

TOWN OF GRAND COTEAU, LOUISIANA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

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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, 2017, 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

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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, 2017, 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 40 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 49 and pages 64 through 69 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 49 and pages 64 through 69 is the responsibility of management and were 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 68 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 1, 2017, 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.

Darnall, Sikes, Gardes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

December 1, 2017

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, 2017

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash and cash equivalents	\$ 784,627	\$ 143,417	\$ 928,044
Investments	-	1,269	1,269
Receivables, (net of allowance for uncollectibles)	10,068	81,812	91,880
Accrued interest receivable	-	1,806	1,806
Due from other governments	39,889	-	39,889
Internal balances	(31,901)	31,901	-
Restricted assets	-	240,898	240,898
Prepaid expenses	10,617	-	10,617
Capital assets (net)	909,577	2,636,498	3,546,075
<u>Total assets</u>	<u>1,722,877</u>	<u>3,137,601</u>	<u>4,860,478</u>
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	57,402	22,348	79,750
Deferred revenue	6,600	-	6,600
Payable from restricted assets	-	52,089	52,089
Interest payable	-	1,260	1,260
Long-term liabilities			
Due within one year	19,508	26,835	46,343
Due in more than one year	48,922	272,764	321,686
<u>Total liabilities</u>	<u>132,432</u>	<u>375,296</u>	<u>507,728</u>
<u>NET POSITION</u>			
Net investment in capital assets	909,577	2,360,118	3,269,695
Restricted for:			
Customer deposits	-	66,849	66,849
Bond retirement	-	93,865	93,865
Unrestricted	680,868	241,473	922,341
<u>Total net position</u>	<u>1,590,445</u>	<u>2,762,305</u>	<u>4,352,750</u>

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

FUNCTIONS / PROGRAMS	PROGRAM REVENUES				NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	FEEES, FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental Activities							
General government	\$ 420,067	\$ -	\$ -	\$ -	\$ (420,067)	\$ -	\$ (420,067)
Public safety	529,921	306,515	-	-	(223,406)	-	(223,406)
Public works	222,136	-	-	-	(222,136)	-	(222,136)
Culture and recreation	2,154	-	-	-	(2,154)	-	(2,154)
<u>Total governmental activities</u>	<u>1,174,278</u>	<u>306,515</u>	<u>-</u>	<u>-</u>	<u>(867,763)</u>	<u>-</u>	<u>(867,763)</u>
Business-type Activities							
Gas	173,282	239,833	-	-	-	66,551	66,551
Water	173,665	216,953	32,871	-	-	76,159	76,159
Sewer	206,627	133,174	-	-	-	(73,453)	(73,453)
<u>Total business-type activities</u>	<u>553,574</u>	<u>589,960</u>	<u>32,871</u>	<u>-</u>	<u>-</u>	<u>69,257</u>	<u>69,257</u>
<u>Total primary government</u>	<u>1,727,852</u>	<u>896,475</u>	<u>32,871</u>	<u>-</u>	<u>(867,763)</u>	<u>69,257</u>	<u>(798,506)</u>
General revenues							
Taxes							
Property taxes, levied for general purposes					34,648	-	34,648
Sales taxes, levied for general purposes					503,399	-	503,399
Franchise taxes					64,895	-	64,895
Interest and investment earnings					-	225	225
Occupational licenses and other permits					61,483	-	61,483
Intergovernmental					250,118	348,458	598,576
Miscellaneous					13,283	-	13,283
Transfers					90,000	(90,000)	-
<u>Total general revenues and transfers</u>					<u>1,017,826</u>	<u>258,683</u>	<u>1,276,509</u>
<u>Changes in net position</u>					<u>150,063</u>	<u>327,940</u>	<u>478,003</u>
Net position - July 1, 2016					<u>1,440,382</u>	<u>2,434,365</u>	<u>3,874,747</u>
Net position - June 30, 2017					<u>1,590,445</u>	<u>2,762,305</u>	<u>4,352,750</u>

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, 2017

<u>ASSETS</u>	<u>GENERAL</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Cash and cash equivalents	\$ 180,517	\$ 604,110	\$ 784,627
Receivables, net of allowance for uncollectibles			
Taxes	4,841	-	4,841
Intergovernmental	39,889	-	39,889
Other receivable	5,227	-	5,227
Prepaid insurance	10,617	-	10,617
Due from other funds	<u>110,070</u>	<u>32,966</u>	<u>143,036</u>
<u>Total assets</u>	<u>351,161</u>	<u>637,076</u>	<u>988,237</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Accounts payable	\$ 54,499	\$ 2,903	\$ 57,402
Deferred revenue	6,600	-	6,600
Due to other funds	39,102	135,835	174,937
<u>Total liabilities</u>	<u>100,201</u>	<u>138,738</u>	<u>238,939</u>
<u>FUND BALANCES</u>			
Restricted	-	498,338	498,338
Assigned	102,549	-	102,549
Unassigned	148,411	-	148,411
<u>Total fund balances</u>	<u>250,960</u>	<u>498,338</u>	<u>749,298</u>
<u>Total liabilities and fund balances</u>	<u>351,161</u>	<u>637,076</u>	<u>988,237</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, 2017

Total fund balances for governmental funds at June 30, 2016		\$ 749,298
Cost of capital assets at June 30, 2017	\$ 2,182,239	
Less: Accumulated depreciation as of June 30, 2017	<u>(1,272,662)</u>	909,577
Elimination of interfund assets and liabilities		
Due from other funds	143,036	
Due to other funds	(143,036)	-
Long-term liabilities at June 30, 2017		
Capital leases	(31,059)	
Compensated absences	<u>(37,371)</u>	<u>(68,430)</u>
Net position at June 30, 2017		<u><u>1,590,445</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, 2017

	<u>GENERAL</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>REVENUES</u>			
Taxes	\$ 99,543	\$ 503,399	\$ 602,942
Licenses and permits	61,483	-	61,483
Intergovernmental	250,118	-	250,118
Fines and forfeits	306,515	-	306,515
Miscellaneous	16,458	-	16,458
<u>Total revenues</u>	<u>734,117</u>	<u>503,399</u>	<u>1,237,516</u>
<u>EXPENDITURES</u>			
Current operating			
Executive and administrative	371,217	33,587	404,804
Street department	178,955	-	178,955
Police department	448,158	-	448,158
Fire department	30,563	-	30,563
Debt service	19,508	-	19,508
<u>Total expenditures</u>	<u>1,048,401</u>	<u>33,587</u>	<u>1,081,988</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>			
<u>OVER (UNDER) EXPENDITURES</u>	<u>(314,284)</u>	<u>469,812</u>	<u>155,528</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	330,000	-	330,000
Transfers out	-	(240,000)	(240,000)
<u>Total other financing sources (uses)</u>	<u>330,000</u>	<u>(240,000)</u>	<u>90,000</u>
<u>NET CHANGE IN FUND BALANCES</u>	15,716	229,812	245,528
<u>FUND BALANCES,</u>			
beginning of year	<u>235,244</u>	<u>268,526</u>	<u>503,770</u>
<u>FUND BALANCES, end of year</u>	<u>250,960</u>	<u>498,338</u>	<u>749,298</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, 2017

Total net change in fund balances for the year ended June 30, 2016 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$	245,528
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$	-
Depreciation expense for year ended June 30, 2017	<u>(92,635)</u>	(92,635)
Loss on the disposal of fixed assets		(3,175)
Differences between capital leases on modified accrual basis versus accrual basis		19,508
Differences between compensated absences on modified accrual basis versus accrual basis		<u>(19,163)</u>
<u>Total change in net position for the year ended June 30, 2017 per Statement of Activities</u>		<u>150,063</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, 2017

