

**LAFAYETTE PUBLIC TRUST
FINANCING AUTHORITY**

Lafayette, Louisiana

Financial Report

Year Ended March 31, 2018

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INDEPENDENT AUDITOR'S REPORT

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The Board of Trustees
Lafayette Public Trust Financing Authority
Lafayette, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Lafayette Public Trust Financing Authority (hereinafter "Authority"), a component unit of Lafayette City-Parish Consolidated Government, as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Lafayette Public Trust Financing Authority, as of March 31, 2018, and the respective changes in financial position 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 budgetary comparison information on pages 31 through 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The other supplementary information on pages 35 and 36 are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The comparative balance sheet and the budgetary comparison schedule - revenues, expenditures, and changes in fund balance 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 comparative balance sheet and the budgetary comparison schedule - revenues, expenditures, and changes in fund balance are fairly stated in all material respects in relation to the basic financial statements as a whole. The prior year comparative amounts on the comparative balance sheet and the budgetary comparison schedule - revenues, expenditures, and changes in fund balance were derived from the Authority's 2017 financial statements and, in our opinion, were fairly presented in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2018 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
August 3, 2018

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Statement of Net Position
March 31, 2018

	Governmental Activities
ASSETS	
Current:	
Cash and interest-bearing deposits	\$ 2,467,300
Investments	16,355,953
Rent receivable	21,400
Notes receivable	32,226
Mortgages receivable, net	497,263
Accrued interest receivable	333,850
Other receivables	21,114
Restricted cash	70,150
Property held for resale	<u>710,265</u>
Total current assets	<u>20,509,521</u>
Noncurrent assets:	
Mortgages receivable, net	3,342,604
Notes receivable	3,478,472
Investment in companies	1,264,058
Capital assets, net	<u>1,851,636</u>
Total noncurrent assets	<u>9,936,770</u>
Total assets	<u>30,446,291</u>
LIABILITIES	
Accounts payable	151,356
Security deposits	<u>2,700</u>
Total liabilities	<u>154,056</u>
NET POSITION	
Net investment in capital assets	1,851,636
Unrestricted	<u>28,440,599</u>
Total net position	<u>\$ 30,292,235</u>

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

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Statement of Activities
For the Year Ended March 31, 2018

Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Capital Grants and Contributions	Governmental Activities
Governmental activities:				
General government	\$ 725,158	\$ -	\$ -	\$ (725,158)
Interest on long-term debt	<u>31,635</u>	<u>-</u>	<u>-</u>	<u>(31,635)</u>
Total governmental activities	<u>\$ 756,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(756,793)</u>
General revenues:				
Interest and investment earnings				488,528
Other revenue				<u>265,978</u>
Total general revenues				<u>754,506</u>
Change in net position				(2,287)
Net position, beginning				<u>30,294,522</u>
Net position, ending				<u>\$ 30,292,235</u>

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

FUND FINANCIAL STATEMENTS (FFS)

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Balance Sheet - Governmental Funds
March 31, 2018

	General	Series 2007 Bonds	Series 2007A Bonds	Total
ASSETS				
Current:				
Cash and interest-bearing deposits	\$ 2,467,300	\$ -	\$ -	\$ 2,467,300
Investments	16,355,953	-	-	16,355,953
Rent receivable	21,400	-	-	21,400
Notes receivable	32,226	-	-	32,226
Mortgages receivable, net	497,263	-	-	497,263
Accrued interest receivable	333,850	-	-	333,850
Other receivables	21,114	-	-	21,114
Restricted cash	70,150	-	-	70,150
Property held for resale	710,265	-	-	710,265
Total current assets	<u>\$ 20,509,521</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,509,521</u>
Noncurrent:				
Mortgages receivable, net	3,342,604	-	-	3,342,604
Notes receivable	3,478,472	-	-	3,478,472
Total noncurrent assets	<u>6,821,076</u>	<u>-</u>	<u>-</u>	<u>6,821,076</u>
Total assets	<u>\$ 27,330,597</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,330,597</u>
LIABILITIES AND FUND BALANCES				
Current liabilities:				
Accounts payable	\$ 151,356	\$ -	\$ -	\$ 151,356
Security deposits payable	2,700	-	-	2,700
Total liabilities	<u>154,056</u>	<u>-</u>	<u>-</u>	<u>154,056</u>
Fund balances:				
Nonspendable:				
Property held for resale	710,265	-	-	710,265
Noncurrent notes receivable	3,478,472	-	-	3,478,472
Total nonspendable	4,188,737	-	-	4,188,737
Committed - First Time Homebuyer Program	3,910,017	-	-	3,910,017
Unassigned	19,077,787	-	-	19,077,787
Total fund balances	<u>27,176,541</u>	<u>-</u>	<u>-</u>	<u>27,176,541</u>
Total liabilities and fund balances	<u>\$ 27,330,597</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,330,597</u>

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

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
March 31, 2018

Total fund balances for the governmental funds at March 31, 2018		\$ 27,176,541
Total net position reported for governmental activities in the statement of net position is different because:		
Investments in companies are not considered available and expendable; therefore, are not reported in the governmental funds.		1,264,058
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 33,704	
Construction in progress	224,391	
Buildings and improvements, net of \$111,129 accumulated depreciation	1,592,195	
Equipment, net of \$4,867 accumulated depreciation	<u>1,346</u>	<u>1,851,636</u>
Total net position of governmental activities at March 31, 2018		<u>\$ 30,292,235</u>

