

TOWN OF GRAND COTEAU, LOUISIANA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

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OTHER LOCATIONS:

Eunice Morgan City Abbeville

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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Grand Coteau, Louisiana, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 37 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The other supplementary information on pages 44 through 56 and pages 65 through 70 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, except for the schedule of insurance in force, is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6 2019, on our consideration of the Town of Grand Coteau's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Grand Coteau's internal control over financial reporting and compliance.

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

December 6, 2019

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, 2019

	PRIMARY GOVERNMENT		TOTAL
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,308,360	\$ 159,140	\$ 1,467,500
Certificate of deposit	-	1,286	1,286
Receivables, (net of allowance for uncollectibles)	5,802	86,853	92,655
Accrued interest receivable	-	1,806	1,806
Due from other governments	28,277	-	28,277
Internal balances	(54,744)	54,744	-
Restricted assets	-	222,734	222,734
Prepaid expenses	10,616	-	10,616
Capital assets (net)	810,272	2,384,037	3,194,309
<u>Total assets</u>	2,108,583	2,910,600	5,019,183
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	44,684	19,499	64,183
Payable from restricted assets	-	59,891	59,891
Interest payable	-	1,260	1,260
Long-term liabilities			
Due within one year	374	22,128	22,502
Due in more than one year	25,405	253,784	279,189
<u>Total liabilities</u>	70,463	356,562	427,025
<u>NET POSITION</u>			
Net investment in capital assets	810,272	2,151,595	2,961,867
Restricted for:			
Customer deposits	-	66,867	66,867
Bond retirement	-	77,332	77,332
Unrestricted	1,227,848	258,244	1,486,092
<u>Total net position</u>	2,038,120	2,554,038	4,592,158

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

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION			
	EXPENSES	FEES, FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>FUNCTIONS / PROGRAMS</u>							
Governmental Activities							
General government	\$ 320,343	\$ -	\$ -	\$ -	\$ (320,343)	\$ -	\$ (320,343)
Public safety	545,767	208,769	-	-	(336,998)	-	(336,998)
Public works	242,119	-	-	-	(242,119)	-	(242,119)
Culture and recreation	1,741	-	-	-	(1,741)	-	(1,741)
<u>Total governmental activities</u>	<u>1,109,970</u>	<u>208,769</u>	<u>-</u>	<u>-</u>	<u>(901,201)</u>	<u>-</u>	<u>(901,201)</u>
Business-type Activities							
Gas	191,232	239,869	-	-	-	48,637	48,637
Water	212,823	192,228	-	-	-	(20,595)	(20,595)
Sewer	206,305	155,580	-	-	-	(50,725)	(50,725)
<u>Total business-type activities</u>	<u>610,360</u>	<u>587,677</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,683)</u>	<u>(22,683)</u>
<u>Total primary government</u>	<u>1,720,330</u>	<u>796,446</u>	<u>-</u>	<u>-</u>	<u>(901,201)</u>	<u>(22,683)</u>	<u>(923,884)</u>
General revenues							
Taxes							
Property taxes, levied for general purposes					26,974	-	26,974
Sales taxes, levied for general purposes					486,341	-	486,341
Franchise taxes					69,126	-	69,126
Occupational licenses and other permits					63,695	-	63,695
Intergovernmental					396,528	-	396,528
Miscellaneous					20,839	-	20,839
Transfers					130,940	(130,940)	-
<u>Total general revenues and transfers</u>					<u>1,194,443</u>	<u>(130,338)</u>	<u>1,064,105</u>
<u>Changes in net position</u>							
Net position - July 1, 2018					1,744,878	2,707,059	4,451,937
Net position - June 30, 2019					<u>2,038,120</u>	<u>2,554,038</u>	<u>4,592,158</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, 2019

	<u>GENERAL</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 412,005	\$ 896,355	\$ 1,308,360
Receivables, net of allowance for uncollectibles			
Taxes	3,055	-	3,055
Intergovernmental	28,277	-	28,277
Other receivable	2,747	-	2,747
Prepaid insurance	10,616	-	10,616
Due from other funds	<u>152,941</u>	<u>39,300</u>	<u>192,241</u>
 <u>Total assets</u>	 <u>609,641</u>	 <u>935,655</u>	 <u>1,545,296</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Accounts payable	\$ 26,223	\$ 1,450	\$ 27,673
Accrued liabilities	17,011	-	17,011
Due to other funds	153,464	93,521	246,985
<u>Total liabilities</u>	<u>196,698</u>	<u>94,971</u>	<u>291,669</u>
 <u>FUND BALANCES</u>			
Restricted	-	840,684	840,684
Assigned	340,716	-	340,716
Unassigned	72,227	-	72,227
<u>Total fund balances</u>	<u>412,943</u>	<u>840,684</u>	<u>1,253,627</u>
 <u>Total liabilities and fund balances</u>	 <u>609,641</u>	 <u>935,655</u>	 <u>1,545,296</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, 2019

Total fund balances for governmental funds at June 30, 2019		\$ 1,253,627
Cost of capital assets at June 30, 2019	\$ 2,141,929	
Less: Accumulated depreciation as of June 30, 2019	<u>(1,331,657)</u>	810,272
Elimination of interfund assets and liabilities		
Due from other funds	192,241	
Due to other funds	(192,241)	-
Long-term liabilities at June 30, 2019		
Capital leases	(2,220)	
Compensated absences	<u>(23,559)</u>	<u>(25,779)</u>
Net position at June 30, 2019		<u><u>2,038,120</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, 2019

	<u>GENERAL</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>REVENUES</u>			
Taxes	\$ 96,100	\$ 486,341	\$ 582,441
Licenses and permits	63,695	-	63,695
Intergovernmental	396,528	-	396,528
Fines and forfeits	208,769	-	208,769
Miscellaneous	20,839	-	20,839
Total revenues	<u>785,931</u>	<u>486,341</u>	<u>1,272,272</u>
<u>EXPENDITURES</u>			
Current operating			
Executive and administrative	264,040	44,495	308,535
Street department	208,330	-	208,330
Police department	461,322	-	461,322
Fire department	41,255	-	41,255
Capital outlay	22,874	-	22,874
Debt service	19,668	-	19,668
Total expenditures	<u>1,017,489</u>	<u>44,495</u>	<u>1,061,984</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>			
<u>OVER (UNDER) EXPENDITURES</u>	<u>(231,558)</u>	<u>441,846</u>	<u>210,288</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from capital lease	2,400	-	2,400
Transfers in	400,000	-	400,000
Transfers out	(9,060)	(260,000)	(269,060)
Total other financing sources (uses)	<u>393,340</u>	<u>(260,000)</u>	<u>133,340</u>
NET CHANGE IN FUND BALANCES	161,782	181,846	343,628
FUND BALANCES, beginning of year	<u>251,161</u>	<u>658,838</u>	<u>909,999</u>
FUND BALANCES, end of year	<u><u>412,943</u></u>	<u><u>840,684</u></u>	<u><u>1,253,627</u></u>