	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	\$ 45,350	\$ 70,122	\$ 27,945	\$ 143,417
Investments	1,269	-	-	1,269
Accounts receivable, net	24,482	35,854	21,476	81,812
Prepaid insurance	533	679	594	1,806
Due from other funds	18,914	84,611	81,769	185,294
<u>Total current assets</u>	90,548	191,266	131,784	413,598
<u>RESTRICTED ASSETS</u>				
Cash	39,565	97,441	28,926	165,932
Investments	43,933	-	31,033	74,966
<u>Total restricted assets</u>	83,498	97,441	59,959	240,898
<u>PROPERTY AND EQUIPMENT</u>				
Utility plant, net	52,867	913,387	1,670,244	2,636,498
<u>Total assets</u>	226,913	1,202,094	1,861,987	3,290,994
<u>LIABILITIES AND NET POSITION</u>				
<u>CURRENT LIABILITIES (from</u>				
<u>current assets)</u>				
Accounts payable	4,367	2,187	15,794	22,348
Due to other funds	111,632	742	41,019	153,393
<u>Total</u>	115,999	2,929	56,813	175,741
<u>CURRENT LIABILITIES (from</u>				
<u>restricted assets)</u>				
Revenue bonds payable	-	21,000	5,835	26,835
Interest payable	-	1,260	-	1,260
Customers' deposits	33,215	18,874	-	52,089
<u>Total current liabilities</u>	33,215	41,134	5,835	80,184

Continued on next page.

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

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
JUNE 30, 2017

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	GAS FUND	WATER FUND	SEWER FUND	TOTAL ENTERPRISE FUNDS
<u>NONCURRENT LIABILITIES</u>				
Revenue bonds payable	\$ -	\$ 107,000	\$ 142,545	\$ 249,545
Compensated absences	21,019	2,200	-	23,219
<u>Total noncurrent liabilities</u>	21,019	109,200	142,545	272,764
<u>Total liabilities</u>	170,233	153,263	205,193	528,689
<u>NET POSITION</u>				
Net investment in capital assets	52,867	785,387	1,521,864	2,360,118
Restricted for customer deposits	50,283	16,566	-	66,849
Restricted for bond retirement	-	39,741	54,124	93,865
Unrestricted	(46,470)	207,137	80,806	241,473
<u>Total net position</u>	56,680	1,048,831	1,656,794	2,762,305

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, 2017

	<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	\$ 208,702	\$ 211,086	\$ 133,174	\$ 552,962
Miscellaneous income	31,131	5,867	-	36,998
<u>Total operating revenues</u>	<u>239,833</u>	<u>216,953</u>	<u>133,174</u>	<u>589,960</u>
<u>OPERATING EXPENSES</u>				
Personal services	55,198	41,217	-	96,415
Contractual services	63,499	-	-	63,499
Supplies	9,896	4,028	11,321	25,245
Other expenses	42,783	66,450	95,639	204,872
Depreciation	1,906	57,350	92,853	152,109
<u>Total operating expenses</u>	<u>173,282</u>	<u>169,045</u>	<u>199,813</u>	<u>542,140</u>
<u>OPERATING INCOME (LOSS)</u>	<u>66,551</u>	<u>47,908</u>	<u>(66,639)</u>	<u>47,820</u>
<u>NON-OPERATING REVENUES</u>				
<u>(EXPENSES)</u>				
Grants	-	32,871	348,458	381,329
Interest income	-	132	93	225
Interest expense	-	(4,620)	(6,814)	(11,434)
<u>Total non-operating revenues</u>	<u>-</u>	<u>28,383</u>	<u>341,737</u>	<u>370,120</u>
<u>(expenses)</u>	<u>-</u>	<u>28,383</u>	<u>341,737</u>	<u>370,120</u>
<u>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</u>	<u>66,551</u>	<u>76,291</u>	<u>275,098</u>	<u>417,940</u>
<u>OPERATING TRANSFERS IN (OUT)</u>				
Operating transfer in	-	6,104	3,027	9,131
Operating transfer out	(89,131)	(10,000)	-	(99,131)
<u>Total operating transfers in (out)</u>	<u>(89,131)</u>	<u>(3,896)</u>	<u>3,027</u>	<u>(90,000)</u>
<u>CHANGE IN NET POSITION</u>	<u>(22,580)</u>	<u>72,395</u>	<u>278,125</u>	<u>327,940</u>
<u>NET POSITION, beginning of year</u>	<u>79,260</u>	<u>976,436</u>	<u>1,378,669</u>	<u>2,434,365</u>
<u>NET POSITION, end of year</u>	<u>56,680</u>	<u>1,048,831</u>	<u>1,656,794</u>	<u>2,762,305</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, 2017

	<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	\$ 232,421	\$ 203,503	\$ 125,097	\$ 561,021
Cash payments to suppliers for goods and services	(117,623)	(78,401)	(94,377)	(290,401)
Cash payments to employees for services	(50,142)	(39,017)	-	(89,159)
<u>Net cash provided by operating activities</u>	<u>64,656</u>	<u>86,085</u>	<u>30,720</u>	<u>181,461</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Transfers in (out)	(65,458)	(18,272)	(1,407)	(85,137)
<u>Net cash used by noncapital financing activities</u>	<u>(65,458)</u>	<u>(18,272)</u>	<u>(1,407)</u>	<u>(85,137)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Intergovernmental grants	-	32,871	348,458	381,329
Acquisition of capital assets	(38,270)	(48,393)	(372,679)	(459,342)
Principal paid on revenue bonds and notes	-	(20,000)	(5,579)	(25,579)
Interest paid on revenue bonds and notes	-	(4,620)	(6,814)	(11,434)
<u>Net cash used by capital and related financing activities</u>	<u>(38,270)</u>	<u>(40,142)</u>	<u>(36,614)</u>	<u>(115,026)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Purchase of investments	-	-	(93)	(93)
Interest on investments	-	132	93	225
<u>Net cash provided by investing activities</u>	<u>-</u>	<u>132</u>	<u>-</u>	<u>132</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	<u>(39,072)</u>	<u>27,803</u>	<u>(7,301)</u>	<u>(18,570)</u>
<u>CASH AND CASH EQUIVALENTS, July 1, 2016</u>	<u>123,987</u>	<u>139,760</u>	<u>64,172</u>	<u>327,919</u>
<u>CASH AND CASH EQUIVALENTS, June 30, 2017</u>	<u>84,915</u>	<u>167,563</u>	<u>56,871</u>	<u>309,349</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, 2017

	<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>RECONCILIATION OF OPERATING INCOME</u>				
<u>(LOSS) TO NET CASH PROVIDED (USED)</u>				
<u>BY OPERATING ACTIVITIES:</u>				
Operating income (loss)	\$66,551	\$ 47,909	\$ (66,639)	\$ 47,821
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,906	57,350	92,853	152,109
(Increase) decrease in accounts receivable	(8,527)	(16,846)	(8,077)	(33,450)
Increase (decrease) in accounts payable	(1,445)	(7,923)	12,583	3,215
Increase (decrease) in compensated absences	5,055	2,200	-	7,255
Increase (decrease) in customers' deposits	1,116	3,395	-	4,511
<u>Total adjustments</u>	<u>(1,895)</u>	<u>38,176</u>	<u>97,359</u>	<u>133,640</u>
<u>Net cash provided by operating activities</u>	<u>64,656</u>	<u>86,085</u>	<u>30,720</u>	<u>181,461</u>
	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL ENTERPRISE FUNDS</u>
<u>RECONCILIATION OF CASH AND CASH</u>				
<u>EQUIVALENTS PER STATEMENT OF CASH</u>				
<u>FLOWS TO THE BALANCE SHEET</u>				
Cash and cash equivalents, beginning of period				
Cash - unrestricted	\$86,561	\$ 46,103	\$ 37,711	\$ 170,375
Cash - restricted	37,426	93,657	26,461	157,544
<u>Total cash and cash equivalents</u>	<u>123,987</u>	<u>139,760</u>	<u>64,172</u>	<u>327,919</u>
Cash and cash equivalents, end of period				
Cash - unrestricted	45,350	70,122	27,945	143,417
Cash - restricted	39,565	97,441	28,926	165,932
<u>Total cash and cash equivalents</u>	<u>84,915</u>	<u>167,563</u>	<u>56,871</u>	<u>309,349</u>
<u>Net increase (decrease)</u>	<u>(39,072)</u>	<u>27,803</u>	<u>(7,301)</u>	<u>(18,570)</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, 2017

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.

