

**LAFAYETTE PARISH  
WATERWORKS DISTRICT SOUTH  
A COMPONENT UNIT OF THE CONSOLIDATED  
GOVERNMENT OF LAFAYETTE, LOUISIANA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED AUGUST 31, 2021**

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# WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON, L.L.C.

Certified Public Accountants  
100 Petroleum Drive, 70508  
P.O. Box 80569 • Lafayette, Louisiana 70598-0569  
(337) 232-3637 • Fax (337) 235-8557  
[www.wmddh.com](http://www.wmddh.com)

## INDEPENDENT AUDITORS' REPORT

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LANCE E. CRAPPELL, CPA, CGMA \*  
MICAH R. VIDRINE, CPA \*  
TRAVIS M. BRINSKO, CPA \*  
RICK L. STUTES, CPA, CVA/ABV,  
APA, CFF/MAFF\*  
CHRISTINE R. DUNN, CPA\*\*  
DAMIAN H. SPIESS, CPA, CFP \*\*  
JOAN MARTIN, CPA, CVA, CFF\*\*  
ANDRE' D. BROUSSARD, CPA\*\*

\* A PROFESSIONAL CORPORATION  
\*\* A LIMITED LIABILITY COMPANY



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MAGEN M. HORNSBY, CPA  
STEPHANIE A. RAWLINSON, CPA  
STEPHANIE L. WEST, CPA, MBA

---

JEROMY BOURQUE, CPA  
ROBERT T. DUCHARME, II, CPA  
BRITTANY ENGLISBEE, CPA, MBA  
JUDITH FAULK, CPA, APA  
SHAUN GRANTHAM, CPA, MBA  
BRITTANY GUIDRY, CPA  
CORITA K. KUON, CPA, CVA  
CHRISTOPHER LEONARDS, CPA, MBA  
WENDY ORTEGO, CPA, CVA  
SUMATI T. PADHY, CPA  
CHARLOTTE C. SIMIEN, CPA  
KIRSTIE C. STELLY, CPA, MBA  
ROBIN G. STOCKTON, CPA  
TINA B. VIATOR, CPA

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To the Board of Commissioners  
Lafayette Parish Waterworks District South  
Lafayette, Louisiana

We have audited the accompanying financial statements of the business-type activities of Lafayette Parish Waterworks District South, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the Lafayette Parish Waterworks District South'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.

### Auditors' Responsibility

Our responsibility is to express an opinion 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 auditors' judgment, including the assessment of the risks of material misstatement 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 policies 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 opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Lafayette Parish Waterworks District South, as of August 31, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8 be presented to supplement the basic financial statements. Such 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. 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 an opinion on the financial statements that collectively comprise Lafayette Parish Waterworks District South's basic financial statements. The List of Board of Commissioners and Schedule of Operating Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The List of Board of Commissioners and Schedule of Operating Expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the List of Board of Commissioners and Schedule of Operating Expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Wright, Moore, DeHart,  
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,  
DUPUIS & HUTCHINSON, LLC  
Certified Public Accountants

February 3, 2022  
Lafayette, Louisiana

## LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH



**Mailing Address**  
**P.O. Box 700**  
**Maurice, LA 70555-0700**

**Office Address**  
**Doyce Lagneaux Store**  
**1123 Ridge Road**  
**Duson, LA 70529**

**Phone (337) 989-9600**  
**Fax (337) 989-9657**

### LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH Lafayette Parish Management's Discussion and Analysis (Unaudited) FYE August 31, 2021

Our discussion and analysis of Lafayette Parish Waterworks District South's performance provides an overview of the District's financial activities for the fiscal year ended August 31, 2021. Please read it in conjunction with the District's basic financial statements.

#### ***FINANCIAL HIGHLIGHTS***

- The District's net assets increased by \$322,780 from \$7,818,064 in 2020 to \$8,140,844 in 2021, as a result, of this year's operations.
- The District's operating revenues exceeded operating expenses by \$212,478 for the year ended August 31, 2021.
- Cash and cash equivalents increased by \$166,241 for the year ended August 31, 2021.
- There were no major changes to property, plant, and equipment during the current year. The District had construction in progress for the year ended August 31, 2021.

#### ***USING THIS ANNUAL REPORT***

This annual report consists of three parts – *management's discussion and analysis, the basic financial statements, and supplementary information*. The basic financial statements consist of the fund financial statements and the note to the financial statements. The fund financial statements focus on individual parts of the District, offering short and long-term financial information about the activities that the government operates *like businesses*.

LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH  
Lafayette Parish  
Management's Discussion and Analysis (Unaudited) (Continued)  
FYE August 31, 2021

***FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE***

The District's net assets increased by \$322,780 between the fiscal years 2020 and 2021. Our analysis below focuses on the net assets (Table 1) and the changes in net assets (Table 2) of the District's business-type activities.

TABLE 1  
SUMMARY OF NET ASSETS

	2020	2021	Percentage Change
Current and Other Assets	\$ 2,716,400	\$ 3,059,400	13%
Capital Assets	<u>8,509,958</u>	<u>8,657,287</u>	2%
Total Assets	<u>\$ 11,226,358</u>	<u>\$ 11,716,687</u>	4%
 Total Deferred Outflows of Resources	 <u>\$ 3,660</u>	 <u>\$ 0</u>	 -100%
 Current and Other Liabilities	 \$ 656,954	 \$ 566,843	 -14%
Non-current Liabilities	<u>2,755,000</u>	<u>3,009,000</u>	9%
Total Liabilities	<u>\$ 3,411,954</u>	<u>\$ 3,575,843</u>	5%
 Net Assets -			
Invested in Capital Assets			
Net of Related Debt	\$ 6,195,749	\$ 6,862,849	11%
Restricted for Debt Service	970,198	546,573	-44%
Unrestricted	<u>652,117</u>	<u>731,422</u>	12%
Total Net Assets	<u>\$ 7,818,064</u>	<u>\$ 8,140,844</u>	4%

Net assets for the District increased by 4 percent. Net assets are restricted as to the purpose they can be used for or are invested in capital assets (buildings, water equipment, etc.). Unrestricted net assets can be used to meet the District's ongoing obligations to customers and creditors.

LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH  
Lafayette Parish  
Management's Discussion and Analysis (Unaudited) (Continued)  
FYE August 31, 2021

The following table provides a summary of the District's changes in net assets:

TABLE 2  
SUMMARY OF CHANGES IN NET ASSETS

	2020	2021	% Change
Revenues:			
Operating -			
Charges for Services	\$ 2,246,223	\$ 2,380,402	6%
Capital Grants and Contributions	90,600	-	
Non-Operating -			
Membership Fees	\$ 4,350	\$ 6,500	49%
Installation Fees	\$ 77,250	\$ 117,162	52%
Contributed Infrastructure	\$ -	\$ -	
Miscellaneous Income	\$ 23,445	\$ 72,452	209%
Interest Income	\$ 41,987	\$ 2,015	-95%
Gain on Disposition	\$ 1,469	\$ 2,540	
Total Revenues	\$ 2,485,324	\$ 2,581,071	4%
Expenses:			
Operating -	\$ 2,096,406	\$ 2,167,924	3%
Non-Operating -			
Interest	\$ 107,891	\$ 86,707	-20%
Amortization of Debt Expense	\$ 3,559	\$ 3,660	3%
Total Expenses	\$ 2,207,856	\$ 2,258,291	2%
Changes in Net Assets	\$ 277,468	\$ 322,780	16%

The District's total revenues increased by 4% in 2021. Total expenses increased by 16% in 2021.

***CAPITAL ASSET AND DEBT ADMINISTRATION***

Capital Assets

On August 31, 2020 and 2021, the District had \$12,230,557 and \$13,226,533, respectively, invested in a broad range of capital assets, including buildings, water lines, furniture and fixtures, and construction in progress. There was an increase in capital assets of \$995,976 during 2021. Accumulated depreciation on these capital assets was \$4,493,701 and \$4,801,056 respectively, for these years.

LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH  
Lafayette Parish  
Management's Discussion and Analysis (Unaudited) (Continued)  
FYE August 31, 2021

Long Term Debt

On August 31, 2020, the District had \$3,203,000 in bonds outstanding versus \$3,348,000 on August 31, 2021.

TABLE 3  
OUTSTANDING DEBT AT YEAR-END

	2020	2021	% Change
Water Revenue Refunding Bonds:			
Current	\$ 448,000	\$ 339,000	-24%
Long-term	\$ 2,755,000	\$ 3,009,000	9%
Total	<u>\$ 3,203,000</u>	<u>\$ 3,348,000</u>	5%

***ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES***

The Lafayette Utilities System (LUS) adjusted wholesale rates in January 2020 from \$2.61 per thousand gallons to \$2.74 per thousand gallons. This rate is valid for 2020 and 2021. LPWDS adjusted rates in January 2020. LPWDS will evaluate rates in 2021 and decide if a rate increase will be needed in 2022.

***CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT***

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Lafayette Parish Waterworks District South office.



LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH  
Lafayette Parish  
Management's Discussion and Analysis (Unaudited) (Continued)  
FYE August 31, 2021

*SCHEDULE OF NUMBER OF UTILITY CUSTOMERS AND MONTHLY WATER RATES*

Records maintained by the Lafayette Parish Waterworks District South indicated the following numbers of customers were being serviced as of August 31, 2021.

Residential Customers	4,634
Commercial Customers	<u>22</u>
Total	4,656

The water rates of the Lafayette Parish Waterworks District South as of August 31, 2021 are as follows:

- ¾" Meter - \$19.00 for the first 2,000 gallons, \$4.60 per 1,000 gallons thereafter
- 1" Meter - \$30.00 per month plus \$4.60 per 1,000 gallons used
- 1½" Meter - \$50.00 per month plus \$4.60 per 1,000 gallons used
- 2" Meter - \$100.00 per month plus \$4.60 per 1,000 gallons used

## **BASIC FINANCIAL STATEMENTS**

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH**  
**A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**STATEMENT OF NET POSITION**  
**AUGUST 31, 2021**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 363,092
Accounts Receivable, Net	365,646
Inventory	214,293
Prepaid Insurance	<u>11,246</u>
Total Current Assets	<u>954,277</u>

**RESTRICTED ASSETS**

Cash - Restricted:	
Water Revenue Bond and Interest Sinking Fund	134,354
Water Revenue Reserve Fund	207,810
Water Depreciation and Contingency Fund	204,409
2013 Water System Improvements Account	595,258
2021 Water System Improvements Account	<u>963,292</u>
Total Restricted Assets	<u>2,105,123</u>

**CAPITAL ASSETS**

Land and Construction in Progress	231,810
Capital Assets, Net	<u>8,425,477</u>
Total Capital Assets	<u>8,657,287</u>

<b>TOTAL ASSETS</b>	<b><u>\$ 11,716,687</u></b>
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The accompanying notes are an integral part of this statement.

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH**  
**A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**STATEMENT OF NET POSITION**  
**AUGUST 31, 2021**

**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES**

Accounts Payable	\$ 134,299
Wages Payable	3,653
Sales Tax Payable	843
Unearned Revenue	22,050
Customers' Deposits	60,975
Retainage Payable	<u>1,035</u>
Total Current Liabilities	<u>222,855</u>

**CURRENT LIABILITIES (Payable from Restricted Assets)**

Accrued Interest	4,988
Current Portion of Revenue Bonds	<u>339,000</u>
Total Current Liabilities (Payable from Restricted Assets)	<u>343,988</u>

**NON-CURRENT LIABILITIES**

Revenue Bonds Payable-Less Current Portion	<u>3,009,000</u>
Total Non-Current Liabilities	<u>3,009,000</u>

**TOTAL LIABILITIES** **\$ 3,575,843**

**NET POSITION**

Net Investment in Capital Assets	\$ 6,862,849
Restricted for Debt Service	546,573
Unrestricted	<u>731,422</u>

**TOTAL NET POSITION** **\$ 8,140,844**

The accompanying notes are an integral part of this statement.

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH**  
**A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

**OPERATING REVENUES**

Charges for Services -	
Water Sales	\$ 2,260,047
Connection Fees	44,295
Late Fees	76,060
Total Operating Revenues	2,380,402

**OPERATING EXPENSES**

Scheduled	1,848,422
Depreciation	319,502
Total Operating Expenses	2,167,924

Operating Income	212,478
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**NON-OPERATING REVENUES (EXPENSES)**

Membership Fees	6,500
Installation Fees	117,162
Miscellaneous Income	72,452
Interest Income	2,015
Interest Expense	(86,707)
Amortization of Loss on Refunded Debt	(3,660)
Gain on Disposition of Assets	2,540
Total Non-Operating Revenues (Expenses)	110,302

<b>CHANGE IN NET POSITION</b>	322,780
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<b>NET POSITION, BEGINNING OF YEAR</b>	7,818,064
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<b>NET POSITION, END OF YEAR</b>	\$ 8,140,844
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The accompanying notes are an integral part of this statement.