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

TOWN OF GRAND COTEAU, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Total net change in fund balances for the year ended June 30, 2019 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$	343,628
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$	22,874
Depreciation expense for year ended June 30, 2019	<u>(82,296)</u>	(59,422)
Differences between capital leases on modified accrual basis versus accrual basis		9,331
Differences between compensated absences on modified accrual basis versus accrual basis		<u>(295)</u>
Total change in net position for the year ended June 30, 2019 per Statement of Activities		<u><u>293,242</u></u>

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

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	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	\$ 129,949	\$ 4,483	\$ 24,708	\$ 159,140
Certificate of deposit	1,286	-	-	1,286
Accounts receivable, net	24,830	35,422	26,601	86,853
Prepaid insurance	533	679	594	1,806
Due from other funds	67,564	96,401	53,206	217,171
<u>Total current assets</u>	224,162	136,985	105,109	466,256
<u>RESTRICTED ASSETS</u>				
Cash	41,213	82,085	23,885	147,183
Certificate of deposit	44,518	-	31,033	75,551
<u>Total restricted assets</u>	85,731	82,085	54,918	222,734
<u>PROPERTY AND EQUIPMENT</u>				
Utility plant, net	69,954	851,634	1,462,449	2,384,037
<u>Total assets</u>	379,847	1,070,704	1,622,476	3,073,027
<u>LIABILITIES AND NET POSITION</u>				
<u>CURRENT LIABILITIES (from current assets)</u>				
Accounts payable	11,005	6,509	1,985	19,499
Due to other funds	138,020	742	23,665	162,427
<u>Total</u>	149,025	7,251	25,650	181,926
<u>CURRENT LIABILITIES (from restricted assets)</u>				
Revenue bonds payable	-	11,000	6,384	17,384
Notes payable	4,744	-	-	4,744
Interest payable	-	1,260	-	1,260
Customers' deposits	35,313	24,578	-	59,891
<u>Total current liabilities</u>	40,057	36,838	6,384	83,279

Continued on next page.

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
JUNE 30, 2019

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL ENTERPRISE FUNDS
	GAS FUND	WATER FUND	SEWER FUND	
<u>NONCURRENT LIABILITIES</u>				
Revenue bonds payable	\$ -	\$ 85,000	\$ 130,058	\$ 215,058
Notes payable	15,718	-	-	\$ 15,718
Compensated absences	19,334	3,674	-	23,008
<u>Total noncurrent liabilities</u>	35,052	88,674	130,058	253,784
<u>Total liabilities</u>	224,134	132,763	162,092	518,989
<u>NET POSITION</u>				
Net investment in capital assets	69,954	755,634	1,326,007	2,151,595
Restricted for customer deposits	50,418	16,449	-	66,867
Restricted for bond retirement	-	28,798	48,534	77,332
Unrestricted	35,341	137,060	85,843	258,244
<u>Total net position</u>	155,713	937,941	1,460,384	2,554,038

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, 2019

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL ENTERPRISE FUNDS
	GAS FUND	WATER FUND	SEWER FUND	
<u>OPERATING REVENUES</u>				
Charges for services	\$ 239,869	\$ 191,553	\$ 152,076	\$ 583,498
Miscellaneous income	-	675	3,504	4,179
Total operating revenues	<u>239,869</u>	<u>192,228</u>	<u>155,580</u>	<u>587,677</u>
<u>OPERATING EXPENSES</u>				
Personal services	48,457	56,603	27,606	132,666
Contractual services	74,914	-	6,223	81,137
Supplies	13,728	10,303	3,186	27,217
Other expenses	47,715	101,764	57,496	206,975
Depreciation	6,187	40,993	105,504	152,684
Total operating expenses	<u>191,001</u>	<u>209,663</u>	<u>200,015</u>	<u>600,679</u>
<u>OPERATING INCOME (LOSS)</u>	<u>48,868</u>	<u>(17,435)</u>	<u>(44,435)</u>	<u>(13,002)</u>
<u>NON-OPERATING REVENUES</u> <u>(EXPENSES)</u>				
Interest expense	(231)	(3,160)	(6,290)	(9,681)
Total non-operating revenues (expenses)	<u>371</u>	<u>(3,160)</u>	<u>(6,290)</u>	<u>(9,079)</u>
<u>INCOME (LOSS) BEFORE</u> <u>CONTRIBUTIONS AND TRANSFERS</u>	<u>49,239</u>	<u>(20,595)</u>	<u>(50,725)</u>	<u>(22,081)</u>
<u>OPERATING TRANSFERS IN (OUT)</u>				
Operating transfer in	-	9,060	-	9,060
Operating transfer out	(20,000)	(70,000)	(50,000)	(140,000)
Total operating transfers in (out)	<u>(20,000)</u>	<u>(60,940)</u>	<u>(50,000)</u>	<u>(130,940)</u>
<u>CHANGE IN NET POSITION</u>	29,239	(81,535)	(100,725)	(153,021)
NET POSITION, beginning of year	<u>126,474</u>	<u>1,019,476</u>	<u>1,561,109</u>	<u>2,707,059</u>
NET POSITION, end of year	<u>155,713</u>	<u>937,941</u>	<u>1,460,384</u>	<u>2,554,038</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, 2019

	<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	\$ 240,594	\$ 198,428	\$ 156,609	\$ 595,631
Cash payments to suppliers for goods and services	(130,379)	(111,264)	(67,345)	(308,988)
Cash payments to employees for services	(49,077)	(52,929)	(28,974)	(130,980)
<u>Net cash provided by operating activities</u>	<u>61,138</u>	<u>34,235</u>	<u>60,290</u>	<u>155,663</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Transfers in (out)	(40,041)	(63,022)	(25,707)	(128,770)
<u>Net cash used by noncapital financing activities</u>	<u>(40,041)</u>	<u>(63,022)</u>	<u>(25,707)</u>	<u>(128,770)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Acquisition of capital assets	(25,995)	-	(2,902)	(28,897)
Principal paid on revenue bonds and notes	-	(11,000)	(6,103)	(17,103)
Issuance of debt	20,462	-	-	20,462
Interest paid on revenue bonds and notes	(231)	(3,160)	(6,290)	(9,681)
<u>Net cash used by capital and related financing activities</u>	<u>(5,764)</u>	<u>(14,160)</u>	<u>(15,295)</u>	<u>(35,219)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Purchase of investments	(602)	-	-	(602)
Interest on investments	602	-	-	602
<u>Net cash provided by investing activities</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	<u>15,333</u>	<u>(42,947)</u>	<u>19,288</u>	<u>(8,326)</u>
<u>CASH AND CASH EQUIVALENTS, July 1, 2018</u>	<u>155,829</u>	<u>129,515</u>	<u>29,305</u>	<u>314,649</u>
<u>CASH AND CASH EQUIVALENTS, June 30, 2019</u>	<u>171,162</u>	<u>86,568</u>	<u>48,593</u>	<u>306,323</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, 2019