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.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. BASIS OF PRESENTATION – Continued

FUND FINANCIAL STATEMENTS

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 Fund

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:

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.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. BASIS OF PRESENTATION – Continued

FUND FINANCIAL STATEMENTS – Continued

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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING – Continued

BASIS OF ACCOUNTING - 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 investments was \$928,044. The bank balance of cash was \$929,758 and of investments was \$75,098. 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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING – Continued

BASIS OF ACCOUNTING - 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, 2017, the Town's total bank balances were secured as follows.

Bank Balances	<u>\$1,003,010</u>
Federal deposit insurance	\$ 250,000
Pledged securities	<u>753,010</u>
Total FDIC insurance and collateral	<u>1,003,010</u>

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

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING – Continued

CAPITAL ASSETS - Continued

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.

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, 2017 in the General Fund and Enterprise Funds was \$8,624 and \$27,046, respectively.

BUDGETS AND BUDGETARY ACCOUNTING

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

1. 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.
2. The budget must be finally adopted by the Council no later than the last day of the preceding fiscal year.
3. The Mayor and Town Council may authorize transfers of budgetary amounts within departments and revisions requiring alteration of levels of expenditures or transfers between departments.
4. 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.
5. 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 accounts shown in these financial statements include the original and final budget amounts for the year ending June 30, 2017. The budget was amended during a public meeting prior to the fiscal year-end.

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.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING – Continued

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.

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 nonoperating 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:

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING – Continued

Expenditures/Expenses - Continued

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

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

Interfund Transfers

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

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.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING – Continued

EQUITY CLASSIFICATIONS – Continued

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.

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, 2017 consist of the following:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Taxes receivable	\$ 13,465	\$ -	\$ 13,465
Accounts	-	108,858	108,858
Allowance for bad debts	(8,624)	(27,046)	(35,670)
Other receivable	<u>5,227</u>	<u>-</u>	<u>5,227</u>
<u>Total</u>	<u>10,068</u>	<u>81,812</u>	<u>91,880</u>

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2017 for the Town of Grand Coteau are as follows:

	Balances July 1, 2016	Additions	Disposals	Balances June 30, 2017
Governmental Activities				
Land	\$ 143,375	\$ -	\$ -	\$ 143,375
Building and improvements	227,450	-	-	227,450
Equipment	581,992	-	21,173	560,819
Other structures and improvements	1,250,595	-	-	1,250,595
<u>Totals at historical cost</u>	<u>2,203,412</u>	<u>-</u>	<u>21,173</u>	<u>2,182,239</u>
Less accumulated depreciation				
Building and improvements	(144,748)	(5,686)	-	(150,434)
Equipment	(495,118)	(39,066)	(17,997)	(516,187)
Other structures and improvements	(558,158)	(47,883)	-	(606,041)
<u>Total accumulated depreciation</u>	<u>(1,198,024)</u>	<u>(92,635)</u>	<u>(17,997)</u>	<u>(1,272,662)</u>
Governmental Activities				
Capital assets, net	<u>1,005,388</u>	<u>(92,635)</u>	<u>3,176</u>	<u>909,577</u>
Business- type Activities				
Land	\$ 24,000	\$ -	\$ -	\$ 24,000
Gas system and equipment	350,719	38,270	-	388,989
Waterworks system and equipment	2,069,090	48,393	-	2,117,483
Sewer plant and equipment	3,467,580	372,679	-	3,840,259
<u>Totals at historical cost</u>	<u>5,911,389</u>	<u>459,342</u>	<u>-</u>	<u>6,370,731</u>
Less accumulated depreciation				
Gas system and equipment	(334,216)	(1,906)	-	(336,122)
Waterworks system and equipment	(1,146,747)	(57,350)	-	(1,204,097)
Sewer plant and equipment	(2,101,161)	(92,853)	-	(2,194,014)
<u>Total accumulated depreciation</u>	<u>(3,582,124)</u>	<u>(152,109)</u>	<u>-</u>	<u>(3,734,233)</u>
Business-type Activities				
Capital assets, net	<u>2,329,265</u>	<u>307,233</u>	<u>-</u>	<u>2,636,498</u>

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 - CAPITAL ASSETS – CONTINUED

Depreciation expense was charged to governmental activities as follows:

General government	\$ 13,013
Public safety - police	35,609
Public safety - fire	2,775
Public works - streets	39,084
Park	<u>2,154</u>
<u>Total</u>	<u>92,635</u>

NOTE 4 - ACCOUNTS AND OTHER PAYABLES

The accounts and other payable consisted of the following at June 30, 2017:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts payable	<u>\$ 57,402</u>	<u>\$ 22,348</u>	<u>\$ 79,750</u>
	<u>57,402</u>	<u>22,348</u>	<u>79,750</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	\$ 143,417
Restricted assets	
Cash	<u>165,932</u>
	<u>309,349</u>

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7 - ACCOUNTS RECEIVABLE – ENTERPRISE FUND

The accounts receivable consists of gas, water and sewer billings uncollected as of June 30, 2017. The detail of the accounts receivable as of June 30, 2017 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	\$ 24,867	\$ 30,072	\$ 19,680
31-60	417	675	435
61-90	339	549	353
91 and older	8,809	14,246	9,170
<u>Total</u>	<u>34,432</u>	<u>45,542</u>	<u>29,638</u>
Less: Allowance for doubtful accounts	(9,628)	(9,260)	(8,158)
Plus: NSF receivable	<u>(322)</u>	<u>(428)</u>	<u>(4)</u>
<u>Total</u>	<u>24,482</u>	<u>35,854</u>	<u>21,476</u>

Gas rates at June 30, 2017 were as follows:

Residential users:

Flat \$23.00 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 \$23.00 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, 2017 were as follows:

Residential users:

Flat \$15.00 per 2,000 gallons or less
Over 2,000 gallons, \$4.00 per 1,000 gallons

Commercial users:

Flat \$35.00 per 10,000 gallons or less
Over 10,000 gallons, \$4.00 per 1,000 gallons

Sewer rates at June 30, 2017 were as follows:

Residential & commercial users:

Flat \$14.00 per 4,000 gallons or less
Over 4,000 gallons, \$3.25 per 1,000 gallons

NOTE 8 - AD VALOREM TAXES

For the year ended June 30, 2017, the Town of Grand Coteau levied a general tax of 5.28 mills on property with assessed valuation totaling \$4,993,670. Total tax levied was \$24,569. Taxes receivable at June 30, 2017 totaled \$4,803.