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH**  
**A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received From Service Users	\$ 2,329,406
Cash Payments for Goods and Services	(1,557,173)
Cash Paid to Employees for Service	<u>(368,795)</u>
Net Cash Provided By Operating Activities	<u>403,438</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds From Sale of Revenue Bonds	545,000
Proceeds from Membership Fees	6,500
Proceeds from Installation Fees	117,162
Proceeds from Sale of Property, Plant and Equipment	10,501
Other Proceeds	72,452
Acquisition and Construction of Property, Plant and Equipment	(474,793)
Retainage Payable Property, Plant and Equipment	(26,242)
Principal Paid on Revenue Bonds	(400,000)
Interest Paid on Revenue Bonds	<u>(89,792)</u>
Net Cash (Used In) Capital and Related Financing Activities	<u>(239,212)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment Interest Received	<u>2,015</u>
Net Cash Provided By Investing Activities	<u>2,015</u>
NET INCREASE IN CASH	166,241
CASH AT BEGINNING OF YEAR (INCLUDING RESTRICTED CASH OF \$1,867,061)	<u>2,301,974</u>
CASH AT END OF YEAR (INCLUDING RESTRICTED CASH OF \$2,105,123)	<u>\$ 2,468,215</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating Income	\$ 212,478
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	319,502
Changes in Assets and Liabilities:	
Accounts Receivable, Net	(36,523)
Other Receivables	(36,523)
Inventory	(95,163)
Prepaid Insurance	(8,549)
Accounts Payable	21,646
Wages Payable	1,772
Sales Tax Payable	(2)
Customers' Deposits	2,750
Unearned Revenues	<u>22,050</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 403,438</u>

Noncash Capital Financing Activities:  
Revenue bonds in the amount of \$2,475,000 were refinanced.

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH**  
**A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**The Reporting Entity** - The Lafayette Parish Waterworks District South (the District) is a component unit of the Consolidated Government of Lafayette, Louisiana (the Consolidated Government). The District constitutes a legal entity separate and apart from the Consolidated Government. The Consolidated Council of Lafayette appoints the governing body of the District. The financial information contained in these statements is only that of the Lafayette Parish Waterworks District South and includes all funds over which the District exercises oversight responsibility. This responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

The Lafayette Parish Waterworks District South was issued a charter by the State of Louisiana and a franchise from the Parish of Lafayette on October 10, 1974. The District's purpose is to provide a water system for the southern district in Lafayette Parish.

The accounts of the District are in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. Such accounting and reporting policies also conform to the guidelines set forth in the Louisiana Governmental Audit Guide.

**Basis of Presentation** - The Lafayette Parish Waterworks District South, reported in these statements as a proprietary fund, prepares its financial statements in accordance with accounting principles generally accepted in the U.S. (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). FASB ASC Section 2100 – Defining the Financial Reporting Entity (GASB Statement No. 14) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The District is considered to be a component unit of the Consolidated Government of Lafayette, Louisiana. The accompanying statements present only transactions of the District.

**Basis of Accounting** - The District maintains its books and records on the full accrual basis of accounting and on the flow of economic resources measurement focus. The District applies all applicable pronouncements in accounting and reporting for its proprietary operations.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Budgetary Accounting** - Formal budgetary integration is not employed as a management control device for the Lafayette Parish Waterworks District South.

**Property and Equipment** - Property and equipment are recorded at cost and include direct costs and the costs of funds borrowed by the District and used for construction purposes.

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2021**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Depreciation of property and equipment is computed using the straight-line method over the expected service lives of the assets as follows:

	Years
Water Distribution System	40
Water Treatment Plant	5-40
Water Lines, Wells and Meters	5-40
Office Equipment	3-7
Other Equipment	5-10
Vehicles	7

**Labor Related Expenses** - The District reimburses the Consolidated Government of Lafayette, Louisiana for group health insurance premiums that the Consolidated Government pays on the District’s behalf.

**Prepaid Items** - Payments made to vendors for services that will benefit periods beyond year-end are recorded as prepaid items.

**Bad Debts** - Through the establishment of an allowance account, uncollectible amounts due from customer’s utility receivables are recognized as bad debts at the time information becomes available, which would indicate the uncollectibility of the particular receivable. The allowance for doubtful accounts at August 31, 2021, was \$4,858.