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	GAS FUND	WATER FUND	SEWER FUND	TOTAL ENTERPRISE FUNDS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 48,868	\$ (17,435)	\$ (44,435)	\$ (13,002)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	6,187	40,993	105,504	152,684
(Increase) decrease in accounts receivable	(316)	3,770	1,029	4,483
Increase (decrease) in accounts payable	5,978	803	(440)	6,341
Increase (decrease) in compensated absences	(621)	3,674	(1,368)	1,685
Increase (decrease) in customers' deposits	1,042	2,430	-	3,472
Total adjustments	<u>12,270</u>	<u>51,670</u>	<u>104,725</u>	<u>168,665</u>
Net cash provided by operating activities	<u>61,138</u>	<u>34,235</u>	<u>60,290</u>	<u>155,663</u>
	GAS FUND	WATER FUND	SEWER FUND	TOTAL ENTERPRISE FUNDS
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE BALANCE SHEET				
Cash and cash equivalents, beginning of period				
Cash - unrestricted	\$ 115,658	\$ 65,116	\$ 4,210	\$ 184,984
Cash - restricted	40,171	64,400	25,096	129,667
Total cash and cash equivalents	<u>155,829</u>	<u>129,516</u>	<u>29,306</u>	<u>314,651</u>
Cash and cash equivalents, end of period				
Cash - unrestricted	129,949	4,483	24,708	159,140
Cash - restricted	41,213	82,085	23,885	147,183
Total cash and cash equivalents	<u>171,162</u>	<u>86,568</u>	<u>48,593</u>	<u>306,323</u>
Net increase (decrease)	<u>15,333</u>	<u>(42,948)</u>	<u>19,287</u>	<u>(8,328)</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, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. FINANCIAL REPORTING ENTITY

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

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

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

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

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

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

FUND FINANCIAL STATEMENTS

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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

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

The Town reports the following major governmental funds:

Governmental Funds

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

Special Revenue Funds

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

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

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

The Town reports the following major proprietary funds:

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Enterprise Funds

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

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

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

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

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

MEASUREMENT FOCUS

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

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

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

BASIS OF ACCOUNTING

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

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

Bad debts are written off when accounts become worthless.

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

Program Revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues.

Allocation of Indirect Expenses

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

CASH AND INVESTMENTS

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

At year-end, the carrying amount of the Town's cash and cash equivalents was \$1,467,500. The bank balance of cash was \$1,614,683 and of cash equivalents was \$76,837. 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, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

These securities are held in the name of the Town or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. The Town does not have a policy for custodial credit risk. As of June 30, 2019, the Town's is fully insured by FDIC and pledged collateral.

INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

CAPITAL ASSETS

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

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

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

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

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

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

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

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

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

BAD DEBTS

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

Allowance for uncollectible accounts receivable at June 30, 2019 in the General Fund and Enterprise Funds was \$8,624 and \$35,197, respectively.

ENCUMBRANCES

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

INVENTORY

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

COMPENSATED ABSENCES

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

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

CASH AND CASH EQUIVALENTS

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

RESTRICTED ASSETS

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

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

LONG-TERM DEBT

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

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

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

REVENUES, EXPENDITURES, AND EXPENSES

Operating Revenues and Expenses

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

Expenditures/Expenses

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

In the fund financial statements, expenditures are classified as follows:

- Governmental Funds – By Character
- Proprietary Fund – By Operating and Non-operating

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

Interfund Transfers

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

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

EQUITY CLASSIFICATIONS

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

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position – Consist of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance reports aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Proprietary fund equity is classified the same as in the government-wide statements.

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

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

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

TOWN OF GRAND COTEAU, LOUISIANA
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - RECEIVABLES

Receivables at June 30, 2019 consist of the following:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Taxes receivable	\$ 11,679	\$ -	\$ 11,679
Accounts		122,050	122,050
Allowance for bad debts	(8,624)	(35,197)	(43,821)
Other receivable	<u>2,747</u>	<u>-</u>	<u>2,747</u>
<u>Total</u>	<u>5,802</u>	<u>86,853</u>	<u>92,655</u>

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2019 for the Town of Grand Coteau are as follows:

	Balances July 1, 2018	Additions	Disposals	Balances June 30, 2019
Governmental Activities				
Land	\$ 143,375	\$ -	\$ -	\$ 143,375
Building and improvements	227,450	3,540	-	230,990
Equipment	500,285	19,334	-	519,619
Other structures and improvements	1,247,945	-	-	1,247,945
Totals at historical cost	<u>2,119,055</u>	<u>22,874</u>	<u>-</u>	<u>2,141,929</u>
Less accumulated depreciation				
Building and improvements	(156,120)	(5,981)	-	(162,101)
Equipment	(445,941)	(30,438)	-	(476,379)
Other structures and improvements	(647,300)	(45,877)	-	(693,177)
Total accumulated depreciation	<u>(1,249,361)</u>	<u>(82,296)</u>	<u>-</u>	<u>(1,331,657)</u>
Governmental Activities				
Capital assets, net	<u>869,694</u>	<u>(59,422)</u>	<u>-</u>	<u>810,272</u>
	Balances July 1, 2018	Additions	Disposals	Balances June 30, 2019
Business-type Activities				
Land	\$ 24,000	\$ -	\$ -	\$ 24,000
Gas system and equipment	388,989	25,995	-	414,984
Waterworks system and equipment	2,148,379	-	-	2,148,379
Sewer plant and equipment	3,840,258	2,902	-	3,843,160
Totals at historical cost	<u>6,401,626</u>	<u>28,897</u>	<u>-</u>	<u>6,430,523</u>
Less accumulated depreciation				
Gas system and equipment	(338,843)	(6,187)	-	(345,030)
Waterworks system and equipment	(1,255,752)	(40,993)	-	(1,296,745)
Sewer plant and equipment	(2,299,207)	(105,504)	-	(2,404,711)
Total accumulated depreciation	<u>(3,893,802)</u>	<u>(152,684)</u>	<u>-</u>	<u>(4,046,486)</u>
Business-type Activities				
Capital assets, net	<u>2,507,824</u>	<u>(123,787)</u>	<u>-</u>	<u>2,384,037</u>