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

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended March 31, 2018

	General	Series 2007 Bonds	Series 2007A Bonds	Total
Revenues:				
Interest on mortgages receivable	\$ 164,767	\$ -	\$ -	\$ 164,767
Interest on interest-bearing deposits and investments	687,742	37,841	114,287	839,870
Interest on notes receivable	9,800	-	-	9,800
Realized loss on disposition of investments	(26,172)	(58,528)	(47,647)	(132,347)
Unrealized loss on investments	(298,835)	-	-	(298,835)
Rental income	112,360	-	-	112,360
Miscellaneous	153,618	-	-	153,618
Total revenues	803,280	(20,687)	66,640	849,233
Expenditures:				
Current -				
General government:				
Accounting and auditing	49,555	-	-	49,555
Advertising	2,045	-	-	2,045
Conferences and meetings	14,500	-	-	14,500
Grant awards	59,755	-	-	59,755
Insurance	33,919	-	-	33,919
Legal fees	44,111	-	-	44,111
Maintenance	61,891	-	-	61,891
Miscellaneous	1,572	1,100	-	2,672
Office expenses	56,459	-	-	56,459
Payroll expenses	126,748	-	-	126,748
Professional fees	43,768	50,500	52,200	146,468
Uncollectible receivables	70,607	-	-	70,607
Utilities	5,798	-	-	5,798
Capital outlay	221,125	-	-	221,125
Debt service -				
Principal	-	2,195,000	3,150,000	5,345,000
Interest and other charges	-	86,530	209,956	296,486
Total expenditures	791,853	2,333,130	3,412,156	6,537,139
Excess (deficiency) of revenues over expenditures	11,427	(2,353,817)	(3,345,516)	(5,687,906)
Other financing sources (uses)				
Transfers in	964,556	-	-	964,556
Transfers out	-	(537,885)	(426,671)	(964,556)
Total other financing sources (uses)	964,556	(537,885)	(426,671)	-
Changes in fund balances	975,983	(2,891,702)	(3,772,187)	(5,687,906)
Fund balances, beginning	26,200,558	2,891,702	3,772,187	32,864,447
Fund balances, ending	\$27,176,541	\$ -	\$ -	\$27,176,541

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

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of the Governmental Funds
to the Statement of Activities
For the Year Ended March 31, 2018

Total net changes in fund balances at March 31, 2018 per statement of revenues, expenditures and changes in fund balances	\$ (5,687,906)
The change in net position reported for governmental activities in the statement of activities is different because:	
The profits from investment companies are not considered available; therefore, are not reported in the governmental funds.	(94,727)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay which are considered expenditures on the statement of revenues, expenditures and changes in fund balances	\$ 221,125
Depreciation expense for the year ended March 31, 2018	<u>(50,630)</u> 170,495
Bond principal payments are recorded as an expenditure on the statement of revenues, expenditures and changes in fund balances whereas the payment reduces the balance of bonds payable on the statement of net position.	5,345,000
Bond proceeds received as bond premiums or discounts are included as other financing sources on the statement of revenues, expenditures and changes in fund balances, whereas the bond premiums are deferred and amortized over the life of the bonds on the statement of activities.	240,102
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on an accrual basis	<u>24,749</u>
Total changes in net position at March 31, 2018 per statement of activities	<u>\$ (2,287)</u>

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

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Lafayette Public Trust Financing Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

Lafayette Public Trust Financing Authority (Authority) is a political subdivision of the state of Louisiana. The Authority was formed as a public trust on January 16, 1979 pursuant to Chapter 2-A of Title 9 of the Louisiana revised statutes. The beneficiary of the trust is the Lafayette City-Parish Consolidated Government, Lafayette, Louisiana. The Authority was created for the purpose of providing financing for residential facilities to low and moderate income families within the Parish of Lafayette. The Authority's governing body is comprised of a board of seven trustees.

For financial reporting purposes, the Authority includes all funds and activities that are controlled by the Authority as an independent political subdivision of the State of Louisiana. The Authority is a component unit of the Lafayette City-Parish Consolidated Government.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity, which are considered to be governmental activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

Fund Financial Statements (FFS)

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

The fund financial statements provide information about the Authority's funds. The emphasis on the fund financial statements is on major governmental funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Authority or meets the following criteria:

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

The major funds of the Authority are described below:

General Fund

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

Special Revenue Funds

Series 2007 Bond Fund

To account for the proceeds of the Series 2007, Single Family Mortgage Revenue Bonds, dated July 18, 2007 in the amount of \$28,800,000.

Series 2007A Bond Fund

To account for the proceeds of the Series 2007A, Single Family Mortgage Revenue Bonds, dated December 13, 2007 in the amount of \$25,000,000.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with activities are reported. Government-wide fund equity is classified as net position. In the fund financial statements, the “current financial resources” measurement focus is used. Only current financial assets and liabilities are generally included in the balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net position and statement of activities, activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

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

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash, interest-bearing deposits, and investments

Under state law, the Authority may invest in certificates of deposit, repurchase agreements, passbook savings accounts, bankers' acceptances, and other available bank investments provided that approved securities are pledged to secure those funds on deposit in an amount of those funds. In addition, the Authority can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law. Investments are stated at fair value.

Restricted assets

Restricted assets are those assets that are legally restricted as to their use. Restricted assets in the General Fund are related to the first-time homebuyer program.

Receivables

Notes and mortgages receivable in the General Fund consist of development loans and first-time homebuyer loans that are generally not expected or scheduled to be collected in the subsequent year. These are reported net of allowances. At March 31, 2018, the allowance for uncollectible accounts is \$912,645.