**Investments** - Under state law, the District may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana Law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. As of August 31, 2021, the District held no investments.

**Unamortized Debt Expense** - Debt expense incurred at bond issuance is expensed in the current year.

**Unamortized Loss on Refunded Debt** - Losses incurred upon refunding of debt are treated as deferred outflows and amortized over the life of the new bonds issued.

**Water Revenue Bonds** - Bonds outstanding are stated at face value less unamortized discount and unamortized loss on reacquired debt. The discount is amortized over the life of the bonds using the sum of the bonds outstanding method.

**Inventories** - Inventories are valued at cost.



**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH**  
**A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Net Position** - In the financial statements, equity is classified as net position and displayed in three components:

*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 acquisition, construction, or improvement of those assets.

*Restricted net position* - consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* - All other net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted as they are needed.

**Statement of Cash Flows** - For purpose of the Statement of Cash Flows, the District considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. Cash and interest-bearing deposits are stated at cost, which approximates market.

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles 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 and expenses during the reporting period. Actual results could differ from those estimates.

**Compensated Absences** - All full-time employees of the District earn annual leave in amounts from 0 to 20 days per year based on years of service. Annual leave shall be used or surrendered in the period in which it is earned. Upon termination, employees are paid for all accumulated annual leave.

Excused absences are earned by full-time employees of the District in the amounts of 0 to 5 days per year based on years of service. Excused absences include illness, funeral leave, court appearances or other preapproved appointments. Excused time is surrendered if not used during the year. Upon separation unused excused time will not be paid to the employee.

**Pension and Post-Employment Benefits** -The District does not offer any of these types of benefits to employees and therefore has no liability in relation to the implementation of the GASB statements on pensions and post-employment benefits.

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2021**

**B. CASH AND INTEREST-BEARING DEPOSITS**

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At August 31, 2021, the District has cash and interest-bearing deposits (book balances) totaling \$2,468,215.

*Custodial Credit Risk Relating to Deposits*

Custodial credit risk is the risk that, in the event of bank failure, the District’s deposits might not be recovered. The District does not have a policy for custodial credit risk, however, under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance 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.

The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. As of August 31, 2021, \$0-, of the District’s bank balances of \$2,558,895 were exposed to custodial credit risk as follows:

Bank Balances	\$ <u>2,558,895</u>
At August 31, 2021 the deposits are secured as follows:	
Federal Deposit Insurance	\$ 250,000
Pledged Securities	<u>2,308,895</u>
Total	<u>\$ 2,558,895</u>

Pledged securities in Category 3 include uninsured or unregistered investments for which the securities are held by the bank, or by its trust department or agent, but not in the District’s name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revenue Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

**C. RESTRICTED ASSETS**

**Water Revenue Bond and Interest Sinking Fund** - Each month there shall be set aside into this fund an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

**Water Revenue Reserve Fund** – Each month funds shall be set aside into this fund at an amount equal to at least ten percent (10%) of the amount required to be paid into the Sinking Fund until a sum equal to an amount equal to the Reserve Fund Requirement of \$202,738 is on deposit. The money in the Reserve Fund consists exclusively of revenues of the System and investment earning. Such amount may be used only for the purpose of paying the principal of and interest on bonds payable from the Water Revenue Bond and Interest Sinking Fund as to which there would otherwise be default.

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH**  
**A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

**C. RESTRICTED ASSETS - Continued**

**Water Depreciation and Contingency Fund** - Each month, funds will also be set aside into this fund at an amount equal to at least five percent (5%) of the amount required to be paid into the Sinking Fund until a sum equal to \$200,000 is on deposit. Money in this fund may be used for depreciation, extensions, additions, improvements and replacements necessary to properly operate the system. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus.