TOWN OF GRAND COTEAU, LOUISIANA
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 3 - CAPITAL ASSETS - CONTINUED

Depreciation expense was charged to governmental activities as follows:

General government	\$ 12,192
Public safety - police	24,465
Public safety - fire	4,579
Public works - streets	39,319
Park	<u>1,741</u>
Total	<u><u>82,296</u></u>

NOTE 4 - ACCOUNTS AND OTHER PAYABLES

The accounts and other payable consisted of the following at June 30, 2019:

	Governmental Activities	Business-type Activities	Total
Accounts payable	\$ 27,673	\$ 19,499	\$47,172
Accrued payroll	<u>17,011</u>	<u>-</u>	<u>17,011</u>
	<u><u>44,684</u></u>	<u><u>19,499</u></u>	<u><u>64,183</u></u>

NOTE 5 - RETIREMENT

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

NOTE 6 - CASH AND CASH EQUIVALENTS

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

Unrestricted assets	
Cash	\$ 159,140
Restricted assets	
Cash	<u>147,185</u>
	<u><u>306,325</u></u>

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 - ACCOUNTS RECEIVABLE – ENTERPRISE FUND

The accounts receivable consists of gas, water and sewer billings uncollected as of June 30, 2019. The detail of the accounts receivable as of June 30, 2019 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	\$ 26,797	\$ 34,354	\$26,192
31-60	555	711	542
61-90	173	221	169
91 and older	10,185	13,056	9,954
<u>Total</u>	<u>37,710</u>	<u>48,342</u>	<u>36,857</u>
Less: Allowance for doubtful accounts	(12,718)	(12,422)	(10,057)
Plus: NSF receivable	<u>(162)</u>	<u>(498)</u>	<u>(199)</u>
<u>Total</u>	<u>24,830</u>	<u>35,422</u>	<u>26,601</u>

Gas rates at June 30, 2019 were as follows:

Residential users:

Flat \$23.69 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 \$23.69 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, 2019 were as follows:

Residential users:

Flat \$15.45 per 2,000 gallons or less
Over 2,000 gallons, \$4.00 per 1,000 gallons

Commercial users:

Flat \$41.20 per 2,000 gallons or less
Over 2,000 gallons, \$4.00 per 1,000 gallons

Sewer rates at June 30, 2019 were as follows:

Residential users:

Flat \$16.48 per 2,000 gallons or less
Over 2,000 gallons, \$3.25 per 1,000 gallons

Commercial users:

Flat \$24.72 per 2,000 gallons or less
Over 2,000 gallons, \$3.25 per 1,000 gallons

NOTE 8 - AD VALOREM TAXES

For the year ended June 30, 2019, the Town of Grand Coteau levied a general tax of 5.28 mills on property with assessed valuation totaling \$5,513,940. Taxes receivable at June 30, 2019 totaled \$2,019.

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, 2019

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, 2019
Enterprise Funds	
Restricted for customers' deposits	\$ 66,867
Restricted for bond retirement	77,332
	144,199

NOTE 10 - DEDICATION OF SALES TAX PROCEEDS

The Town of Grand Coteau has two 1% percent sales tax funds and one 2% percent sales tax fund. Proceeds of the one percent sales and use tax are dedicated to the following purposes:

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

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

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

The two percent sales and use tax and two percent hotel occupancy is deposited in a special trust fund named the "Grand Coteau Economic Development District No. 1 District Trust Fund", the purpose of which is to fund economic development projects selected by the Grand Coteau Economic Development District No. 1.

NOTE 11 - PROPRIETARY FUNDS – RESTRICTED ASSETS

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

Customers' deposits	\$ 126,758
Bond retirement - Reserve	37,208
Bond retirement - Sinking Fund	43,169
Bond retirement - Depreciation and Contingency	15,599
	222,734

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 - GOVERNMENTAL ACTIVITIES – LONG-TERM DEBT

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

	Balances			Balances	
	July 1, 2018	Additions	Payments	June 30, 2019	Due Within One Year
Capital lease	\$ 11,551	\$ 2,400	\$11,731	\$ 2,220	\$ 374
Compensated absences	23,264	295	-	23,559	-
	<u>34,815</u>	<u>2,695</u>	<u>11,731</u>	<u>25,779</u>	<u>374</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, 2019:

Description of Debt	Balances			Balances	
	July 1, 2018	Issued	Retired	June 30, 2019	Due Within One Year
\$225,000 of Sewer Revenue Bonds at 4.5% dated February 17, 1995	\$142,545	\$ -	\$ 6,103	\$136,442	\$ 6,384
\$25,995 loan in gas for auto at 4.98% dated October 18, 2018	-	25,995	5,533	20,462	4,744
\$150,000 of Limited Tax Bonds, Series 2014 at 3.0% dated November 13, 2014	107,000	-	11,000	96,000	11,000
Total notes	<u>249,545</u>	<u>25,995</u>	<u>22,636</u>	<u>252,904</u>	<u>22,128</u>
Compensated absences payable	21,323	1,685	-	23,008	-
Total long-term debt	<u>270,868</u>	<u>27,680</u>	<u>22,636</u>	<u>275,912</u>	<u>22,128</u>

TOWN OF GRAND COTEAU, LOUISIANA
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019

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

The annual requirements to retire debt as of June 30, 2019, are as follows:

Years Ending June 30	Principal	Interest	Total
2020	23,128	9,907	33,035
2021	23,657	9,018	32,675
2022	24,212	8,103	32,315
2023	26,794	7,161	33,955
2024-2028	87,875	26,510	114,385
2029-2033	52,419	11,848	64,267
2034-2036	14,805	1,385	16,190
	<u>252,890</u>	<u>73,932</u>	<u>326,822</u>

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

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

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

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

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

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - INTERFUND RECEIVABLES/PAYABLES

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Funds		
Special Revenue Funds	\$ 39,300	\$ 93,521
General Fund	152,941	153,464
Proprietary Funds		
Gas Fund	67,564	138,020
Water Fund	96,401	742
Sewer Fund	53,206	23,665
	<u>\$ 409,412</u>	<u>\$ 409,412</u>

NOTE 17 - RISK MANAGEMENT

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

NOTE 18 - FUND BALANCE CONSTRAINTS

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Fund Balances:			
Nonspendable:	\$ -	\$ -	\$ -
Restricted:	-	840,684	840,684
Committed:	-	-	-
Assigned:			
Fire and police equipment	340,716	-	340,716
Total - Assigned	<u>340,716</u>	<u>840,684</u>	<u>1,181,400</u>
Unassigned:	<u>72,227</u>	<u>-</u>	<u>72,227</u>
Total fund balances	<u>412,943</u>	<u>840,684</u>	<u>1,253,627</u>