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, 2017

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, 2017
Enterprise Funds	
Restricted for customers' deposits	\$ 66,849
Restricted for bond retirement	93,865
	160,714

NOTE 10 - DEDICATION OF SALES TAX PROCEEDS

The Town of Grand Coteau has two one percent sales tax funds and one two 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 two percent sales and use tax and two percent 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	\$ 118,938
Bond retirement - Reserve	59,255
Bond retirement - Sinking Fund	26,749
Bond retirement - Depreciation and Contingency	35,956
	240,898

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 12 - GOVERNMENTAL ACTIVITIES – LONG-TERM DEBT

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

	Balances July 1, 2016	Additions	Payments	Balances June 30, 2017	Due Within One Year
Capital lease	\$ 50,567	\$ -	\$19,508	\$ 31,059	\$ 19,508
Compensated absences	18,208	19,163	-	37,371	-
	<u>68,775</u>	<u>19,163</u>	<u>19,508</u>	<u>68,430</u>	<u>19,508</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, 2017:

Description of Debt	Balances July 1, 2016	Issued	Retired	Balances June 30, 2017	Due Within One Year
\$225,000 of Sewer Revenue Bonds at 4.5% dated February 17, 1995	\$153,959	\$ -	\$5,579	\$148,380	\$ 5,835
\$125,000 of Water Tower Project Bonds at 6.0% dated July 1, 1998	20,000	-	10,000	10,000	10,000
\$150,000 of Limited Tax Bonds, Series 2014 at 3.0% dated November 13, 2014	128,000	-	10,000	118,000	11,000
<u>Total notes</u>	<u>301,959</u>	<u>-</u>	<u>25,579</u>	<u>276,380</u>	<u>26,835</u>
Compensated absences payable	15,964	7,255	-	23,219	-
<u>Total long-term debt</u>	<u>317,923</u>	<u>7,255</u>	<u>25,579</u>	<u>299,599</u>	<u>26,835</u>

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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

The annual requirements to retire debt as of June 30, 2017, are as follows:

Years Ending June 30	Principal	Interest	Total
2018	26,835	10,398	37,233
2019	17,103	9,350	26,453
2020	18,384	8,709	27,093
2021	18,677	6,976	25,653
2022-2026	110,278	30,437	140,715
2027-2031	47,916	14,049	61,965
2032-2036	37,187	2,835	40,022
	<u>276,380</u>	<u>82,754</u>	<u>359,134</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 TOWER PROJECT BOND – JULY 1, 1998 – RESTRICTION ON USE

- a. Actual monthly payments into the Sinking Fund are required to be \$870.
- b. Each month, there will be an amount set aside into the Reserve Fund at least equal to ten percent of the amount to be paid into the Sinking Fund until the amount in the Reserve Fund equals the Reserve Fund requirement of \$11,280.
- c. Each month, there will be an amount set aside into the Contingency Fund equal to five percent of the revenues for the preceding month provided that such sum is available. Such payments shall continue until such time as there has been accumulated in the Contingency Fund the sum of \$12,500.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 16 - 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.

NOTE 17 - INTERFUND RECEIVABLES/PAYABLES

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Funds		
Special Revenue Funds	\$ 32,966	\$ 135,835
General Fund	110,070	39,102
Proprietary Funds		
Gas Fund	18,914	111,632
Water Fund	84,611	742
Sewer Fund	81,769	41,019
	<u>328,330</u>	<u>328,330</u>

NOTE 18 - 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 19 - 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.

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Fund Balances:			
Nonspendable:	\$ -	\$ -	\$ -
Restricted:	-	498,338	498,338
Committed:	-	-	-
Assigned:			
Fire and police equipment	102,549	-	102,549
Total - Assigned	<u>102,549</u>	<u>498,338</u>	<u>600,887</u>
Unassigned:	<u>148,411</u>	<u>-</u>	<u>148,411</u>
Total fund balances	<u>250,960</u>	<u>498,338</u>	<u>749,298</u>

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 20 - 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 21 - SUBSEQUENT EVENTS

Subsequent events were evaluated through December 1, 2017, which is the date the financial statements were available to be issued. There were no events that required disclosure.

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, 2017

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>POSITIVE</u> <u>(NEGATIVE)</u>
<u>REVENUES</u>				
Taxes	\$ 107,930	\$ 119,288	\$ 99,543	\$ (19,745)
Licenses and permits	55,770	49,590	61,483	11,893
Intergovernmental	210,790	241,575	250,118	8,543
Fines and forfeits	416,550	297,153	306,515	9,362
Miscellaneous	11,510	4,275	16,458	12,183
<u>Total revenues</u>	<u>802,550</u>	<u>711,881</u>	<u>734,117</u>	<u>22,236</u>
<u>EXPENDITURES</u>				
Current operating				
Executive and administrative	238,379	233,108	371,217	(138,109)
Street department	176,273	196,683	178,955	17,728
Police department	551,115	540,120	448,158	91,962
Fire department	6,600	28,079	30,563	(2,484)
Capital outlay	71,800	3,910	-	3,910
Debt service	19,508	19,508	19,508	-
<u>Total expenditures</u>	<u>1,063,675</u>	<u>1,021,408</u>	<u>1,048,401</u>	<u>(26,993)</u>
<u>DEFICIENCY OF REVENUES</u> <u>UNDER EXPENDITURES</u>	<u>(261,125)</u>	<u>(309,527)</u>	<u>(314,284)</u>	<u>(4,757)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	330,000	330,000	330,000	-
Transfers out	(14,630)	(14,630)	-	14,630
<u>Total other financing sources (uses)</u>	<u>315,370</u>	<u>315,370</u>	<u>330,000</u>	<u>14,630</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>54,245</u>	<u>5,843</u>	15,716	<u>9,873</u>
<u>FUND BALANCE</u> , beginning of year			<u>235,244</u>	
<u>FUND BALANCE</u> , end of year			<u>250,960</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, 2017

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes				
Sales tax collections	\$ 141,000	\$ 144,975	\$ 155,930	\$ 10,955
<u>Total revenues</u>	<u>141,000</u>	<u>144,975</u>	<u>155,930</u>	<u>10,955</u>
<u>EXPENDITURES</u>				
Current operating				
Executive and administrative	7,200	7,320	4,096	3,224
<u>Total expenditures</u>	<u>7,200</u>	<u>7,320</u>	<u>4,096</u>	<u>3,224</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>133,800</u>	<u>137,655</u>	<u>151,834</u>	<u>14,179</u>
<u>OTHER FINANCING USES</u>				
Transfers out	(120,000)	(120,000)	(120,000)	-
<u>Total other financing sources (uses)</u>	<u>(120,000)</u>	<u>(120,000)</u>	<u>(120,000)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>13,800</u>	<u>17,655</u>	31,834	<u>14,179</u>
<u>FUND BALANCE</u> , beginning of year			<u>171,330</u>	
<u>FUND BALANCE</u> , end of year			<u>203,164</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, 2017

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes				
Sales tax collections	\$ 141,000	\$ 144,975	\$ 149,475	\$ 4,500
<u>Total revenues</u>	<u>141,000</u>	<u>144,975</u>	<u>149,475</u>	<u>4,500</u>
<u>EXPENDITURES</u>				
Current operating				
Executive and administrative	7,700	7,905	3,427	4,478
<u>Total expenditures</u>	<u>7,700</u>	<u>7,905</u>	<u>3,427</u>	<u>4,478</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>133,300</u>	<u>137,070</u>	<u>146,048</u>	<u>8,978</u>
<u>OTHER FINANCING USES</u>				
Transfers out	(120,000)	(120,000)	(120,000)	-
<u>Total other financing uses</u>	<u>(120,000)</u>	<u>(120,000)</u>	<u>(120,000)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>13,300</u>	<u>17,070</u>	26,048	<u>8,978</u>
<u>FUND BALANCE</u> , beginning of year			<u>97,196</u>	
<u>FUND BALANCE</u> , end of year			<u>123,244</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, 2017

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes				
Sales tax collections	\$ -	\$ 140,000	\$ 197,994	\$ 57,994
<u>Total revenues</u>	<u>-</u>	<u>140,000</u>	<u>197,994</u>	<u>57,994</u>
<u>EXPENDITURES</u>				
Current operating				
Executive and administrative	-	1,700	26,064	(24,364)
<u>Total expenditures</u>	<u>-</u>	<u>1,700</u>	<u>26,064</u>	<u>(24,364)</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>-</u>	<u>138,300</u>	<u>171,930</u>	<u>33,630</u>
<u>OTHER FINANCING USES</u>				
Transfers out	-	-	-	-
<u>Total other financing uses</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>-</u>	<u>138,300</u>	<u>171,930</u>	<u>33,630</u>
<u>FUND BALANCE</u> , beginning of year			-	
<u>FUND BALANCE</u> , end of year			<u>171,930</u>	

See Independent Auditor's Report.

