

**Monroe Lafayette, LLC**

Financial Report

Year Ended December 31, 2022

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# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT AUDITOR'S REPORT

\* A Professional Accounting Corporation

The Board of Trustees  
Monroe Lafayette, LLC  
Lafayette, Louisiana

### Report on the Audit Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of Monroe Lafayette, LLC (a limited liability company), which comprise the balance sheet as of December 31, 2022, and the related statements of income, changes in member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Monroe Lafayette, LLC, as of December 31, 2022, and the changes of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2023, on our consideration of Monroe Lafayette, LLC'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Monroe Lafayette, LLC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Monroe Lafayette, LLC's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
August 18, 2023

## **FINANCIAL STATEMENTS**

MONROE LAFAYETTE, LLC  
Lafayette, Louisiana

Balance Sheet  
December 31, 2022

ASSETS

Current assets:		
Cash		\$ 1,590
Property and equipment:		
Construction in progress		6,109,530
Land		<u>447,848</u>
		<u>6,557,378</u>
Total assets		<u>\$ 6,558,968</u>

LIABILITIES AND MEMBER'S EQUITY

Liabilities:		
Interest payable		\$ 9,109
Due to member		498,495
Loan Payable		<u>3,897,402</u>
Total liabilities		4,405,006
Member's equity:		
Lafayette Public Trust Financing Authority		<u>2,153,963</u>
Total liabilities and member's equity		<u>\$ 6,558,968</u>

The accompanying notes are an integral part of this statement.

MONROE LAFAYETTE, LLC  
Lafayette, Louisiana

Statement of Income  
For the Year Ended December 31, 2022

Revenues:	
Interest	<u>\$ 276</u>
Expenses:	
Legal	78
Bank service charges	1,002
Postage and delivery	796
Professional fees	2,025
Unrecovered fraud	<u>66,264</u>
	<u>70,165</u>
Net loss	<u><u>\$ (69,889)</u></u>

The accompanying notes are an integral part of this statement.

MONROE LAFAYETTE, LLC  
Lafayette, Louisiana

Statement of Changes In Member's Equity  
For the Year Ended December 31, 2022

	<u>Lafayette Public Trust Financing Authority</u>
Member's equity, December 31, 2021	\$ (27,846)
Net loss	(69,889)
Contribution	<u>2,251,697</u>
Member's equity, December 31, 2022	<u>\$ 2,153,962</u>

The accompanying notes are an integral part of this statement.



MONROE LAFAYETTE, LLC  
Lafayette, Louisiana

Statement of Cash Flows  
For the Year Ended December 31, 2022

Cash flows from operating activities:	
Net loss	\$ (69,889)
Adjustments to reconcile net loss to net cash used by operating activities:	
Changes in operating assets and liabilities -	
Increase in due to member	<u>67,725</u>
Net cash used by operating activities	<u>(2,164)</u>
Cash flows used by investing activities:	
Acquisition of property and equipment	<u>(6,148,776)</u>
Cash flows provided by financing activities:	
Proceeds from note payable	3,897,402
Contributions from member	<u>2,251,697</u>
Net cash provided by financing activities	<u>6,149,099</u>
Decrease in cash and cash equivalents	(1,842)
Cash and cash equivalents, beginning of year	<u>3,432</u>
Cash and cash equivalents, end of year	<u>\$ 1,590</u>

The accompanying notes are an integral part of this statement.

MONROE LAFAYETTE, LLC  
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Business

Monroe Lafayette, LLC, a Louisiana Limited Liability Company, was organized during the year ended December 31, 2019 by Lafayette Public Trust Financing Authority (LPTFA) for the purpose of rehabilitating commercial real estate on behalf of LPTFA. The Company's focus is to enhance and promote commercial activity in the Lafayette downtown area. The major activities of the Company are the construction of commercial property to produce rental income for the sole member, Lafayette Public Trust Financing Authority.

B. Property

Property is stated at cost. Depreciation is computed using the straight-line method over the useful lives of the assets for financial reporting purposes. Significant additions and betterments are capitalized utilizing a threshold of \$1,000. Expenditures for maintenance, repairs and minor renewals are charged to operations as incurred.

C. Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

D. Revenue and Expense Recognition

The Company's revenue is will generated from rental revenue of constructed assets. These revenues are recognized when earned. Expenses are recognized when incurred.

E. Concentration of Credit Risk

The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage up to \$250,000 for cash on deposit at each institution. In the event of a failure of the institution, the FDIC is not obligated to pay uninsured deposits. At December 31, 2022, the Company had no uninsured balances.

F. Income Taxes

The Company is a single member limited liability company and was structured as a disregarded entity for income tax purposes. Accordingly, no provision for income taxes is made in the Company's financial statements.

MONROE LAFAYETTE, LLC  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

(2) Property and Equipment

The Company had construction in progress and land in the amount of \$6,109,529 and \$447,848, respectively, for the year ended December 31, 2022.

(3) Related Party Transactions

The Company received a capital contribution in the amount of \$2,251,697 during the fiscal year ending December 31, 2022 from its sole member to assist in the design and construction of a 70 unit market rate apartment and residential complex in the downtown area of the City of Lafayette.