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 19 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

NOTE 20 - PENSION PLAN

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

NOTE 21 - SUBSEQUENT EVENTS

Subsequent events were evaluated through December 6, 2019, 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, 2019

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 108,181	\$ 97,505	\$ 96,100	\$ (1,405)
Licenses and permits	52,047	50,750	63,695	12,945
Intergovernmental	205,508	316,188	396,528	80,340
Fines and forfeits	238,931	207,530	208,769	1,239
Miscellaneous	25,317	16,175	20,839	4,664
Total revenues	<u>629,984</u>	<u>688,148</u>	<u>785,931</u>	<u>97,783</u>
EXPENDITURES				
Current operating				
Executive and administrative	237,699	241,910	264,040	(22,130)
Street department	159,212	192,938	208,330	(15,392)
Police department	502,553	485,984	461,322	24,662
Fire department	67,722	48,791	41,255	7,536
Capital outlay	30,600	24,770	22,874	1,896
Debt service	19,508	19,488	19,668	(180)
Total expenditures	<u>1,017,294</u>	<u>1,013,881</u>	<u>1,017,489</u>	<u>(3,608)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES				
	<u>(387,310)</u>	<u>(325,733)</u>	<u>(231,558)</u>	<u>94,175</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	-	2,400	2,400	-
Transfers in	400,000	400,000	400,000	-
Transfers out	(14,630)	(14,630)	(9,060)	5,570
Total other financing sources (uses)	<u>385,370</u>	<u>387,770</u>	<u>393,340</u>	<u>5,570</u>
NET CHANGE IN FUND BALANCE	<u>(1,940)</u>	<u>62,037</u>	161,782	<u>99,745</u>
FUND BALANCE, beginning of year			<u>251,161</u>	
FUND BALANCE, end of year			<u>412,943</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, 2019

	BUDGET		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Sales tax collections	\$ 139,975	\$ 152,415	\$ 156,854	\$ 4,439
Total revenues	<u>139,975</u>	<u>152,415</u>	<u>156,854</u>	<u>4,439</u>
EXPENDITURES				
Current operating				
Executive and administrative	8,320	9,585	8,124	1,461
Total expenditures	<u>8,320</u>	<u>9,585</u>	<u>8,124</u>	<u>1,461</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>131,655</u>	<u>142,830</u>	<u>148,730</u>	<u>5,900</u>
OTHER FINANCING USES				
Transfers out	(130,000)	(130,000)	(130,000)	-
Total other financing sources (uses)	<u>(130,000)</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>1,655</u>	<u>12,830</u>	18,730	<u>5,900</u>
FUND BALANCE, beginning of year			<u>204,804</u>	
FUND BALANCE, end of year			<u>223,534</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, 2019

	BUDGET		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Sales tax collections	\$ 139,975	\$ 152,415	\$ 156,853	\$ 4,438
Total revenues	<u>139,975</u>	<u>152,415</u>	<u>156,853</u>	<u>4,438</u>
EXPENDITURES				
Current operating				
Executive and administrative	8,905	10,315	7,896	2,419
Total expenditures	<u>8,905</u>	<u>10,315</u>	<u>7,896</u>	<u>2,419</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>131,070</u>	<u>142,100</u>	<u>148,957</u>	<u>6,857</u>
OTHER FINANCING USES				
Transfers in	-	-	-	-
Transfers out	(130,000)	(130,000)	(130,000)	-
Total other financing uses	<u>(130,000)</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>1,070</u>	<u>12,100</u>	18,957	<u>6,857</u>
FUND BALANCE, beginning of year			<u>152,780</u>	
FUND BALANCE, end of year			<u>171,737</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, 2019

	BUDGET		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Sales tax collections	\$ 160,000	\$ 164,530	\$ 172,634	\$ 8,104
Total revenues	<u>160,000</u>	<u>164,530</u>	<u>172,634</u>	<u>8,104</u>
EXPENDITURES				
Current operating				
Executive and administrative	311,700	20,995	28,475	(7,480)
Total expenditures	<u>311,700</u>	<u>20,995</u>	<u>28,475</u>	<u>(7,480)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(151,700)</u>	<u>143,535</u>	<u>144,159</u>	<u>624</u>
NET CHANGE IN FUND BALANCE	<u>(151,700)</u>	<u>143,535</u>	<u>144,159</u>	<u>624</u>
FUND BALANCE, beginning of year			<u>301,254</u>	
FUND BALANCE, end of year			<u>445,413</u>	

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 BASIS OF ACCOUNTING

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

NOTE 2 BUDGETARY PRACTICES

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

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

The budgeted amounts shown in these financials statements include the original and final budget amounts for the year ending June 30, 2019. The budget was amended during a public meeting prior to the fiscal year-end.

MAJOR GOVERNMENTAL FUND

GENERAL FUND

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund. The General Fund has a greater number and variety of revenue sources than any other fund, and its resources normally finance a wider range of activities. The resources of the General Fund are ordinarily largely expended and replenished on an annual basis.

TOWN OF GRAND COTEAU, LOUISIANA
GENERAL FUND
BALANCE SHEET
JUNE 30, 2019

ASSETS

Cash	\$ 412,005
Receivables, net of allowance for uncollectibles	
Ad valorem taxes	3,055
Intergovernmental	28,277
Other receivable	2,747
Prepaid insurance	10,616
Due from other funds	<u>152,941</u>
Total assets	<u><u>609,641</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 26,223
Accrued liabilities	17,011
Due to other funds	<u>153,464</u>
Total liabilities	<u><u>196,698</u></u>

FUND BALANCE

Assigned	340,716
Unassigned	<u>72,227</u>
Total fund balance	<u><u>412,943</u></u>
Total liabilities and fund balance	<u><u>609,641</u></u>

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Taxes	\$ 97,505	\$ 96,100	\$ (1,405)
Licenses and permits	50,750	63,695	12,945
Intergovernmental	316,188	396,528	80,340
Fines and forfeits	207,530	208,769	1,239
Miscellaneous	16,175	20,839	4,664
Total revenues	<u>688,148</u>	<u>785,931</u>	<u>97,783</u>
EXPENDITURES			
Current operating			
Executive and administrative	241,910	264,040	(22,130)
Street department	192,938	208,330	(15,392)
Police department	485,984	461,322	24,662
Fire department	48,791	41,255	7,536
Capital outlay	24,770	22,874	1,896
Debt service	19,488	19,668	(180)
Total expenditures	<u>1,013,881</u>	<u>1,017,489</u>	<u>(3,608)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(325,733)</u>	<u>(231,558)</u>	<u>94,175</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from capital lease	2,400	2,400	
Transfers in	400,000	400,000	-
Transfers out	(14,630)	(9,060)	5,570
Total other financing sources (uses)	<u>387,770</u>	<u>393,340</u>	<u>5,570</u>
NET CHANGE IN FUND BALANCE	<u>62,037</u>	161,782	<u>99,745</u>
FUND BALANCE, beginning of year		<u>251,161</u>	
FUND BALANCE, end of year		<u>412,943</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, 2019