Capital Assets

Capital assets, which include property, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Authority maintains a threshold level of \$5,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Buildings and improvements	40 years
Equipment	5-7 years

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

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

Investment in Companies

The Authority accounts for certain investments in companies by the equity method. The Authority reports its share of the respective earnings (losses) in the government-wide statement of activities as general revenues, "Interest and investment earnings." The carrying value of the investments are reported in the government-wide statement of net position as "Investment in companies."

Property Held for Resale

Property held for resale is valued at cost. The cost is recorded as an expenditure at the time the property is sold. The property is equally offset by a fund balance reserve to indicate that it does not constitute "available expendable resources" even though it is a component of net position.

Long-term debt

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

All long-term debt to be repaid from governmental resources is reported as a liability in the government-wide statements. The long-term debt consists of single-family mortgage revenue bonds payable including the unamortized premium.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Compensated absences

The Authority grants vacation benefits to employees after six months of employment. Vacation earned is based on years of service. The Authority encourages use of vacation benefits in the year granted, therefore, no vacation payable is expected at year end. Any carryover of vacation time must be approved. Sick time benefits are not paid upon separation of employment from the Authority for any reason.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. There were no deferred outflows of resources and deferred inflows of resources at March 31, 2018.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

Equity Classifications

The authority classifies net position in the government-wide financial statements as follows:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use by either (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the two categories of net position.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balances of the governmental funds are classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to remain intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can only be used for specific purposes determined by a formal decision of the Authority's Board of Trustees, which is the highest level of decision-making authority for the Authority. Commitments may be established, modified, or rescinded only through resolutions approved by Trustees.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Authority's adopted policy, only the Board of Trustees may assign amounts for specific purposes.
- e. Unassigned – all other spendable amounts.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the Authority considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Authority considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Authority has provided otherwise in its committed or assigned actions.

E. Revenues, Expenditures, and Expenses

Expenditures/Expenses

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

In the fund financial statements, expenditures are classified by character. Governmental funds report expenditures of financial resources.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses). Proceeds from the issuance of bonds and premiums are accounted for as other financing sources.

F. Amortization

Amortization of bond issue costs is based on the total outstanding bonds divided by the sum of the bonds outstanding as of the beginning of the present year. This method does not materially differ from the interest method required by generally accepted accounting principles.

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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

3) Cash, Interest-Bearing Deposits and Investments

A. Cash and Interest-Bearing Deposits

Under state law, the Authority 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 Authority may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At March 31, 2018, the Authority had cash and interest-bearing deposits (book balances) of \$2,537,450 as follows:

Governmental activities:	
Demand deposits	\$ 220,999
Money market accounts	<u>2,316,451</u>
Totals	<u>\$ 2,537,450</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Authority's deposits may not be recovered or the Authority will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Authority or the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at March 31, 2018 are secured as follows:

Bank balances	<u>\$ 2,574,419</u>
Federal deposit insurance	\$ 507,968
Pledged securities	<u>2,066,451</u>
Total	<u>\$ 2,574,419</u>

Deposits in the amount of \$2,066,451 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Authority's name. The Authority does not have a policy for custodial credit risk.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

B. Investments

The Authority can invest in direct debt securities of the United States unless law expressly prohibits such an investment. The Authority's investments are insured or registered and are held by the Authority or its agent in the Authority's name.

At March 31, 2018, the Authority had the following investments and maturities:

Investment	% of Portfolio	Fair Value	Investment Maturities			
			Less Than 1 Year	1 - 5 Years	6 - 10 Years	Thereafter
Certificates of Deposit	5%	\$ 798,884	\$ 101,230	\$ 404,095	\$ 293,559	\$ -
Corporate Bonds	2%	358,985	-	358,985	-	-
Collateralized Mortgage Obligations	3%	613,970	-	-	-	613,970
Mortgage Backed Securities	1%	110,667	-	19,685,000	-	90,982
Municipal Obligations	87%	14,178,369	458,474	3,655,744	4,797,531	5,266,620
Government Obligations	2%	295,078	-	103,032	-	192,046
Total	100%	\$16,355,953	\$ 559,704	\$4,541,541	\$5,091,090	\$ 6,163,618

Interest Rate Risk – It is the policy of the Authority to invest in a mixture of fixed income, short-term and long-term instruments, and cash equivalents. The Authority operates two accounts. The first account establishes an Operating Fund with sufficient liquidity to meet operating expenses and cash needs. The second account establishes an Investment Fund to generate income plus growth.

Credit Risk/Concentration of Credit Risk – Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy limits investments to debt securities that are guaranteed by the United States Government or its agencies (including mortgage backed securities); corporate bonds, debentures, other forms of corporate debt including other asset backed securities and equipment trust certificates; and Build America Bonds. The Authority will not invest in more than 10% in bonds below investment grade BB or lower. At March 31, 2018, no more than 5% of the Authority's total investments were invested in any single issue.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

Rating by Standard & Poor's	Fair Value
AAA	\$ 3,039,146
AA+	3,068,352
AA-	2,764,206
AA	3,638,881
A+	449,334
A	347,610
A-	230,426
BBB+	103,805
Not rated	2,714,193
	\$16,355,953

Custodial Credit Risk – For an investment, the custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority’s investment policy requires that all investments be kept in the Authority’s name and all ownership securities to be evidenced by an acceptable safekeeping receipt issued by a third-party financial institution which is acceptable to the Government. Accordingly, the Authority had no custodial credit risk related to its investments at March 31, 2018.