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, 2017

ASSETS

Cash	\$ 180,517
Receivables, net of allowance for uncollectibles	
Ad valorem taxes	4,841
Intergovernmental	39,889
Other receivable	5,227
Prepaid insurance	10,617
Due from other funds	110,070
	<hr/>
<u>Total assets</u>	<u>351,161</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 54,499
Deferred revenue	6,600
Due to other funds	39,102
	<hr/>
<u>Total liabilities</u>	<u>100,201</u>

FUND BALANCE

Assigned	102,549
Unassigned	148,411
	<hr/>
<u>Total fund balance</u>	<u>250,960</u>
	<hr/>
<u>Total liabilities and fund balance</u>	<u>351,161</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, 2017

	<u>FINAL</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
<u>REVENUES</u>			
Taxes	\$ 119,288	\$ 99,543	\$ (19,745)
Licenses and permits	49,590	61,483	11,893
Intergovernmental	241,575	250,118	8,543
Fines and forfeits	297,153	306,515	9,362
Miscellaneous	4,275	16,458	12,183
<u>Total revenues</u>	<u>711,881</u>	<u>734,117</u>	<u>22,236</u>
<u>EXPENDITURES</u>			
Current operating			
Executive and administrative	233,108	371,217	(138,109)
Street department	196,683	178,955	17,728
Police department	540,120	448,158	91,962
Fire department	28,079	30,563	(2,484)
Park department	-	-	-
Capital outlay	3,910	-	3,910
Debt service	19,508	19,508	-
<u>Total expenditures</u>	<u>1,021,408</u>	<u>1,048,401</u>	<u>(26,993)</u>
<u>DEFICIENCY OF REVENUES</u> <u>UNDER EXPENDITURES</u>	<u>(309,527)</u>	<u>(314,284)</u>	<u>(4,757)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	330,000	330,000	-
Transfers out	(14,630)	-	14,630
<u>Total other financing sources (uses)</u>	<u>315,370</u>	<u>330,000</u>	<u>14,630</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>5,843</u>	<u>15,716</u>	<u>9,873</u>
<u>FUND BALANCE</u> , beginning of year		<u>235,244</u>	
<u>FUND BALANCE</u> , end of year		<u>250,960</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, 2017

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>TAXES</u>			
Property taxes	\$ 33,333	\$ 34,648	\$ 1,315
Franchise - Electric	83,095	62,881	(20,214)
Franchise - Cable television	2,305	1,535	(770)
Franchise- Telephone	555	479	(76)
<u>Total taxes</u>	<u>119,288</u>	<u>99,543</u>	<u>(19,745)</u>
<u>LICENSES AND PERMITS</u>			
Licenses and permits	49,590	61,483	11,893
<u>Total licenses and permits</u>	<u>49,590</u>	<u>61,483</u>	<u>11,893</u>
<u>INTERGOVERNMENTAL</u>			
Beer tax	2,500	2,187	(313)
Department of Public Safety	3,085	3,188	103
DOTD	4,995	3,330	(1,665)
Federal/state grants	6,600	1,510	(5,090)
Parish government reimbursements	-	5,515	5,515
Solid waste	3,410	2,557	(853)
Supplemental pay	34,000	33,750	(250)
Video poker fees / Racino income	186,985	198,081	11,096
<u>Total intergovernmental</u>	<u>241,575</u>	<u>250,118</u>	<u>8,543</u>
<u>FINES</u>			
Court fines and Step tickets	297,153	306,515	9,362
<u>Total fines</u>	<u>297,153</u>	<u>306,515</u>	<u>9,362</u>
<u>MISCELLANEOUS</u>			
Interest income	135	104	(31)
Miscellaneous income	4,140	16,354	12,214
	<u>4,275</u>	<u>16,458</u>	<u>12,183</u>
<u>Total revenues</u>	<u>711,881</u>	<u>734,117</u>	<u>22,236</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, 2017

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<u>EXECUTIVE AND ADMINISTRATIVE</u>			
<u>Personal services</u>			
Salaries - Clerical	\$ 64,500	\$ 156,976	\$ (92,476)
Salaries - Mayor and Council	33,286	29,249	4,037
Payroll taxes	9,869	8,205	1,664
<u>Supplies</u>			
Supplies and postage	17,093	18,333	(1,240)
<u>Other</u>			
Conventions and conferences	2,565	2,732	(167)
Advertising	635	410	225
Dues and subscriptions	7,300	8,458	(1,158)
Employee drug screens	1,877	1,742	135
Engineering fees	700	500	200
Equipment rental	1,955	1,628	327
Insurance	50,570	68,882	(18,312)
Legal and professional	22,815	47,199	(24,384)
Miscellaneous	5,482	5,961	(479)
Pest control	720	751	(31)
Repairs and maintenance	2,620	2,045	575
Telephone	6,000	6,138	(138)
Travel	1,508	1,192	316
Utilities	2,100	9,239	(7,139)
Uniforms	850	872	(22)
Park	-	30	(30)
Bank charges	663	675	(12)
<u>Total executive and administrative</u>	233,108	371,217	(138,109)
 <u>STREET DEPARTMENT</u>			
<u>Personal services</u>			
Salaries	68,743	51,465	17,278
Payroll taxes	9,600	7,868	1,732

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, 2017

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>STREET DEPARTMENT</u>			
<u>Supplies</u>			
Materials and Supplies	\$ 14,100	\$ 22,094	\$ (7,994)
<u>Other</u>			
Auto and truck expense	28,550	19,432	9,118
Repairs and maintenance	21,300	28,164	(6,864)
Insurance	27,091	26,311	780
Utilities	19,329	16,173	3,156
Tractor expense	945	945	-
Miscellaneous	900	1,290	(390)
Uniforms	3,200	3,019	181
Dumpster	2,925	2,194	731
<u>Total street department</u>	<u>196,683</u>	<u>178,955</u>	<u>17,728</u>
<u>POLICE DEPARTMENT</u>			
<u>Personal services</u>			
Salaries	351,580	275,997	75,583
Payroll taxes	53,790	42,952	10,838
<u>Supplies</u>			
Materials and supplies	9,500	6,085	3,415
Uniforms	2,400	2,655	(255)
<u>Other</u>			
Insurance	59,600	56,309	3,291
Auto operating expense	29,950	25,171	4,779
Telephone	7,200	7,185	15
Repairs	6,600	6,447	153
Miscellaneous	19,300	25,197	(5,897)
Education	200	160	40
Capital outlay	3,910	-	3,910
Debt service	19,508	19,508	-
<u>Total police department</u>	<u>563,538</u>	<u>467,666</u>	<u>95,872</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, 2017

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>FIRE DEPARTMENT</u>			
<u>Personal services</u>			
Salaries	\$ 4,581	\$ 5,908	\$ (1,327)
Payroll taxes	650	75	575
<u>Supplies</u>			
Materials and supplies	-	4,589	(4,589)
<u>Other</u>			
Telephone	3,200	2,713	487
Utilities	556	526	30
Insurance	7,224	5,688	1,536
Miscellaneous	48	47	1
Repairs and maintenance	11,820	11,017	803
<u>Total fire department</u>	<u>28,079</u>	<u>30,563</u>	<u>(2,484)</u>
<u>Total expenditures</u>	<u>1,021,408</u>	<u>1,048,401</u>	<u>(26,993)</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, 2017