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
TAXES			
Property taxes	\$ 26,670	\$ 26,974	\$ 304
Franchise - Electric	69,300	67,643	(1,657)
Franchise - Cable television	1,160	1,202	42
Franchise- Telephone	375	281	(94)
Total taxes	<u>97,505</u>	<u>96,100</u>	<u>(1,405)</u>
LICENSES AND PERMITS			
Licenses and permits	50,750	63,695	12,945
Total licenses and permits	<u>50,750</u>	<u>63,695</u>	<u>12,945</u>
INTERGOVERNMENTAL			
Beer tax	1,880	1,410	(470)
Department of Public Safety	1,750	2,245	495
DOTD	3,330	3,330	-
Federal/state grants	6,600	6,600	-
Parish government reimbursements	-	16,500	16,500
Fire insurance rebate	90	90	-
Solid waste	7,288	7,288	-
Supplemental pay	20,250	15,000	(5,250)
Video poker fees / Racino income	275,000	344,065	69,065
Total intergovernmental	<u>316,188</u>	<u>396,528</u>	<u>80,340</u>
FINES			
Court fines and Step tickets	207,530	208,769	1,239
Total fines	<u>207,530</u>	<u>208,769</u>	<u>1,239</u>
MISCELLANEOUS			
Court fees	14,425	15,416	991
Miscellaneous income	1,750	5,423	3,673
	<u>16,175</u>	<u>20,839</u>	<u>4,664</u>
Total revenues	<u><u>688,148</u></u>	<u><u>785,931</u></u>	<u><u>97,783</u></u>

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>EXECUTIVE AND ADMINISTRATIVE</u>			
<u>Personal services</u>			
Salaries - Clerical	\$ 64,812	\$ 61,611	\$ 3,201
Salaries - Mayor and Council	36,600	36,585	15
Payroll taxes	9,916	18,044	(8,128)
<u>Supplies</u>			
Supplies and postage	20,080	17,493	2,587
<u>Other</u>			
Conventions and conferences	5,900	5,639	261
Advertising	220	727	(507)
Dues and subscriptions	10,015	9,140	875
Employee drug screens	2,010	1,941	69
Engineering fees	12,500	6,520	5,980
Equipment rental	1,621	1,595	26
Insurance	32,436	44,269	(11,833)
Legal and professional	29,200	43,732	(14,532)
Miscellaneous	880	(3,716)	4,596
Pest control	500	511	(11)
Repairs and maintenance	4,880	5,539	(659)
Telephone	1,250	1,522	(272)
Travel	3,290	2,479	811
Utilities	5,800	10,409	(4,609)
Capital outlay	13,861	11,965	1,896
<u>Total executive and administrative</u>	<u>255,771</u>	<u>276,005</u>	<u>(20,234)</u>

STREET DEPARTMENT

<u>Personal services</u>			
Salaries	42,300	41,966	334
Payroll taxes	6,500	5,715	785

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, 2019

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>STREET DEPARTMENT</u>			
<u>Supplies</u>			
Materials and Supplies	\$ 23,240	\$ 29,300	\$ (6,060)
<u>Other</u>			
Auto and truck expense	40,455	37,588	2,867
Repairs and maintenance	26,145	39,251	(13,106)
Insurance	24,713	31,213	(6,500)
Utilities	22,328	17,200	5,128
Tractor expense	2,980	2,082	898
Miscellaneous	392	207	185
Uniforms	3,635	3,694	(59)
Equipment rental	250	114	136
Capital outlay	3,413	3,413	-
<u>Total street department</u>	<u>196,351</u>	<u>211,743</u>	<u>(15,392)</u>
<u>POLICE DEPARTMENT</u>			
<u>Personal services</u>			
Salaries	309,300	313,297	(3,997)
Payroll taxes	48,000	37,753	10,247
<u>Supplies</u>			
Materials and supplies	8,769	7,190	1,579
Uniforms	2,100	2,003	97
<u>Other</u>			
Insurance	55,605	62,951	(7,346)
Auto operating expense	21,428	20,062	1,366
Telephone	1,464	2,197	(733)
Repairs	3,380	980	2,400
Miscellaneous	120	2,375	(2,255)
Education	2,948	1,368	1,580
Prisoner meals	120	83	37
Fees	12,500	11,063	1,437
Capital outlay	7,496	7,496	-
Debt service	19,488	19,668	(180)
<u>Total police department</u>	<u>492,718</u>	<u>488,486</u>	<u>4,232</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, 2019

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>FIRE DEPARTMENT</u>			
<u>Personal services</u>			
Salaries	\$ 31,814	\$ 23,637	\$ 8,177
Payroll taxes	5,000	3,617	1,383
<u>Supplies</u>			
Materials and supplies	1,004	2,421	(1,417)
<u>Other</u>			
Telephone	570	570	-
Utilities	1,000	3,447	(2,447)
Insurance	6,178	4,312	1,866
Miscellaneous	50	76	(26)
Repairs and maintenance	3,175	3,175	-
<u>Total fire department</u>	<u>48,791</u>	<u>41,255</u>	<u>7,536</u>
<u>Total expenditures</u>	<u>993,631</u>	<u>1,017,489</u>	<u>(23,858)</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, 2019

ASSETS

Cash	<u>\$ 269,837</u>
<u>Total assets</u>	<u>269,837</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other funds	<u>\$ 46,303</u>
<u>Total liabilities</u>	<u>46,303</u>

FUND BALANCE

Restricted	<u>223,534</u>
<u>Total fund balance</u>	<u>223,534</u>

<u>Total liabilities and fund balance</u>	<u>269,837</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, 2019

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Taxes			
Sales tax collections	\$ 152,415	\$ 156,854	\$ 4,439
<u>Total revenues</u>	152,415	156,854	4,439
<u>EXPENDITURES</u>			
Current operating			
General and administrative	9,585	8,124	1,461
<u>Total expenditures</u>	9,585	8,124	1,461
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	142,830	148,730	5,900
<u>OTHER FINANCING USES</u>			
Transfers out	(130,000)	(130,000)	-
<u>Total other financing uses</u>	(130,000)	(130,000)	-
<u>NET CHANGE IN FUND BALANCE</u>	12,830	18,730	5,900
<u>FUND BALANCE</u> , beginning of year		204,804	
<u>FUND BALANCE</u> , end of year		223,534	