(4) Compensation, Benefits, and Other Payments to Agency Head

There were no compensation, benefits, or other payments to Anthony Daniel for the year ended December 31, 2022.

(5) Subsequent Event Review

The Organization's management has evaluated subsequent events through August 18, 2023, the date which the financial statements were available to be issued.

**INTERNAL CONTROL,  
COMPLIANCE AND  
OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

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

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The Board of Trustees  
Monroe Lafayette, LLC  
Lafayette, 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 Monroe Lafayette, LLC (a limited liability company), which comprise the balance sheet as of December 31, 2022 and the related statements of income, changes in member's equity, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 18, 2023.

## Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Monroe Lafayette, LLC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Monroe Lafayette, LLC's internal control. Accordingly, we do not express an opinion on the effectiveness of Monroe Lafayette, LLC'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 a 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 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. We identified a certain deficiency in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2022-001 and 2022-002 that we consider to be material weaknesses.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Monroe Lafayette, LLC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2022-003.

## **Monroe Lafayette, LLC's Response to Findings**

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

## **Purpose of this Report**

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

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
August 18, 2023

MONROE LAFAYETTE, LLC  
Lafayette, Louisiana

Summary Schedule of Current and Prior Year Findings  
and Management's Corrective Action Plan

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

A. Internal Control Findings -

**2022-001** Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2022

**CRITERIA:** The Company should have a control policy according to which no person should be given responsibility for more than one related function.

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

**CAUSE:** Due to the size of the Company, there are a small number of available personnel.

**EFFECT:** The Company has personnel that are performing more than one related function.

**RECOMMENDATION:** The Company should establish and monitor mitigating controls over functions that are not completely segregated.

**MANAGEMENT'S CORRECTION ACTION PLAN:** Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties. Management will continue to monitor mitigating controls over accounting functions that are not segregated.

**2022-002** Wire Fraud

Fiscal year finding initially occurred: 2022

**CRITERIA:** The Company should have an effective control policy in place in order to ensure payments are properly disbursed to the appropriate vendors. Additionally, procedures should be in place to validate new or modifications to wire payment instructions for vendors.

**CONDITION:** The Company was subject to a business email compromise resulting in wire transfer fraud. The Company's sole member, Lafayette Public Trust Financing Authority, performs all administrative and accounting duties. The Company wired cash in the amount of \$66,667 to unknown scammers posing as their vendor. The Company's email was compromised from May 2022 through August 2022 and the staff member was manipulated into believing the payment was going towards an outstanding invoice to a vendor currently providing services. On August 3, 2022, the Company determined their email account was comprised and immediately contacted their email provider to shut down the account. The Company filed a report with the FBI's Internet Crimes Complaint Center and received support from the local FBI field office. The District Attorney and the Louisiana Legislative Auditor's office were notified in accordance with Louisiana Revised Statute 24:523. The Company did not have procedures in place to confirm the wire instructions sent through email were valid and the cyber-attack was not covered by insurance.

MONROE LAFAYETTE, LLC  
Lafayette, Louisiana

Summary Schedule of Current and Prior Year Findings  
and Management's Corrective Action Plan (Continued)

The investigation began during August 2022 and remains open with no initial success finding the stolen funds. The only physical location of the scammer determined by the investigation was a server located somewhere in South Africa. On October 24, 2022, the Company was able to recover \$403 of the stolen funds. The case is currently ongoing with minimal chance of recovering any remaining funds.

**CAUSE:** The Company did not have effective controls over the set-up and/or modification of payment instructions for wires.

**EFFECT:** The Company had unrecovered funds of approximately \$66,264.

**RECOMMENDATION:** The Company should review their policies and procedure relative to the initial setup and/or modification to the payment instructions for wire payments. Procedures should be established to require confirmation of payment instructions other than by email.

**MANAGEMENT'S CORRECTION ACTION PLAN:** The Company has implemented policy-related changes as well as technical changes and upgrades. The Company updated and strengthened passwords, enabled multi-factor authentication, trained personnel on cybersecurity best practices, established strict protocols for wire transfers, including approval from multiple parties and verifying payee information via telephone or in person, added cyber-attacks to the insurance coverage, and developed a long-term security plan.

B. Compliance Findings -

**2022-003 Failure to File Audited Financial Statements Timely**

Fiscal year finding initially occurred: 2022

**CONDITION:** The Company's annual audited financial statements were not filed timely for the fiscal year ended December 31, 2022.

**CRITERIA:** In accordance with Louisiana Revised Statute 24:513, the Company must complete and submit an audit of their financial statements within six months of the close of their fiscal year to the Legislative Auditor's office.

**CAUSE:** The Company's management did not take the appropriate actions to ensure its annual financial statement audit was completed within six months of the close of their fiscal year.

**EFFECT:** The Organization did not comply with Louisiana Revised Statute 24.513.

**RECOMMENDATION:** The Company should take necessary actions to ensure their annual financial statement audit is completed and submitted within six months of the close of their fiscal year.