ASSETS

Cash		\$ 275,138
	<u>Total assets</u>	<u>275,138</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other funds		\$ 71,974
	<u>Total liabilities</u>	<u>71,974</u>

FUND BALANCE

Restricted		203,164
	<u>Total fund balance</u>	<u>203,164</u>

	<u>Total liabilities and fund balance</u>	<u>275,138</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, 2017

	<u>FINAL</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
<u>REVENUES</u>			
Taxes			
Sales tax collections	\$ 144,975	\$ 155,930	\$ 10,955
<u>Total revenues</u>	<u>144,975</u>	<u>155,930</u>	<u>10,955</u>
<u>EXPENDITURES</u>			
Current operating			
General and administrative	7,320	4,096	3,224
<u>Total expenditures</u>	<u>7,320</u>	<u>4,096</u>	<u>3,224</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>137,655</u>	<u>151,834</u>	<u>14,179</u>
<u>OTHER FINANCING USES</u>			
Transfers out	(120,000)	(120,000)	-
<u>Total other financing uses</u>	<u>(120,000)</u>	<u>(120,000)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>17,655</u>	31,834	<u>14,179</u>
<u>FUND BALANCE</u> , beginning of year		<u>171,330</u>	
<u>FUND BALANCE</u> , end of year		<u>203,164</u>	

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
SPECIAL REVENUE FUND
2010 SALES TAX FUND
BALANCE SHEET
JUNE 30, 2017

ASSETS

Cash	\$ 155,855
Due from other funds	▾ 32,966
	188,821
<u>Total assets</u>	188,821

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 1,716
Due to other funds	▾ 63,861
	65,577
<u>Total liabilities</u>	65,577

FUND BALANCE

Restricted	123,244
	123,244
<u>Total fund balance</u>	123,244
<u>Total liabilities and fund balance</u>	188,821

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, 2017

	<u>FINAL</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
<u>REVENUES</u>			
Taxes			
Sales tax collections	\$ 144,975	\$ 149,475	\$ 4,500
<u>Total revenues</u>	<u>144,975</u>	<u>149,475</u>	<u>4,500</u>
<u>EXPENDITURES</u>			
General and administrative	7,905	3,427	4,478
<u>Total expenditures</u>	<u>7,905</u>	<u>3,427</u>	<u>4,478</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>137,070</u>	<u>146,048</u>	<u>8,978</u>
<u>OTHER FINANCING USES</u>			
Transfers out	(120,000)	(120,000)	-
<u>Total other financing uses</u>	<u>(120,000)</u>	<u>(120,000)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>17,070</u>	26,048	<u>8,978</u>
<u>FUND BALANCE</u> , beginning of year		<u>97,196</u>	
<u>FUND BALANCE</u> , end of year		<u>123,244</u>	

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
SPECIAL REVENUE FUND
TIF DISTRICT FUND
BALANCE SHEET
JUNE 30, 2017

ASSETS

Cash		\$ 173,117
	<u>Total assets</u>	<u>173,117</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable		\$ 1,187
	<u>Total liabilities</u>	<u>1,187</u>

FUND BALANCE

Restricted		171,930
	<u>Total fund balance</u>	<u>171,930</u>
	<u>Total liabilities and fund balance</u>	<u>173,117</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, 2017

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Taxes			
Sales tax collections	\$ 140,000	\$ 197,994	\$ 57,994
<u>Total revenues</u>	<u>140,000</u>	<u>197,994</u>	<u>57,994</u>
<u>EXPENDITURES</u>			
General and administrative	1,700	26,064	(24,364)
<u>Total expenditures</u>	<u>1,700</u>	<u>26,064</u>	<u>(24,364)</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>138,300</u>	<u>171,930</u>	<u>33,630</u>
<u>OTHER FINANCING USES</u>			
<u>Total other financing uses</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>138,300</u>	<u>171,930</u>	<u>33,630</u>
<u>FUND BALANCE</u> , beginning of year		<u>-</u>	
<u>FUND BALANCE</u> , end of year		<u>171,930</u>	

See Independent Auditor's Report.

COMPLIANCE AND INTERNAL CONTROL

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 Clayton E. Darnall, CPA, CVA
 Eugene H. Darnall, III, CPA
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 Jennifer L. Lasseigne, CPA



**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, 2017, 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 1, 2017.

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

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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 a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a significant deficiency listed as item 2017-001.

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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 2017-002.

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.

Darnall, Sikes, Gardes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

December 1, 2017

TOWN OF GRAND COTEAU, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2017

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, 2017, and have issued our report thereon dated December 1, 2017. 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 OMB Circular A-133. Our audit of the financial statements as of June 30, 2017 resulted in an unqualified opinion.
2. One significant deficiency and no 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. Two instances of noncompliance relating to the audit of the financial statements was 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, 2017.
5. There was no single audit required under OMB Circular A-133.

II. FINDINGS – FINANCIAL STATEMENT AUDIT

Internal Control Material to the Financial Statements

2017-001 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, 2017

II. FINDINGS – FINANCIAL STATEMENT AUDIT

Compliance and other Matters

2017-002 Proper Classification of Municipalities

Condition: The population was 947 per the 2010 census which could change the classification of the municipality.

Criteria: Louisiana Revised Statute (RS 33:341) states that municipalities with 1,000 or fewer inhabitants are classified as villages unless the governing authority, by resolution, elects to retain its classification.

Cause: The population decrease per the 2010 census changes the classification of the municipality.

Effect: The municipality is not properly classified.

Recommendation: We recommend that the proper classification be used or elect to retain the classification in accordance with state law.

Response: The municipality contends that the 2010 federal census is incorrect, and that the population currently exceeds 1,000 citizens. The Board is in the process of taking its own census to establish the correct number of its citizens, based on an opinion from the Attorney General.

III. FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Not Applicable

TOWN OF GRAND COTEAU, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2017

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

2016-001 Lack of Segregation of Duties

Repeat Comment.

2016-002 Sewer Contingency Fund

Corrective Action Taken.

2016-003 Proper Classification of Municipalities

Finding has not been resolved.

SECTION II – Internal Control and Compliance Material to Federal Awards

N/A

SECTION III – Management Letter

N/A

OTHER SUPPLEMENTARY SCHEDULES

TOWN OF GRAND COTEAU, LOUISIANA
ENTERPRISE FUNDS
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

GAS FUND

Personal services

Salaries	\$ 48,846
Payroll taxes	6,352

Contractual services

Gas purchases	56,020
Survey expense	7,479

Supplies

Office supplies and postage	9,896
-----------------------------	-------

Other

Legal and professional	2,572
Insurance	10,948
Repairs and maintenance	3,571
Utilities	2,031
Training	6,930
Telephone	934
Miscellaneous	10,368
Dottie	374
Compensated absences	5,055

Depreciation

1,906

Total gas fund expenses

173,282

WATER FUND

Personal services

Salaries	\$ 36,551
Payroll taxes	4,666

Supplies

Materials and supplies	4,028
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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, 2017

WATER FUND - continued

Other

Legal and professional	\$ 7,037
Insurance	12,504
Utilities	12,217
Repairs and maintenance	26,086
Telephone	471
Miscellaneous	1,801
Safe water drinking fee	4,134
Compensated absences	2,200

Depreciation 57,350

Total water fund expenses 169,045

SEWER FUND

Contractual services

Analysis expense	\$ 4,987
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Supplies

Materials and supplies	11,321
------------------------	--------

Other

Legal and professional	8,368
Insurance	9,954
Utilities	19,511
Repairs and maintenance	52,726
Miscellaneous	93

Depreciation 92,853

Total sewer fund expenses 199,813

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
COMBINED SCHEDULE OF BONDS PAYABLE
JUNE 30, 2017