The Authority recognized a net decrease in the fair value of investments for the fiscal year ended March 31, 2018 in the amount of \$298,835. This amount takes into account all the changes in fair value (including purchases and sales) that occurred during the year. The unrealized gain on investments held at March 31, 2018 was \$347,886.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(4) Investment in Limited Partnerships and Corporations

Cypress Trails – The Authority adopted a resolution on February 3, 2006 declaring its intent to develop and own an affordable apartment home development for the purpose of providing affordable rental apartment homes to low income individuals and families through the Louisiana Housing Finance Agency’s Low Income Housing Tax Credit Program. On November 11, 2009, the Authority formed a not-for-profit corporation, The Cypress Trails Corporation (the Corporation), and subsequently entered into a partnership with other limited partners to form the Cypress Trails Limited Partnership (the Partnership). The Corporation is the general partner, and owns a .009% equity interest in the partnership. The purpose of this enterprise is to develop an 80 unit elderly/permanent supportive new housing development. The development will consist of a community facility which will be available for tenants and will provide supportive services to the elderly and handicapped tenants. The development owner applied for, and received an allocation of 9% tax credits from the Louisiana Housing Finance Agency. On December 1, 2010, the Partnership closed on construction financing related to the project. As part of the funding agreements, the Corporation, and the Authority have jointly guaranteed a bridge loan in the amount of \$2,650,000, and a construction loan, which has a draw limit of \$2,316,000. Both of these loans will be refinanced at completion of construction using non-recourse debt, which will remove the guaranties at that time. In addition to the above, the Corporation and the Authority have: (1) agreed to fund operating deficits of the Partnership, limited to \$239,000 if the achievement of certain benchmarks are met; (2) have guaranteed the completion of construction of the project; (3) and guaranteed the payment of any adjustment amounts or reduction amounts related to the tax credit program. As a general partner, The Cypress Trails Corporation is potentially liable for all the debts of the partnership.

Joie de Vivre – In March 2011, JDV Development, LLC (LLC) was formed by Acadiana Outreach Center, Inc. (AOC) for the purpose of engaging in any legitimate business pursuit or any lawful activity for which limited liability companies may be formed, as set forth in LSA-R.S. 12:1302. The LLC was formed to assist AOC in acquiring, constructing, rehabilitating, maintaining, and operating affordable housing projects located in the City and Parish of Lafayette and to act as the General Partner in the JDV Limited Partnership (the Partnership), for the specific purpose of developing the Joie de Vivre Project. Due to financial circumstances, AOC expressed its desire to transfer its interest in the development of the Joie de Vivre project to the Authority. The Authority adopted a resolution on September 27, 2011, declaring its intent to continue the development of the Joie de Vivre project - a smart growth, mixed use, workforce housing development in downtown Lafayette. On January 27, 2012, the Authority entered into an agreement to accept the transfer of AOC’s interest in the Joie de Vivre Project via a transfer of ownership of the LLC. JDV Development, LLC will continue to act as the General Partner of JDV Limited Partnership, and owns .01% equity interest in the Partnership. On January 31, 2012, the Partnership closed on a \$9,000,000 construction loan related to the project. During 2013, the construction loan in the amount of \$7,938,236 was converted to permanent financing.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

Studio 114, LLC - - The Authority organized Studio 114, LLC during March 2012 to rehabilitate, develop, and operate a 15-unit apartment project, known as The Studios at LWG in Lafayette, Louisiana. The apartment project consists of eight (8) HOME assisted and seven (7) market rate apartments. The apartments are rented to low-income tenants and are operated in a manner necessary to comply with the Louisiana Housing Corporation, formally Louisiana Housing Finance Agency, Urban Rental Development Grant Agreement under the HOME Investment Partnership Program. The major activities of the Company are subject to the administrative directives, rules, and regulations of federal and state regulatory agencies, including but not limited to, the state housing finance agency. The Authority is the sole member of the Louisiana Limited Liability Company. As of March 31, 2018, the Authority's investment in the Company amounted to \$1,180,384.

Sans Souci, LLC - The Authority created Sans Souci, LLC during 2013 to accept the donation of a historically significant building known as the San Souci building. The Corporation's purpose is to preserve and maintain the Sans Souci building and ensure that the building will be used as a cultural facility for cultural services and activities. The Authority is the sole member of the Louisiana Limited Liability Company. As of March 31, 2018, the Authority's investment in the Company amounted to \$83,674.

(5) Notes Receivable

On August 10, 2006, the Authority financed the purchase of 14.61 acres by the Housing Authority of the City of Lafayette. This loan in the amount of \$425,000 is secured by a mortgage on the property and bears interest at a rate of 3% per annum accruing until the note is repaid when the Housing Authority's project is funded by Low Income Housing Tax Credits or in 5 years. In 2009, the Board of Trustees of Lafayette Public Trust Financing Authority agreed to restructure the loan to a long-term, non-interest bearing cash flow loan to be a project funding source for the City of Lafayette Housing Authority tax credit affordable housing project known as Villa Gardens, Lafayette, Louisiana. A signed loan agreement reflecting this agreement was executed on July 16, 2010 with a principal balance consisting of the original loan amount and accrued interest. As of March 31, 2018, one payment of \$5,636 has been made on this note.

\$ 457,614

Certain startup costs of the Cypress Trails Partnership venture were advanced by the Authority as of March 31, 2013 in the amount of \$700,000. This advance is in the form of a non-interest bearing note, secured by a second mortgage on the property. Repayment of the note will be from surplus cash generated by the project.