**D. PROPERTY, PLANT AND EQUIPMENT**

A summary of proprietary fund type property, plant and equipment at August 31, follows:

	Beginning Balance <u>09/01/2020</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>08/31/2021</u>
Capital assets not being depreciated:				
Land	\$ 89,165	\$ -	\$ -	\$ 89,165
Construction in Progress	683,937	249,476	(790,768)	142,645
Total capital assets not being depreciated	<u>773,102</u>	<u>249,476</u>	<u>(790,768)</u>	<u>231,810</u>
Capital assets being depreciated:				
Buildings	40,571	-	-	40,571
Water Distribution System	10,039,078	-	-	10,039,078
Water Treatment Plant	207,031	-	-	207,031
Water Lines and Wells	343,496	826,612	-	1,170,108
Water Meters	1,372,152	137,442	(1,429)	1,508,165
Automobiles	66,583	51,331	(18,679)	99,235
Equipment	119,128	699	-	119,827
Computer Equipment	23,193	-	-	23,193
Computer Software	12,653	-	-	12,653
Furniture and Fixtures	6,672	-	-	6,672
Total assets being depreciated	<u>12,230,557</u>	<u>1,016,084</u>	<u>(20,108)</u>	<u>13,226,533</u>
Less: accumulated depreciation	<u>(4,493,701)</u>	<u>(319,502)</u>	<u>(12,147)</u>	<u>(4,801,056)</u>
Total capital assets being depreciated, net	<u>\$ 7,736,856</u>	<u>\$ 696,582</u>	<u>\$ (7,961)</u>	<u>\$ 8,425,477</u>

Depreciation expense for the year ended August 31, 2021, was \$319,502.

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2021**

**E. WATER REVENUE BONDS**

The following is a summary of the water revenue bonds transactions for the year ended August 31, 2021:

	<u>Balance</u> <u>09/01/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>08/31/2021</u>	<u>Due within</u> <u>One Year</u>
Serial Bond - 2011	\$ 363,000	\$ -	\$ 363,000	\$ -	\$ -
Serial Bond - 2013	1,360,000	-	1,360,000	-	-
Serial Bond - 2018	1,480,000	-	1,125,000	355,000	56,000
Serial Bond - 2021	<u>-</u>	<u>3,000,000</u>	<u>7,000</u>	<u>2,993,000</u>	<u>283,000</u>
Totals	<u>\$ 3,203,000</u>	<u>\$ 3,000,000</u>	<u>\$ 2,855,000</u>	<u>\$ 3,348,000</u>	<u>\$ 339,000</u>

The District has two Water Revenue Bond issues outstanding at August 31, 2021:

<u>Purpose</u>	<u>Issue Date</u>	<u>Balance At</u> <u>8/31/2021</u>
10 year Water Revenue Bonds, Series 2018, 3.35% interest, payable in annual installments of principal and interest, held by Louisiana Public Facilities Authority	07/26/2018	\$ 355,000
10 year Water Revenue Bonds, Series 2021, 2.00% interest, payable in annual installments of principal and interest, held by Iberia Bank	03/25/2021	<u>\$ 2,993,000</u>
Total Principal Outstanding on Water Revenue Bonds		<u>\$ 3,348,000</u>
Water Revenue Bonds Outstanding		<u>\$ 3,348,000</u>

On March 25, 2021, the District refinanced the 2013 Series Water Revenue Bonds and a portion of the 2018 Series Water Revenue Bonds (now referred to as 2021 Water Revenue Bonds) in the amount of \$3,000,000. The series 2021 bond was issued to pay out the 2013 Series Water Revenue Bond and a portion of the 2018 Series Water Revenue Bond.

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2021**

**E. WATER REVENUE BONDS - Continued**

Revenue bond debt service requirements to maturity are as follows:

Years ended August 31:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 339,000	\$ 65,806	\$ 404,806
2023	346,000	59,208	405,208
2024	353,000	52,477	405,477
2025	359,000	45,609	404,609
2026	366,000	38,623	404,623
2027-2031	<u>1,585,000</u>	<u>85,862</u>	<u>1,670,862</u>
Total	<u>\$ 3,348,000</u>	<u>\$ 347,585</u>	<u>\$ 3,695,585</u>

**F. RELATED PARTY TRANSACTIONS**

The District purchases water from the Consolidated Government of Lafayette, Louisiana for resale to customers in the ordinary course of business. The District purchased \$970,893 of water from the Consolidated Government during 2021. At August 31, 2021, the District owed the Consolidated Government of Lafayette, Louisiana \$94,918.

**G. RISK MANAGEMENT**

The District is exposed to risks of loss in the areas of directors, officers and employee liability, general liability, property hazard and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in insurance coverage during the year.

**H. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District did not have any items that qualified as deferred outflows at August 31, 2021.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District did not have any items that qualified as deferred inflows at August 31, 2021.