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	\$ 76,620	\$ 148,380
Water utility	6.00%	10/3 4/4	7/1/1998	4/1/2018	Varies	125,000	125,000	115,000	10,000
Water utility	3.00%	3/1 9/1	11/13/2014	3/1/2026	Varies	<u>150,000</u>	<u>150,000</u>	<u>32,000</u>	<u>118,000</u>
<u>Total revenue bonds</u>						<u>500,000</u>	<u>500,000</u>	<u>223,620</u>	<u>276,380</u>

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
COMBINED SCHEDULE OF INVESTMENTS – ALL FUNDS
JUNE 30, 2017

<u>ENTERPRISE FUNDS</u>	<u>INTEREST RATES</u>	<u>MATURITY</u>	<u>TOTAL BOOK VALUE</u>
Certificate of Deposit Bank of Sunset and Trust Co.	0.30%	9/19/2017	\$ 43,933
Certificate of Deposit Bank of Sunset and Trust Co.	0.30%	12/7/2017	31,033
Certificate of Deposit Bank of Sunset and Trust Co.	0.30%	9/19/2017	<u>1,269</u>
<u>Total</u>			<u><u>76,235</u></u>

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 2017
(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	9/15/2016	9/15/2017
	Blanket Bond	\$5,000	10/1/2016	10/1/2017
Essex Insurance Company	Property/Building	\$2,500 deductible	1/14/2017	1/14/2018
	Town Hall	\$421,468		
	Police Station	\$90,362		
	Fire Station	\$201,400		
	Equipment Garage	\$6,858		
	Water Treatment Plant	\$337,580		
Louisiana Risk Mangement	General Liability	\$500,000	5/1/2017	5/1/2018
	Errors and Omissions	\$1,000 each claimant		
	Law Enforcement Officer	\$1,000 deductible		
	Automobile Liability			
Essex Insurance Company	Physical Damage	\$1000 / 500 \$500 deductible	3/7/2017	3/7/2018

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO MAYOR AND COUNCIL
FOR THE YEAR ENDED JUNE 30, 2017

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>
Shaterrell Johnson	July 2015 - Dec 2018	Mayor	\$15,155
Danielle Belson	July 2015 - Dec 2018	Aldersperson	3,300
Jessica Marcel	July 2015 - Dec 2018	Aldersperson	3,540
Brandon Miller	July 2015 - Dec 2018	Aldersperson	3,240
Derrick Guidry	July 2015 - Dec 2018	Aldersperson	3,900
Janice Fox	July 2015 - Dec 2018	Aldersperson	<u>3,540</u>
			<u><u>32,675</u></u>

See Independent Auditor's Report.

E. Larry Sikes, CPA/PFS, CVA, CFP®
 Danny P. Frederick, CPA
 Clayton E. Darnall, CPA, CVA
 Eugene H. Darnall, III, CPA
 Stephanie M. Higginbotham, CPA
 John P. Armato, CPA/PFS
 J. Stephen Gardes, CPA
 Jennifer S. Ziegler, CPA/PFS, CFP®
 Chris A. Miller, CPA, CVA
 Steven G. Moosa, CPA
 M. Rebecca Gardes, CPA
 Joan B. Moody, CPA
 Lauren V. Hebert, CPA/PFS
 Erich G. Loewer, III, CPA, M.S. Tax
 Jeremy C. Meaux, CPA
 Stephen R. Dischler, CPA, MBA
 Pamela Mayeux Bonin, CPA, CVA
 Craig C. Babineaux, CPA/PFS, CFP®
 Adam J. Curry, CPA, CFP®
 Kyle P. Saltzman, CPA, CFE
 Jacob C. Roberie, CPA

Kevin S. Young, CPA
 Christy S. Dew, CPA, MPA
 Rachel W. Ashford, CPA
 Veronica L. LeBleu, CPA, MBA
 Christine Guidry Berwick, CPA, MBA
 Brandon L. Porter, CPA
 Brandon R. Dunphy, CPA
 Robert C. Darnall, CPA, CVA, M.S.



INDEPENDENT ACCOUNTANTS' REPORT
 ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Town of Grand Coteau and the Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA'S Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period of July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget:

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

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A Member of:
 American Institute of
 Certified Public Accountants
 Society of Louisiana
 Certified Public Accountants

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

Written policies and procedures were obtained, however the entity's policy did not document how the vendors were added to the vendor list.

- c) **Disbursements**, including processing, reviewing, and approving:

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

- d) **Receipts**, including receiving, recording, and preparing deposits:

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

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked:

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

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process:

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

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage:

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

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers:

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

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits:

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

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements:

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

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document:

Obtained and reviewed minutes of the managing board/committee for the fiscal period noting that the full board met monthly.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis):

Minutes did not include monthly budget-to-actual comparisons for the major funds identified as such.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan:

Deficit spending was not noted during the fiscal period.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.):

The minutes reference non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete:

Obtained a listing of client bank accounts from management and management provided representation that the listing was complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared:

Bank reconciliations have been prepared for all months.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and:

The bank reconciliations did not include evidence of management's review of the bank reconciliations for each month.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period:

None of the reconciliations were noted as having outstanding items for more than six months of fiscal year end.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete:

Obtained listing of cash collection locations and management provided representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee:

Written documentation was obtained and it was noted that all employees responsible for collecting cash were bonded. It was also noted that individuals involved in cash collections were also responsible for reconciling cash accounts.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected:

Although the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, it was not performed by a person independent of cash collections.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location:

Collection documentation was obtained for the sixteen selected collection and it was noted that three deposits were not made within one day of collection.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions:

Daily cash collections selected were completely supported by documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections:

Written documentation was obtained noting that written policies regarding completeness of collections are in place, however the procedure is not performed by a person who is independent of collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete:

Obtained listing of disbursements and management provided representation that the listing was complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system:

Examined supporting documentation for each of the disbursements selected and noted that purchases were initiated using a purchase order system. It was also noted that the proper purchase orders could not be traced to the proper invoices.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase:

It was noted that proper purchase orders could not be traced to the proper invoices and proper approval could not be tested.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice:

Examined supporting documentation for each of the 25 disbursements selected and noted that appropriate purchase orders, receiving reports, and approved invoices were not present.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system:

Per policy, the person responsible for processing payments is not prohibited from adding vendors to the entity's purchasing/disbursement system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases:

Written policies and procedures provided address the separation of signatory authority from initiating or recording of purchase.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks:

Supply of unused checks are maintained in a locked location, with restricted access from those persons with signatory authority.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions:

The entity does not utilize signature stamps or machines.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

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

Obtained listing of active credit cards and management provided representation that the listing was complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner:

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card

holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.):

Monthly statement was reviewed and approved by someone other than the authorized card holder.