567,833

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

<p>On April 8, 2011, the Authority issued a loan in the amount of \$1,000,000 to JDV Development, Limited Partnership to provide funding for the Joie de Vivre project. The loan will bear interest at a rate of 3% per annum with no interest accruing during the project construction period and until the units constructed in the project are placed in service. Payments of principal and accrued interest will be repaid from 50% of the net cash flow from the operations of the project. The project was substantially completed in December 2012. At March 31, 2018, the loan had accrued interest of \$158,548.</p>	1,000,000
<p>On June 6, 2012 the Authority approved a \$1,010,000 non-interest bearing note to Studio 114, LLC, which the Authority created in March 2012 and of which it is the sole member. The funds will be used to construct a fifteen-unit, mixed income, income and rental restricted affordable housing project. The project will also be funded from a \$1,000,000 HOME grant to assist in financing the development. The loan will be repaid out of surplus cash flows from the project.</p>	549,000
<p>On February 23, 2017, the Authority issued a \$550,000 note to Festival International de Louisiane, to purchase the Greyhound Bus Building. The terms of the loan include principal of \$400,000 bearing interest of 3% per annum and shall be payable in equal monthly installments of principal and interest in the amount of \$2,762.33 for a term of 180 months. Provided that the all loan terms are met, beginning on the eleventh anniversary date of the note, \$30,000 shall be converted to a grant for each of the remaining years, for a total of \$150,000.</p>	515,607
<p>On April 12, 2016, the Authority issued a \$150,000 non-interest bearing note that will require no payment until April 12, 2021 for property purchased on behalf of Faith House, Inc. to support Project Hope. The Authority will donate the property after a period of 36 months if Faith House, Inc. meets the fundraising benchmarks specified within the note agreement.</p>	150,000
<p>On June 14, 2016, the Authority entered into a cooperative endeavor agreement with Lafayette Habitat for Humanity, Inc. for the assignment of 6 residential, first-lien mortgages with a remaining mortgage balance of \$158,999 for a purchase price of \$139,452. As part of the agreement, the seller will continue to administer and service the mortgage loans until their maturity and will repurchase any sold loans in default.</p>	135,644
<p>On March 8, 2018, the Authority issued a \$135,000 interest bearing note to Dream Witch, LLC to produce a Motion Picture. The production company assigned film tax credits related to eligible production expenses for repayment of the principal balance. The production company is also responsible to pay an additional 10% of the loan amount in interest.</p>	135,000
	3,510,698
Less current portion	(32,226)
Noncurrent notes receivable	\$3,478,472

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(6) Capital Assets

Capital asset activity for the year ended March 31, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 33,704	\$ -	\$ -	\$ 33,704
Construction in progress	3,266	221,125	-	224,391
Other capital assets:				
Buildings and improvements	1,703,324	-	-	1,703,324
Equipment	<u>6,213</u>	<u>-</u>	<u>-</u>	<u>6,213</u>
Totals	<u>1,746,507</u>	<u>221,125</u>	<u>-</u>	<u>1,967,632</u>
Less accumulated depreciation				
Building and improvements	61,742	49,387	-	111,129
Equipment	<u>3,624</u>	<u>1,243</u>	<u>-</u>	<u>4,867</u>
Total accumulated depreciation	<u>65,366</u>	<u>50,630</u>	<u>-</u>	<u>115,996</u>
Capital assets, net	<u>\$1,681,141</u>	<u>\$ 170,495</u>	<u>\$ -</u>	<u>\$1,851,636</u>

At March 31, 2018, governmental activities had depreciation expense in the amount of \$50,630.

(7) Bonds Payable

Series 2007, Single Family Mortgage Revenue Bonds, dated July 18, 2007 with a maturity date of January 1, 2041, bearing interest at the rate of 5.35% in the amount of \$28,800,000. Interest on the bonds are payable on the first business day of each month.

Based upon monies in the Redemption Account plus mortgage repayments and principal prepayments during the month, Bonds may be redeemed monthly in minimum aggregate principal amounts of \$1,000.

Series 2007A, Single Family Mortgage Revenue Bonds, dated December 13, 2007 with a maturity date of May 1, 2041, bearing interest at the rate of 5.70% in the amount of \$25,000,000. Interest on the bonds are payable on the first business day of each month.

Based upon monies in the Redemption Account plus mortgage repayments and principal prepayments during the month, Bonds may be redeemed monthly in minimum aggregate principal amounts of \$5,000.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

The following is a summary of bond transactions of the Authority for the year ended March 31, 2018:

Bonds payable, beginning of year	\$ 5,345,000
Add: Bonds issued	-
Less: Bonds retired	<u>(5,345,000)</u>
Bonds payable, end of year	-
Add: Unamortized bond premiums	<u>-</u>
Total governmental activity debt	<u>\$ -</u>

The Authority paid the remaining principal outstanding on the Series 2007 and Series 2007A bonds on December 31, 2017.

(8) Compensation of Board of Trustees

The Board of Trustees of the Authority receives no compensation and are only reimbursed for their expenses incurred relating to the Authority's business, which must have appropriate supporting documentation.

(9) Mortgages Receivable

The Authority has established and implemented a low interest revolving loan program to assist first time homebuyers in the Parish of Lafayette. Eligible participants may receive up to \$8,000, to be repaid at an interest rate of five percent (5%) per year for a loan term not to exceed fifteen (15) years. The funds may be used only for the purposes of offsetting closing costs and/or as a down payment.

At March 31, 2018, the Authority had mortgages receivable in the amount of \$4,752,512. The Authority had an allowance for doubtful account accounts for mortgages receivable in the amount of \$912,645 at March 31, 2018.