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
SPECIAL REVENUE FUND
2010 SALES TAX FUND
BALANCE SHEET
JUNE 30, 2019

ASSETS

Cash	\$ 179,655
Due from other funds	<u>39,300</u>
<u>Total assets</u>	<u><u>218,955</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other funds	\$ 47,218
<u>Total liabilities</u>	<u>47,218</u>

FUND BALANCE

Restricted	171,737
<u>Total fund balance</u>	<u>171,737</u>

<u>Total liabilities and fund balance</u>	<u><u>218,955</u></u>
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See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
2010 SALES TAX FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Taxes			
Sales tax collections	\$ 152,415	\$ 156,853	\$ 4,438
<u>Total revenues</u>	<u>152,415</u>	<u>156,853</u>	<u>4,438</u>
<u>EXPENDITURES</u>			
General and administrative	10,315	7,896	2,419
<u>Total expenditures</u>	<u>10,315</u>	<u>7,896</u>	<u>2,419</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>142,100</u>	<u>148,957</u>	<u>6,857</u>
<u>OTHER FINANCING USES</u>			
Transfers in	-	-	-
Transfers out	(130,000)	(130,000)	-
<u>Total other financing uses</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>12,100</u>	18,957	<u>6,857</u>
<u>FUND BALANCE</u> , beginning of year		<u>152,780</u>	
<u>FUND BALANCE</u> , end of year		<u>171,737</u>	

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
SPECIAL REVENUE FUND
TIF DISTRICT FUND
BALANCE SHEET
JUNE 30, 2019

<u>ASSETS</u>		
Cash		\$ 446,863
	<u>Total assets</u>	<u>446,863</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable		\$ 1,450
	<u>Total liabilities</u>	<u>1,450</u>
<u>FUND BALANCE</u>		
Restricted		445,413
	<u>Total fund balance</u>	<u>445,413</u>
	 <u>Total liabilities and fund balance</u>	 <u>446,863</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, 2019

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Taxes			
Sales tax collections	\$ 164,530	\$ 172,634	\$ 8,104
<u>Total revenues</u>	<u>164,530</u>	<u>172,634</u>	<u>8,104</u>
<u>EXPENDITURES</u>			
General and administrative	20,995	28,475	(7,480)
<u>Total expenditures</u>	<u>20,995</u>	<u>28,475</u>	<u>(7,480)</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>143,535</u>	<u>144,159</u>	<u>624</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>143,535</u>	<u>144,159</u>	<u>624</u>
<u>FUND BALANCE</u> , beginning of year		<u>301,254</u>	
<u>FUND BALANCE</u> , end of year		<u>445,413</u>	

See Independent Auditor's Report.

COMPLIANCE AND INTERNAL CONTROL



OTHER LOCATIONS:

Eunice Morgan City Abbeville

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Grand Coteau, Louisiana, as of and for the year ended June 30, 2019, 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 6, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider significant deficiencies listed as items 2019-001 and 2019-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Grand Coteau's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as item 2019-003.

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.

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

December 6, 2019

TOWN OF GRAND COTEAU, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2019

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, 2019, and have issued our report thereon dated December 6, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the *Uniform Guidance*. Our audit of the financial statements as of June 30, 2019 resulted in an unmodified opinion.
2. Two significant deficiencies and material weaknesses relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. One instances of noncompliance relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. A management letter was issued for the Town of Grand Coteau, Louisiana, as of and for the year ended June 30, 2019.
5. There was no single audit required under the *Uniform Guidance*.

II. FINDINGS – FINANCIAL STATEMENT AUDIT

Internal Control Material to the Financial Statements

2019-001 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, 2019

II. FINDINGS – FINANCIAL STATEMENT AUDIT

2019-002 Lack of Documentation of Employee Pay Records

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

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

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

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

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

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

Compliance and other Matters

2019-003 Late Submission of Payroll Reports

Condition: The Town did not file payroll reports on time for one quarter for the year ended June 30, 2019.

Criteria: The Town is responsible for filing payroll tax returns by the due date.

Cause: The Town failed to ensure reports were filed timely.

Effect: Not filing payroll tax returns on time can result in public funds being spent unnecessarily for penalties and interest charges.

Recommendation: The Town should develop and implement written policies and procedures to ensure payroll reports are filed on time.

TOWN OF GRAND COTEAU, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2019

III. FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Not Applicable

TOWN OF GRAND COTEAU, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2019

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

2018-001 Lack of Segregation of Duties

Status: See current year finding 2019-001.

2018-002 Lack of Controls over Fuel

Status: This finding has been resolved.

2018-003 Board Approval of Certain Cash Disbursements

Status: This finding has been resolved.

2018-004 Employee Advances

Status: This finding has been resolved.

2018-005 Sinking Fund Requirements

Status: This finding has been resolved.

SECTION II – Internal Control and Compliance Material to Federal Awards

N/A

SECTION III – Management Letter

A management letter was issued for the Town of Grand Coteau, Louisiana for the year ended June 30, 2019.

OTHER SUPPLEMENTARY SCHEDULES

TOWN OF GRAND COTEAU, LOUISIANA
 ENTERPRISE FUNDS
 SCHEDULE OF OPERATING EXPENSES
 FOR THE YEAR ENDED JUNE 30, 2019

GAS FUND

Personal services

Salaries	\$ 40,621
Payroll taxes	7,836

Contractual services

Gas purchases	67,281
Survey expense	7,633

Supplies

Office supplies and postage	13,728
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Other

Legal and professional	6,171
Insurance	10,109
Repairs and maintenance	975
Utilities	1,959
Training	13,777
Telephone	279
Miscellaneous	14,692
Dottie	374
Compensated absences	(621)

Depreciation

6,187

Total gas fund expenses

191,001

WATER FUND

Personal services

Salaries	\$ 48,137
Payroll taxes	8,466

Supplies

Materials and supplies	10,303
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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, 2019

WATER FUND - continued

Other

Legal and professional	\$ 12,389
Insurance	14,578
Utilities	15,327
Repairs and maintenance	44,454
Telephone	148
Training	510
Miscellaneous	4,083
Safe water drinking fee	6,601
Compensated absences	3,674

<u>Depreciation</u>	<u>40,993</u>
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<u>Total water fund expenses</u>	<u><u>209,663</u></u>
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SEWER FUND

Personal services

Salaries	\$ 23,348
Payroll taxes	4,258

Contractual services

Analysis expense	6,223
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Supplies

Materials and supplies	3,186
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Other

Legal and professional	7,292
Insurance	8,682
Utilities	15,347
Repairs and maintenance	25,473
Miscellaneous	2,070
Compensated absences	(1,368)