- b) Report whether finance charges and/or late fees were assessed on the selected statements:

Finance charges and late fees were not noted on the selected statements.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing):

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased):

An original itemized receipt was noted for each transaction.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating:

Each transaction was not documented the business/public purpose.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.):

All required documentation was not provided with each transaction tested.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions:

All transactions tested were noted as following applicable policies and laws.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception:

No exceptions were noted for the transactions tested.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete:

Obtained listing of travel and expense reimbursements by person and management provided representation that the listing was complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates:

Written policies and procedures were obtained and there was one instance of non-compliance with the per diem and mileage rates established by the U.S. General Services Administration. It was noted that one employee mileage reimbursement was calculated using the 2015 rate.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates:

Written policies and procedures were obtained and there was one instance of non-compliance. Supporting documentation could not be obtained for one employee reimbursement.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]:

One of the selected transactions was not in accordance with the established per diem amount.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating):

Documentation of the business purpose was not present for each expense reimbursement selected.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance):

Documentation required by written policy was not present for each expense reimbursement selected.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception:

It was noted that the entity's proper purpose requirement could not be compared to the requirements of Article 7, Section 14 of the Louisiana Constitution for one of the reimbursements. Supporting documentation for one of the reimbursements could not be located.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement:

Two of the reimbursements selected was reviewed and approved, in writing, by someone other than the person receiving reimbursement, except for one reimbursement. Supporting documentation for one of the reimbursements could not be located.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete:

Obtained a listing of all contracts in effect and management provided representation that the listing is complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid:

There three are formal/written contracts that support the service arrangements and the amounts paid.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder):

Not applicable

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice:

Not applicable

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment:

Not applicable

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract:

Not applicable

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter):

Not applicable

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Unable to obtain listing of employees with their related salaries and management's representation that the listing is complete. Proper personnel files are not maintained.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure:

Unable to obtain information

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy:

Unable to obtain information

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.):

Daily attendance is not maintained, but weekly attendance and leave was noted for each selected employee.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials:

Documentation of supervisor approval for attendance and leave was noted for each selected employee.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave:

Documentation of written leave records were maintained for employees selected.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management:

Obtained listing of employees terminated during the fiscal period and management provided representation that the listing was complete. It was noted that the entity's policy does not address termination payments and support does not contain evidence of management approval

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines:

Obtained supporting documentation relating to payroll taxes and retirement contributions during the fiscal period noting that related payments and required reporting forms were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed:

The entity did not maintain documentation to demonstrate that the required ethics training was completed.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy:

Per discussion with management, there were no alleged ethics violations reported to the entity during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained:

The entity did not issue debt during the fiscal period.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants:

Not applicable

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off:

Not applicable

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled:

Management has asserted that the entity did not have any misappropriations of public funds or assets during the reporting period.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds:

Required notices were not posted on the entity's premises or website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception:

No exceptions noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Dannall, Sikes, Gardes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

December 6, 2017

Town of Grand Coteau

OFFICIALS

SHATERRAL JOHNSON, Mayor
ANGIE DUGAS, Clerk
BRENDA DUGAS, CMC
DAVID NEVILLS, Town Supervisor
WILTON GUIDRY, Police Chief

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townofgrandcoteau@centurytel.net

ALDERMEN

DANIELLE BELSON
JANICE FOX
DERRICK GUIDRY
JESSICA MARCEL
BRANDON MILLER

Independent Accountant's Report on Applying Agreed-Upon Procedures Management Response

Written Policies and Procedures

1. a) Management plans a review and update to the Town of Grand Coteau's financial policies and procedures in the 2017-2018 fiscal year. Budgeting, including preparing, adopting, monitoring, and amending the budget will be reviewed for inclusion in the revised policies and procedures.
1. b) Management plans a review and update to the Town of Grand Coteau's financial policies and procedures in the 2017-2018 fiscal year. Purchasing, including (2) how vendors are added to the vendor list will be reviewed for inclusion in the revised policies and procedures.
1. d) Management plans a review and update to the Town of Grand Coteau's financial policies and procedures in the 2017-2018 fiscal year. Receipts, including receiving, recording, and preparing deposits will be reviewed for inclusion in the revised policies and procedures.
1. g) Management plans a review and update to the Town of Grand Coteau's financial policies and procedures in the 2017-2018 fiscal year. Credit cards, including (1) how cards are to be controlled; (2) allowable business uses; (3) documentation requirements; (4) required approvers; and (5) monitoring card usage will be reviewed for inclusion in the revised policies and procedures.
1. h) Management plans a review and update to the Town of Grand Coteau's financial policies and procedures in the 2017-2018 fiscal year. Travel and expense reimbursement, including (1) allowable expenses; (2) dollar thresholds by category of expense; (3) documentation requirements; and (4) required approvers will be reviewed for inclusion in the revised policies and procedures.
1. i) Management plans a review and update to the Town of Grand Coteau's financial policies and procedures in the 2017-2018 fiscal year. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121; (2) actions to be taken if an ethics violation takes place; (3) system to monitor possible ethics violations; and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy will be reviewed for inclusion in the revised policies and procedures.
1. j) Management plans a review and update to the Town of Grand Coteau's financial policies and procedures in the 2017-2018 fiscal year. Debt service, including (1) debt issuance approval; (2) EMMA reporting requirements; (3) debt reserve requirements; and (4) debt service requirements will be reviewed for inclusion in the revised policies and procedures.

Finance Committee

2. b) Management plans to document a budget to actual comparison at each monthly meeting in the 2017-2018 fiscal year.

Bank Reconciliations

4. b) Management plans to document its review of the monthly reconciliations in the 2017-2018 fiscal year.

Collections

6. a) Management is aware of the inadequate segregation of accounting functions and has determined that based upon the size of the operation and the cost-benefit consideration of additional personnel, it is not feasible to achieve complete segregation of duties.
6. b) Management is aware of the inadequate segregation of accounting functions and has determined that based upon the size of the operation and the cost-benefit consideration of additional personnel, it is not feasible to achieve complete segregation of duties.
6. c) Management plans a review of its deposit process in order to deposit receipts in a timely manner.
7. Management is aware of the inadequate segregation of accounting functions and has determined that based upon the size of the operation and the cost-benefit consideration of additional personnel, it is not feasible to achieve complete segregation of duties.

Disbursements – General

9. Management plans a review to the Town of Grand Coteau's financial policies and procedures in the 2017-2018 fiscal year. The following disbursement policies and procedures will be reviewed and enforced for compliance:
 - a) the use of a requisition/purchase order system or an electronic equivalent system to separate purchase initiation from approval functions
 - b) obtaining appropriate approval of purchase orders, or an electronic equivalent, by a person who did not initiate the purchase, and
 - c) processing payments with an approved requisition and/or purchase order, or electronic equivalent, a receiving report showing receipt of goods purchased, or electronic equivalent, and an approved invoice.
10. Management plans a review and update to the Town of Grand Coteau's financial policies and procedures in the 2017-2018 fiscal year. Disbursement policies and procedures including prohibiting the person responsible for processing payments from adding vendors to the entity's purchasing/disbursement system will be reviewed and enforced for compliance.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

16. a) Management will review its credit card processes including documentation of business/public purpose and utilization of all supporting documents involved with the purchases.

Travel and Expense Reimbursement

18. Management believes that this was an unintentional error in oversight.
19. a) Management believes that this was an unintentional error in oversight.

- 19. b) Management believes that this was an unintentional error in oversight. Management will review its reimbursement processes including documentation of business/public purpose and utilization of all supporting documents involved with the purchases.
- 19. c) Management will review its reimbursement processes including documentation of business/public purpose and utilization of all supporting documents involved with the purchases.
- 19. d) Management believes that this was an unintentional error in oversight.

Payroll and Personnel

- 22. Management plans a review and update to employee files in order to better maintain employee information.
- 22. a) Management plans a review and update to the Town of Grand Coteau's financial policies and procedures in the 2017-2018 fiscal year. Payroll and personnel policies and procedures including adoption of a pay rate structure will be reviewed and enforced for compliance.
- 22. b) Management plans a review and update to the Town of Grand Coteau's financial policies and procedures in the 2017-2018 fiscal year. Payroll and personnel policies and procedures including approval to changes in pay rates will be reviewed and enforced for compliance.
- 24. Management plans a review and update to the Town of Grand Coteau's financial policies and procedures in the 2017-2018 fiscal year. Payroll and personnel policies and procedures including termination payments and management approval will be reviewed and enforced for compliance.

Ethics

- 26. Management plans to obtain and file all documentation to demonstrate that required ethics training was completed.

Other

- 32. Management plans to post the notice required by R.S. 24:523.1 on its premises and website.