(10) Conduit Debt Obligations and Contingencies

On April 15, 2009, the Authority issued Revenue Bonds in the amount of \$12,500,000 to provide financial assistance to Ragin' Cajun Facilities, Inc., for the development, design construction and equipping of student housing facilities, including parking and other infrastructure at the University of Louisiana at Lafayette.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

On December 2, 2010, the Authority issued additional Revenue Bonds in the amount of \$22,200,000 to provide financial assistance to Ragin' Cajun Facilities, Inc., for the development, design construction and equipping of a student union and other infrastructure at the University of Louisiana at Lafayette.

On December 14, 2010, the Authority issued additional Revenue Bonds in the amount of \$100,050,000 to provide financial assistance to Ragin' Cajun Facilities, Inc., for the development, design construction and equipping of student housing facilities, including parking and other infrastructure at the University of Louisiana at Lafayette.

On September 6, 2012, the Authority issued Revenue Bonds in the amount of \$13,185,000 to provide financial assistance to South Louisiana Corporation.

On October 30, 2012, the Authority issued additional Revenue Bonds in the amount of \$14,740,000 to provide financial assistance to Ragin' Cajun Facilities, Inc., for the development, design construction and equipping of student housing facilities, including parking and other infrastructure at the University of Louisiana at Lafayette.

Revenues from the facilities constructed are pledged for the total payment of principal and interest. Upon repayment of the bonds, ownership of the constructed facilities transfers to the respective corporations served by the bond issuance. These bonds are not direct or contingent liabilities of the Authority. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of March 31, 2018, there were five series of revenue bonds outstanding. The principal amount outstanding for these issues was \$145,580,000. The original issue amount of the bonds was \$162,675,000.

(11) Fair Value Measurements

Professional standards require the disclosure for fair value measurements of financial assets and liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of inputs used to measure fair value are as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b. Level 2 inputs are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

- c. Level 3 inputs are unobservable inputs for the asset or liability.

The following methods and assumptions were used by the Authority in estimating fair values of financial instruments:

- a. The carrying amount reported in the statement of financial position for the following approximates fair value due to the short maturities of these instruments: cash, receivables, and accounts payable.
- b. The fair value for investment securities are based on quoted market prices at the reporting date multiplied by the quantity held. The carrying value equals fair value.

The following table presents assets that are measured at fair value on a recurring basis at March 31, 2018:

<u>Description</u>	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Certificates of deposit	\$ 798,884	\$ 798,884	\$ -	\$ -
Corporate Bonds	358,985	-	358,985	-
Collateralized Mortgage Obligations	613,970	-	613,970	-
Mortgage Backed Securities	110,667	-	110,667	-
Municipal Obligations	14,178,369	-	14,178,369	-
Government Obligations	295,078	-	295,078	-
Total	<u>\$16,355,953</u>	<u>\$798,884</u>	<u>\$15,557,069</u>	<u>\$ -</u>

(12) Related Party Transactions

The Authority has a non-interest-bearing note receivable from Studio 114, LLC in the amount of \$549,000 to assist in the project development and construction of a housing project. Additionally, the Authority loaned \$15,000 to Studio 114, LLC to cover operating costs during the year ended March 31, 2018.

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

Patrick Magee, Chairman received \$1,785 in conference registration fees for the year ended March 31, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Budgetary Comparison Schedule
General Fund
Year Ended March 31, 2018

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Interest on mortgages receivable	\$ 150,000	\$ 150,000	\$ 164,767	\$ 14,767
Interest on interest-bearing deposits and investments	660,000	635,000	687,742	52,742
Interest on notes receivable	-	-	9,800	9,800
Realized loss on disposition of investments	-	-	(26,172)	(26,172)
Unrealized loss on investments	(500,000)	(500,000)	(298,835)	201,165
Rental income	120,000	95,000	112,360	17,360
Miscellaneous income	47,500	149,400	153,618	4,218
Total revenues	<u>477,500</u>	<u>529,400</u>	<u>803,280</u>	<u>273,880</u>
Expenditures:				
Current -				
General government:				
Accounting and auditing	50,000	56,000	49,555	6,445
Advertising	10,000	2,500	2,045	455
Conferences and meetings	5,000	19,000	14,500	4,500
Grant awards	350,000	100,000	59,755	40,245
Insurance	60,000	50,000	33,919	16,081
Legal fees	95,000	45,000	44,111	889
Maintenance	50,000	62,000	61,891	109
Miscellaneous	10,000	10,000	1,572	8,428
Office expenses	55,000	65,000	56,459	8,541
Payroll expenses	115,000	137,000	126,748	10,252
Professional fees	15,000	41,500	43,768	(2,268)
Uncollectible receivables	225,000	185,000	70,607	114,393
Utilities	10,000	7,500	5,798	1,702
Capital outlay	<u>1,700,000</u>	<u>1,000,000</u>	<u>221,125</u>	<u>778,875</u>
Total expenditures	<u>2,750,000</u>	<u>1,780,500</u>	<u>791,853</u>	<u>988,647</u>
Deficiency of revenues over expenditures	(2,272,500)	(1,251,100)	11,427	1,262,527
Other financing sources:				
Transfers in	<u>-</u>	<u>964,457</u>	<u>964,457</u>	<u>-</u>
Changes in fund balance	(2,272,500)	(286,643)	975,884	1,262,527
Fund balance, beginning	<u>26,200,558</u>	<u>26,200,558</u>	<u>26,200,558</u>	<u>-</u>
Fund balance, ending	<u>\$23,928,058</u>	<u>\$25,913,915</u>	<u>\$27,176,442</u>	<u>\$ 1,262,527</u>

