020

SECTION I – Internal Control and Compliance Material to the Financial Statements

2019-001 Lack of Segregation of Duties

Status: See current year finding 2020-001.

2019-002 Lack of Documentation of Employee Pay Records

Status: See current year finding 2020-002.

2019-003 Late Submission of Payroll Reports

Status: This finding has been resolved.

SECTION II – Internal Control and Compliance Material to Federal Awards

N/A

SECTION III – Management Letter

A management letter was issued for the Town of Grand Coteau, Louisiana for the year ended June 30, 2020.

OTHER SUPPLEMENTARY SCHEDULES

TOWN OF GRAND COTEAU, LOUISIANA
 ENTERPRISE FUNDS
 SCHEDULE OF OPERATING EXPENSES
 FOR THE YEAR ENDED JUNE 30, 2020

GAS FUND

Personal services

Salaries	\$ 51,037
Payroll taxes	10,144

Contractual services

Gas purchases	41,441
Survey expense	21,388

Supplies

Office supplies and postage	9,442
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Other

Legal and professional	7,717
Insurance	1,584
Repairs and maintenance	1,057
Utilities	1,377
Training	5,612
Telephone	404
Miscellaneous	13,495
Dottie	402
Compensated absences	6,450

Depreciation

12,077

Total gas fund expenses

183,627

WATER FUND

Personal services

Salaries	\$ 51,730
Payroll taxes	8,930

Supplies

Materials and supplies	16,737
------------------------	--------

Continued on next page.
 See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
 ENTERPRISE FUNDS
 SCHEDULE OF OPERATING EXPENSES (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2020

WATER FUND - continued

Other

Legal and professional	\$ 15,736
Insurance	13,455
Utilities	16,632
Repairs and maintenance	46,638
Telephone	1,188
Training	567
Miscellaneous	25,641
Safe water drinking fee	6,601
Compensated absences	2,997

Depreciation

37,789

Total water fund expenses

244,641

SEWER FUND

Personal services

Salaries	\$ 25,111
Payroll taxes	4,402

Contractual services

Analysis expense	6,020
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Supplies

Materials and supplies	3,464
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Other

Legal and professional	9,511
Insurance	13,456
Utilities	12,727
Repairs and maintenance	19,530
Miscellaneous	444
Compensated absences	941

Depreciation

107,382

Total sewer fund expenses

202,988

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
 COMBINED SCHEDULE OF BONDS PAYABLE
 JUNE 30, 2020

REVENUE BONDS	INTEREST		ISSUE DATE	FINAL MATURITY DATE	ANNUAL SERIAL PAYMENTS	BONDS			
	RATES	PAYMENT DATE				AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
Sewerage utility	4.50%	17th of each month	2/17/1995	10/17/2036	Varies	\$ 225,000	\$ 225,000	\$ 94,942	\$ 130,058
Water utility	3.00%	3/1 9/1	11/13/2014	3/1/2026	Varies	<u>150,000</u>	<u>150,000</u>	<u>66,000</u>	<u>84,000</u>
<u>Total revenue bonds</u>						<u>500,000</u>	<u>500,000</u>	<u>285,942</u>	<u>214,058</u>

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
 COMBINED SCHEDULE OF CASH EQUIVALENTS – ALL FUNDS
 JUNE 30, 2020

	INTEREST RATES	MATURITY	TOTAL BOOK VALUE
<u>ENTERPRISE FUNDS</u>			
Certificate of Deposit Bank of Sunset and Trust Co.	0.50%	9/19/2020	\$ 44,901
Certificate of Deposit Bank of Sunset and Trust Co.	0.50%	12/7/2020	31,033
Certificate of Deposit Bank of Sunset and Trust Co.	0.50%	9/19/2020	1,286
<u>Total</u>			77,220

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
 SCHEDULE OF INSURANCE IN FORCE
 JUNE 30, 2020
 (UNAUDITED)

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	9/15/2019	9/15/2020
	Blanket Bond	\$5,000	10/1/2019	10/1/2020
Dupre Carrier Godchaux Agency	Property/Building	\$2,500 deductible	1/14/2020	1/14/2021
	Town Hall	\$380,202		
	Police Station	\$41,266		
	Fire Station	\$90,362		
	Equipment Garage	\$394,000		
	Water Treatment Plant	\$337,580		
Louisiana Risk Mangement	General Liability	\$500,000	5/1/2020	5/1/2021
	Errors and Omissions	\$1,000 each claimant		
	Law Enforcement Officer	\$1,000 deductible		
	Automobile Liability			

TOWN OF GRAND COTEAU, LOUISIANA
 SCHEDULE OF COMPENSATION PAID TO MAYOR AND COUNCIL
 FOR THE YEAR ENDED JUNE 30, 2020

COMPENSATION PAID TO MAYOR AND COUNCIL

The compensation of the Town of Grand Coteau's governing body is included in the general administrative expenditures of the General Fund. The Mayor is paid \$1,200 per month and the board members are paid \$300 per month. Board members are also paid \$150 for any special meetings attended.

<u>Name</u>	<u>Term</u>	<u>Position</u>	<u>Compensation</u>
Patrick Richard	Jan 2019 - Dec 2023	Mayor	\$14,400
James Richard	Jan 2019 - Dec 2023	Aldersperson	3,750
Brad Randell	Jan 2019 - Dec 2023	Aldersperson	3,750
Annette Charles	Jan 2019 - Dec 2023	Aldersperson	3,750
Eli Wheeler	Jan 2019 - Dec 2023	Aldersperson	3,750
Devon Thomas	Jan 2019 - Dec 2023	Aldersperson	<u>3,750</u>
			<u><u>33,150</u></u>

See Independent Auditor's Report.