<u>Depreciation</u>	<u>105,504</u>
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<u>Total sewer fund expenses</u>	<u><u>200,015</u></u>
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See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
 COMBINED SCHEDULE OF BONDS PAYABLE
 JUNE 30, 2019

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	\$ 88,558	\$ 136,442
Water utility	3.00%	3/1 9/1	11/13/2014	3/1/2026	Varies	<u>150,000</u>	<u>150,000</u>	<u>54,000</u>	<u>96,000</u>
<u>Total revenue bonds</u>						<u>500,000</u>	<u>500,000</u>	<u>267,558</u>	<u>232,442</u>

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
 COMBINED SCHEDULE OF CASH EQUIVALENTS – ALL FUNDS
 JUNE 30, 2019

<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.	0.50%	9/19/2019	\$ 44,518
Certificate of Deposit Bank of Sunset and Trust Co.	0.50%	12/7/2019	31,033
Certificate of Deposit Bank of Sunset and Trust Co.	0.50%	9/19/2019	<u>1,286</u>
<u>Total</u>			<u><u>76,837</u></u>

See Independent Auditor's Report.

TOWN OF GRAND COTEAU, LOUISIANA
 SCHEDULE OF INSURANCE IN FORCE
 JUNE 30, 2019
 (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	9/15/2018	9/15/2019
	Blanket Bond	\$5,000	10/1/2018	10/1/2019
Dupre Carrier Godchaux Agency	Property/Building	\$2,500 deductible	1/14/2019	1/14/2020
	Town Hall	\$380,202		
	Police Station	\$41,266		
	Fire Station	\$90,362		
	Equipment Garage	\$394,000		
	Water Treatment Plant	\$337,580		
Louisiana Risk Mangement	General Liability	\$500,000	5/1/2019	5/1/2020
	Errors and Omissions	\$1,000 each claimant		
	Law Enforcement Officer	\$1,000 deductible		
	Automobile Liability			

TOWN OF GRAND COTEAU, LOUISIANA
 SCHEDULE OF COMPENSATION PAID TO MAYOR AND COUNCIL
 FOR THE YEAR ENDED JUNE 30, 2019

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	\$ 6,911
Patrick Richard	Jan 2019 - Dec 2023	Mayor	7,200
James Richard	Jan 2019 - Dec 2023	Aldersperson	1,800
Brad Randell	Jan 2019 - Dec 2023	Aldersperson	1,800
Annette Charles	Jan 2019 - Dec 2023	Aldersperson	1,800
Eli Wheeler	Jan 2019 - Dec 2023	Aldersperson	1,800
Devon Thomas	Jan 2019 - Dec 2023	Aldersperson	1,800
Danielle Belson	July 2015 - Dec 2018	Aldersperson	1,950
Ted Miller	July 2018 - Dec 2018	Aldersperson	1,800
Gretchen Coco-Eaglin	July 2018 - Dec 2018	Aldersperson	1,350
Derrick Guidry	July 2015 - Dec 2018	Aldersperson	2,100
Janice Fox	July 2015 - Dec 2018	Aldersperson	<u>2,250</u>
			<u><u>32,561</u></u>

See Independent Auditor's Report.



OTHER LOCATIONS:

Eunice Morgan City Abbeville

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Town of Grand Coteau and the Louisiana 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 July 1, 2018 through June 30, 2019. 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 and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

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

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 and do not address all of the functions noted above.

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

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

- d) **Receipts**, including receiving, recording, and preparing deposits
Written policies and procedures were obtained and do 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 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 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 do 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 do 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 do 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 do not address the functions noted above.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
Written policies and procedures were obtained and do not address the functions noted above.

Board (or Finance Committee, if applicable)

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

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

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

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes did include monthly budget-to-actual comparisons for the major funds.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Obtained prior year audit report and reviewed the unrestricted fund balance in the general fund for a negative ending unrestricted fund balance noting a positive balance.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account.

Obtained listing of client bank accounts from management and management's representation that listing is complete.

Observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged).

Obtained bank statements and reconciliations noting that reconciliations have been prepared within 2 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.

Obtained bank statements and reconciliations for the selected month in the fiscal period noting no evidence of board member review.

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

Obtained bank statements and reconciliations for the selected month in the fiscal period noting no documentation of Management's research for items that have been outstanding for more than 12 months.

Collections

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

Obtained listing of cash collection locations and management's representation that listing is complete.

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

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

No written policy provided but inquired of employees about their job duties and the functions noted above are covered.

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

No written policy provided but inquired of employees about their job duties and it was noted the same employee is responsible for collecting cash and preparing/making bank deposit.

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

No written policy provided but inquired of employees about their job duties and the functions noted above are covered.

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

No written policy provided but inquired of employees about their job duties and the functions noted above are covered.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Employees that are responsible for collecting cash are bonded.

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

a) Observe that receipts are sequentially pre-numbered.

No exception noted.

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

No exception noted.

c) Trace the deposit slip total to the actual deposit per the bank statement.

No exception noted.

d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

No exception noted.

e) Trace the actual deposit per the bank statement to the general ledger.

No exception noted.

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

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

Listing of disbursements and management's representation that the listing is complete was obtained.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

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

b) At least two employees are involved in processing and approving payments to vendors.

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

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

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

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

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

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exception noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No documentation noted.

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

11. 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.

Listing of active credit cards, bank debit cards, fuel cards and name of person who maintain possession of cards and management's representation that the listing is complete was obtained.

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

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) 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 statements were obtained and no approval was noted.

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

Monthly statements were obtained and no finance charges nor late fees were assessed.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

No written documentation of the business/public purpose was noted.

Travel and Expense Reimbursement

No exceptions were noted during the fiscal year ended June 30, 2018 AUP engagement; therefore, this section was excluded from testing this fiscal year.

Contracts

No exceptions were noted during the fiscal year ended June 30, 2018 AUP engagement; therefore, this section was excluded from testing this fiscal year.

Payroll and Personnel

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

Listing of employees and management's representation that the listing is complete was obtained. No formal employment contracts were obtained.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that 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.)

No exceptions noted.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

No exceptions noted.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No cumulative leave record was prepared.

- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

No exceptions noted.

- 19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

All were not paid and filed by the required deadlines.

Ethics (excluding nonprofits)

- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No documentation noted.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

No documentation noted.

Debt Service (excluding nonprofits)

No exceptions were noted during the fiscal year ended June 30, 2018 AUP engagement; therefore, this section was excluded from testing this fiscal year.

Other

No exceptions were noted during the fiscal year ended June 30, 2018 AUP engagement; therefore, this section was excluded from testing this fiscal year.

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 & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

December 6, 2019