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Budgetary Comparison Schedule
Series 2007 Bonds Special Revenue Fund
Year Ended March 31, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest on interest-bearing deposits and investments	\$ 175,000	\$ 37,841	\$ 37,841	\$ -
Realized loss on disposition of investments	<u>(150,000)</u>	<u>(58,528)</u>	<u>(58,528)</u>	<u>-</u>
Total revenues	<u>25,000</u>	<u>(20,687)</u>	<u>(20,687)</u>	<u>-</u>
Expenditures:				
Current -				
General government:				
Miscellaneous	2,000	1,100	1,100	-
Professional fees	5,000	50,500	50,500	-
Debt service -				
Principal	1,000,000	2,195,000	2,195,000	-
Interest and other charges	<u>125,000</u>	<u>86,530</u>	<u>86,530</u>	<u>-</u>
Total expenditures	<u>1,132,000</u>	<u>2,333,130</u>	<u>2,333,130</u>	<u>-</u>
Deficiency of revenues over expenditures	(1,107,000)	(2,353,817)	(2,353,817)	-
Other financing sources:				
Transfers out	<u>-</u>	<u>(537,885)</u>	<u>(537,885)</u>	<u>-</u>
Changes in fund balances	(1,107,000)	(2,891,702)	(2,891,702)	-
Fund balances, beginning	<u>2,891,702</u>	<u>2,891,702</u>	<u>2,891,702</u>	<u>-</u>
Fund balances, ending	<u>\$1,784,702</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Budgetary Comparison Schedule
Series 2007A Bonds Special Revenue Fund
Year Ended March 31, 2018

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Interest on interest-bearing deposits and investments	\$ 250,000	\$ 114,189	\$ 114,287	\$ 98
Realized loss on disposition of investments	<u>(150,000)</u>	<u>(47,647)</u>	<u>(47,647)</u>	<u>-</u>
Total revenues	<u>100,000</u>	<u>66,542</u>	<u>66,640</u>	<u>98</u>
Expenditures:				
Current -				
General government:				
Miscellaneous	2,000	-	-	-
Professional fees	5,000	52,200	52,200	-
Debt service -				
Principal	700,000	3,150,000	3,150,000	-
Interest and other charges	<u>195,000</u>	<u>209,956</u>	<u>209,956</u>	<u>-</u>
Total expenditures	<u>902,000</u>	<u>3,412,156</u>	<u>3,412,156</u>	<u>-</u>
Deficiency of revenues over expenditures	(802,000)	(3,345,614)	(3,345,516)	98
Other financing sources:				
Transfers out	<u>-</u>	<u>(426,573)</u>	<u>(426,671)</u>	<u>(98)</u>
Changes in fund balances	(802,000)	(3,772,187)	(3,772,187)	-
Fund balances, beginning	<u>3,772,187</u>	<u>3,772,187</u>	<u>3,772,187</u>	<u>-</u>
Fund balances, ending	<u>\$ 2,970,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER SUPPLEMENTARY INFORMATION

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana
General Fund

Comparative Balance Sheet
March 31, 2018 and 2017

	2018	2017
ASSETS		
Current:		
Cash and interest-bearing deposits	\$ 2,467,300	\$ 2,306,576
Investments	16,355,953	15,746,463
Rent receivable	21,400	7,000
Notes receivable	32,226	26,257
Mortgages receivable, net	497,263	488,730
Accrued interest receivable	333,850	278,084
Prepaid expenses	-	2,385
Other receivables	21,114	-
Restricted cash	70,150	417,776
Property held for resale	<u>710,265</u>	<u>710,265</u>
Total current assets	<u>20,509,521</u>	<u>19,983,536</u>
Noncurrent:		
Mortgages receivable, net	3,342,604	2,940,764
Notes receivable	<u>3,478,472</u>	<u>3,385,457</u>
Total noncurrent assets	<u>6,821,076</u>	<u>6,326,221</u>
Total assets	<u>\$27,330,597</u>	<u>\$ 26,309,757</u>
LIABILITIES AND FUND BALANCES		
Current liabilities:		
Accounts payable	\$ 151,356	\$ 37,476
Retainage payable	-	65,263
Security deposits payable	<u>2,700</u>	<u>6,460</u>
Total liabilities	<u>154,056</u>	<u>109,199</u>
Fund balances:		
Nonspendable :		
Property held for resale	710,265	710,265
Noncurrent notes receivables	<u>3,478,472</u>	<u>3,385,457</u>
Total nonspendable	4,188,737	4,095,722
Committed - First Time Homebuyer Program	3,910,017	3,847,270
Unassigned	<u>19,077,787</u>	<u>18,257,566</u>
Total fund balances	<u>27,176,541</u>	<u>26,200,558</u>
Total liabilities and fund balances	<u>\$27,330,597</u>	<u>\$ 26,309,757</u>

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana
General Fund

Budgetary Comparison Schedule -
Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Year Ended March 31, 2018
With Comparative Actual Balances for the Year Ended March 31, 2017