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2021**

**I. COMPENSATION, BENEFITS AND OTHER PAYMENTS**

A detail of compensation, benefits, and other payments paid to Fred Arsement, President of the Board of Commissioners for the year ended August 31, 2021:

<u>Purpose</u>	<u>Amount</u>
Per Diem	<u>\$ 480</u>

**J. COMMITMENTS AND CONTINGENCIES**

The District has entered into a contract with an architect for services related to the construction of the new office building. The initial fee is estimated based on the projected cost of construction to be approximately \$33,120. As of August 31, 2021, the District has paid \$31,009 under this contract, including \$19,417 during the year ended August 31, 2021.

In July 2021, the District entered into a construction contract for the construction of the new office building. The contract sum is guaranteed by the Construction Manager not to exceed \$757,600 (the Guaranteed Maximum Price), subject to additions and deductions by change order as outlined in the contract. There have been no change orders as of August 31, 2021. As of August 31, 2021, the District has paid \$20,706 under this contract, which includes retainage payable in the amount of \$1,035.

**K. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 3, 2022, the date of which these financial statements were available to be issued.

- The terms of two members of the board of commissioners expired September 2021 and October 2021. Those terms were renewed to September 2026 and October 2026, respectively.
- On December 17, 2021, the board of commissioners entered into a 10-year Lease-Purchase agreement with Government Capital Corporation for the sum of \$1,400,000 at an interest rate of 2.8%. The agreement was assigned to Truist Bank.

**SUPPLEMENTARY INFORMATION**

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA**

**LIST OF BOARD OF COMMISSIONERS  
AS OF AUGUST 31, 2021**

<u>Name</u>	<u>Term Expires</u>	<u>Title</u>	<u>Address and Telephone Number</u>
Fred Arsement	October 2025	President	201 Golden Harvest Rayne, LA 70578 (337) 654-9200
John Touchet	September 2021	Vice-President	328 West Broussard Road Lafayette, LA 70506 (337) 501-8117
Dave Young	October 2025	Secretary/ Treasurer	120 Brussels Road Rayne, LA 70578 (337) 277-3635
Terry Becht	October 2021	Board Member	106 Fernway Lane Duson, LA 70529 (337) 298-4365
Todd Guidry	July 2022	Board Member	413 Lagneaux Road Duson, LA 70529 (337) 278-9349
Byron Daigle	October 2023	Board Member	1520 Ridge Road Duson, LA 70529 (337) 534-1905
Gus J. Boulanger	January 2023	Board Member	336 Golden Grain Road Duson, LA 70529 (337) 654-5284

Commissioners each receive \$40 compensation monthly.



**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE,**

**SCHEDULE OF OPERATING EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2021**

Advertising	\$ 1,285
Bad Debts	4,074
Bank Charges	4,865
Billing Service	40,014
Board Fees	3,240
Consulting and Engineering	31,543
Dues and Subscriptions	9,755
Employee Uniforms	2,398
Gas	12,330
Insurance	97,623
Labor	32,165
Legal and Accounting	53,609
Meter Reading Service	37,960
Miscellaneous	2,980
Office	4,170
Postage	1,196
Repairs and Maintenance	69,949
Salaries	314,001
Supplies	3,955
Payroll Taxes	24,402
Telephone	15,407
Utilities	3,442
Water Purchased	1,077,088
Water Testing	971
<b>TOTAL OPERATING EXPENSES</b>	<b><u>\$ 1,848,422</u></b>

# WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON, L.L.C.

Certified Public Accountants  
100 Petroleum Drive, 70508  
P.O. Box 80569 • Lafayette, Louisiana 70598-0569  
(337) 232-3637 • Fax (337) 235-8557  
[www.wmdh.com](http://www.wmdh.com)

LANCE E. CRAPPELL, CPA, CGMA \*  
MICAH R. VIDRINE, CPA \*  
TRAVIS M. BRINSKO, CPA \*  
RICK L. STUTES, CPA, CVA/ABV,  
APA, CFF/MAFF\*  
CHRISTINE R. DUNN, CPA\*\*  
DAMIAN H. SPIESS, CPA, CFP \*\*  
JOAN MARTIN, CPA, CVA, CFF\*\*  
ANDRE' D. BROUSSARD, CPA\*\*