MONROE LAFAYETTE, LLC  
Lafayette, Louisiana

Summary Schedule of Current and Prior Year Findings  
and Management's Corrective Action Plan (Continued)

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Company has reevaluated the separate corporations created by the sole member, Lafayette Public Trust Financing Authority, to determine their necessity going forward in order to minimize the number of audits that will be required to be performed in accordance with the State Audit Law to ensure that the financial statement audit for each Company is completed and submitted within the prescribed deadline.

Part II. Prior Year Findings

A. Internal Control Findings -

There were no findings reported.

B. Compliance Findings -

There were no findings reported.

**MONROE LAFAYETTE, LLC**  
Lafayette, Louisiana

**Agreed-Upon Procedures Report**

Year Ended December 31, 2022

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Governing Board of Monroe Lafayette, LLC and the  
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. Monroe Lafayette, LLC's management is responsible for those C/C areas identified in the SAUPs.

Monroe Lafayette, LLC has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - 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.
  - c) ***Disbursements***, including processing, reviewing, and approving.
  - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties,

reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- 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.
- g) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- 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) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in separate 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.
- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

#### **Board or Finance Committee**

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- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - 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.
  - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

- d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

### ***Bank Reconciliations***

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3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - 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.

### ***Collections (excluding electronic fund transfers)***

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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).
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, inquired 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;
  - 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;
  - 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; and
  - 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 also responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3 (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.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - 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 and the cash is stored securely in a locked safe or drawer).
  - e) Trace the actual deposit per the bank statement to the general ledger.

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

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8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing was complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under procedure #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;
  - b) At least two employees are involved in processing and approving payments to vendors;
  - 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;
  - 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; and
  - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
10. For each location selected under procedure #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 whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
  - b) Observe that the disbursement documentation includes evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #9, as applicable.

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll -related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

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

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12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, 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 (or electronically approved), by someone other than the authorized card holder; and
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
14. Using the monthly statements or combined statements selected under procedure #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 inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, describe the nature of the transaction and noted whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

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15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures (procedure #1g); and

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

### ***Contracts***

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16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
  - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
  - c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented); and
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

### ***Payroll and Personnel***

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17. 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.
18. 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 select employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials;
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
19. 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 or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.



20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

### ***Ethics***

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21. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17 obtain ethics documentation from management, and:
  - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and.
  - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

### ***Debt Service***

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23. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
24. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

### ***Fraud Notice***

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25. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
26. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

### ***Information Technology Disaster Recovery/Business Continuity***

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27. Perform the following procedures, verbally discussed the results with management, and report "We performed the procedure and discussed the results with management."
  - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup (i) occurred within the past week, (ii) was not stored on the government's local server or network, and (c) was encrypted.

*We performed the procedure and discussed the results with management.*

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

*We performed the procedure and discussed the results with management.*

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

*We performed the procedure and discussed the results with management.*

- 26. Randomly select 5 termination employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

***Prevention of Sexual Harassment***

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- 27. Using the 5 randomly selected employees/officials from the Payroll and Personnel procedure #17, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- 28. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- 29. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
  - a) Number and percentage of public servants in the agency who have completed the training requirements;
  - b) Number of sexual harassment complaints received by the agency;
  - c) Number of complaints which resulted in a finding that sexual harassment occurred;
  - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - e) Amount of time it took to resolve each complaint.

**Exceptions:**

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The following exceptions were found as a result of applying the procedures listed above:

**Written Policies and Procedures**

1. Written policies and procedures did not address how purchases are initiated or how vendors are added to the vendor list; receiving, recording, preparing deposits, and management's actions to determine completeness of all collections for each type of revenue; the approval process for employees rate of pay or approval and maintenance of pay rate schedules; system to monitor possible ethics violations, and a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy; continuing disclosures/EMMA reporting requirements, debt reserve requirements, and debt service requirements; Information Technology Disaster Recovery and Business Continuity procedures; and sexual harassment annual employee training and reporting.

**Board or Finance Committee**

2. The Entity's minutes did not reference or include quarterly budget-to-actual comparisons.

**Bank Reconciliations**

3. The Entity's bank account selected for testing did not include evidence of management's review for the month tested.

**Cash Collections**

4. The individual responsible for collecting cash is also responsible for preparing/making bank deposits, and another individual does not reconcile collection documentation.
5. The individual responsible for collecting cash is responsible for posting collection entries to the general ledger or subsidiary ledger, and another individual/official does not reconcile the general ledger postings to each other and to the deposit.
6. The individual responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is responsible for collecting cash, and another individual/ official does not verify the reconciliation.
7. The personnel collecting cash are not bonded under Monroe Lafayette, LLC.

**Non-Payroll Disbursements**

8. The individual responsible for processing payments is not prohibited from adding/modifying vendor files, and another employee does not review changes to vendor files.
9. All five of the disbursements tested did not include evidence of segregation of duties.

**Management's Response:**

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Management of Monroe Lafayette, LLC concurs with the exceptions and are working to address the deficiencies identified.

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

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

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

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
August 18, 2023