\* A PROFESSIONAL CORPORATION  
\*\* A LIMITED LIABILITY COMPANY



MAGEN M. HORNSBY, CPA  
STEPHANIE A. RAWLINSON, CPA  
STEPHANIE L. WEST, CPA, MBA  
JEROMY BOURQUE, CPA  
ROBERT T. DUCHARME, II, CPA  
BRITTANY ENGLISBEE, CPA, MBA  
JUDITH FAULK, CPA, APA  
SHAUN GRANTHAM, CPA, MBA  
BRITTANY GUIDRY, CPA  
CORITA K. KUON, CPA, CVA  
CHRISTOPHER LEONARDS, CPA, MBA  
WENDY ORTEGO, CPA, CVA  
SUMATI T. PADHY, CPA  
CHARLOTTE C. SIMIEN, CPA  
KIRSTIE C. STELLY, CPA, MBA  
ROBIN G. STOCKTON, CPA  
TINA B. VIATOR, CPA

## INDEPENDENT AUDITORS' 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*

To the Board of Commissioners  
Lafayette Parish Waterworks District South  
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 the business-type activities, of Lafayette Parish Waterworks District South, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise Lafayette Parish Waterworks District South's basic financial statements and have issued our report thereon dated February 3, 2022.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lafayette Parish Waterworks District South'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lafayette Parish Waterworks District South's internal control. Accordingly, we do not express an opinion on the effectiveness of Lafayette Parish Waterworks District South'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 have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

### **Compliance and Other Matters**

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

### **Lafayette Parish Waterworks District South's Response to Findings**

Lafayette Parish Waterworks District South's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Lafayette Parish Waterworks District South's response was not subjected 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 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.

*Wright, Moore, DeHart,  
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,  
DUPUIS & HUTCHINSON, LLC  
Certified Public Accountants

February 3, 2022  
Lafayette, Louisiana

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF  
LAFAYETTE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2021**

We have audited the financial statements of Lafayette Parish Waterworks District South, a Component Unit of the Consolidated Government of Lafayette, Louisiana as of and for the year ended August 31, 2021, and have issued our report thereon dated February 3, 2022. 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 Comptroller General of the United States. Our audit of the financial statements of August 31, 2021, resulted in an unmodified opinion.

**Section I – Summary of Auditors’ Reports**

*A. Report on Internal Control and Compliance Material to the Financial Statements*

Internal Control

Material Weaknesses	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
Significant Deficiencies	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No

Compliance

Compliance Material to Financial Statements     Yes     No

*B. Management Letter*

Was a management letter issued?                     Yes     No

**Section II – Financial Statement Findings**

2021-001    Lack of Segregation of Duties

*Statement of Condition:*

The District does not have adequate segregation of functions within the accounting system.

*Criteria:*

Government Auditing Standards, issued by Comptroller General of the United States requires governmental units to have internal controls in place to minimize the risk of material misstatement.

*Effect of Condition:*

Lack of proper segregation of duties could cause material misstatements to occur and not be prevented or detected and corrected in a timely manner.

*Cause of Condition:*

Proper segregation of duties cannot be achieved due to the small number of staff at the District.

*Recommendation:*

The District should evaluate whether it is financially feasible to achieve complete segregation of duties in the accounting function, but at a minimum mitigating controls should be put in place to segregate as many duties as possible among the limited staff.

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF  
LAFAYETTE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2021**

**Section III – Federal Award Findings and Questioned Costs**

This section is not applicable for the fiscal year ending August 31, 2021.

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF  
LAFAYETTE, LOUISIANA**

**SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2021**

2020-001 Lack of Segregation of Duties

*Finding:*

The District does not have adequate segregation of functions within the accounting system.

*Follow-up:*

This finding is unresolved - see current year finding 2021-001.

**LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH  
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF  
LAFAYETTE, LOUISIANA**

**MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2021**

The Lafayette Parish Waterworks District South respectfully submits the following corrective action plan for the year ended August 31, 2021.

The finding from the August 31, 2021, Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

2021-001 Lack of Segregation of Duties

*Recommendation:*

The District should evaluate whether it is financially feasible to achieve complete segregation of duties in the accounting function, but at a minimum mitigating controls should be put in place to segregate as many duties as possible among the limited staff.

*Action Taken:* The District has determined that it is not cost effective to achieve complete segregation of duties in the accounting function. They will continue to improve mitigating controls to segregate duties as feasible.

If the Louisiana Legislative Auditor has questions regarding this plan, please call Fred Arsement, President, Lafayette Parish Waterworks District South Board of Commissioners at (337) 989-9600.

Sincerely yours,



Fred Arsement  
President