	Budget		Actual	Variance with Final Budget	2017 Actual
	Original	Final		Positive (Negative)	
Revenues:					
Interest on mortgages receivable	\$ 150,000	\$ 150,000	\$ 164,767	\$ 14,767	\$ 158,810
Interest on interest-bearing deposits and investments	660,000	635,000	687,742	52,742	642,488
Interest on notes receivable	-	-	9,800	9,800	-
Realized loss on disposition of investments	-	-	(26,172)	(26,172)	(22,211)
Unrealized gain (loss) on investments	(500,000)	(500,000)	(298,835)	201,165	(309,556)
Management fees	-	-	-	-	21,617
Rental income	120,000	95,000	112,360	17,360	82,600
Miscellaneous income	47,500	149,400	153,618	4,218	91,882
Total revenues	<u>477,500</u>	<u>529,400</u>	<u>803,280</u>	<u>273,880</u>	<u>665,630</u>
Expenditures:					
Current -					
General government:					
Accounting and auditing	50,000	56,000	49,555	6,445	38,005
Advertising	10,000	6,000	2,045	3,955	264
Conferences and meetings	5,000	19,000	14,500	4,500	4,413
Grant awards	350,000	100,000	59,755	40,245	396,344
Insurance	60,000	50,000	33,919	16,081	36,042
Legal fees	95,000	45,000	44,111	889	72,690
Maintenance	50,000	62,000	61,891	109	54,688
Miscellaneous	10,000	10,000	1,572	8,428	1,143
Office expenses	55,000	65,000	56,459	8,541	39,397
Payroll expenses	115,000	137,000	126,748	10,252	110,137
Professional fees	15,000	38,000	43,768	(5,768)	9,684
Uncollectible receivables	225,000	185,000	70,607	114,393	172,833
Utilities	10,000	7,500	5,798	1,702	5,236
Capital outlay	1,700,000	1,000,000	221,125	778,875	49,353
Total expenditures	<u>2,750,000</u>	<u>1,780,500</u>	<u>791,853</u>	<u>988,647</u>	<u>990,229</u>
Deficiency of revenues over expenditures	(2,272,500)	(1,251,100)	11,427	1,262,527	(324,599)
Other financing sources:					
Transfers in	-	964,457	964,457	-	-
Changes in fund balance	(2,272,500)	(286,643)	975,884	1,262,527	(324,599)
Fund balance, beginning	<u>26,200,558</u>	<u>26,200,558</u>	<u>26,200,558</u>	<u>-</u>	<u>26,525,157</u>
Fund balance, ending	<u>\$23,928,058</u>	<u>\$25,913,915</u>	<u>\$ 27,176,442</u>	<u>\$ 1,262,527</u>	<u>\$ 26,200,558</u>

**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*

WWW.KCSRCPAS.COM

The Board of Trustees
Lafayette Public Trust Financing Authority
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 governmental activities and each major fund of Lafayette Public Trust Financing Authority (the Authority) as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated August 3, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 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 did identify certain weaknesses in internal control described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2018-001 and 2018-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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 Public Trust Financing Authority's Response to Findings

The Authority's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. The Authority'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. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
August 3, 2018

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended March 31, 2018

Ref No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (3/31/18) --						
<u>Internal Control:</u>						
2018-001	2008	Due to the small number of employees, the Authority did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Patrick Magee, Chairman	N/A
2018-002	2017	The investigation into the 2016 - 2017 fiscal year missing funds (noted as finding 2017-002) from the First Time Homebuyers Program continued during this fiscal year. An additional \$500 payment in May 2017 could not be located within the accounting records. All evidence was submitted to the appropriate law enforcement personnel and the District Attorney for further investigation and prosecutorial decision. This matter remains open and the responsible person has not been determined.	Yes	In September 2017, the Authority hired a Mortgage Specialist and a Bookkeeper/Secretary to separate the collection and recording processes of the First Time Homebuyer Program and to provide for segregation of functions within the accounting system. The Authority also purchased new loan servicing software in December 2017 that has set user controls that will prevent the deletion and/or modification of outstanding loans. Additionally, the Authority will no longer accept cash payments.	Patrick Magee, Chairman	3/31/2019

Compliance:

There were no compliance findings.

(continued)

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended March 31, 2018

Ref No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
PRIOR YEAR (3/31/17) --						
<u>Internal Control:</u>						
2017-001	2008	Due to the small number of employees, the Authority did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Patrick Magee, Chairman	N/A
2017-002	2017	The First Time Homebuyer Downpayment Assistance Program administered by the Authority had a participant loan during the fiscal year reflected as paid; however, the alleged final cash payment of \$3,000 made in January 2017 could not be located within the accounting records. Additionally, the participant loan was deleted at an undetermined date from the loan servicing software. The appropriate requests have been sent to the District Attorney of the 15th Judicial District Court and the Louisiana Legislative Auditor and the status is unknown. This matter remains open and the responsible person has not been determined. The Authority's loan servicing software does not have the availability to set user controls; therefore, allowing modifications to previously recorded data and deletion of outstanding loans without any type of computerized history log. Additionally, employees were performing more than one related function as it relates to the First Time Homebuyer Downpayment Assistance Program.	Yes	Management is hiring a part-time employee in order to segregate the duties of receiving, posting, and depositing of payments. Therefore, a person independent of these functions will be responsible for reconciliation of the bank account. Additionally, management developed a policy that cash payments will no longer be accepted. Management is reviewing other loan servicing software with enhanced user controls to prohibit unauthorized modifications to the loan data. Management will purchase the software in this fiscal quarter.	Patrick Magee, Chairman	3/31/2018

Compliance:

There were no compliance findings.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Agreed-Upon Procedures Report

Year Ended March 31, 2018

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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To the Board of Trustees of
Lafayette Public Trust Financing Authority
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Lafayette Public Trust Financing Authority (Authority) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period April 1, 2017 through March 31, 2018. The Authority's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. We obtained the Authority's written policies and procedures and reported whether those written policies and procedures address each of the following financial/business functions (or reported that the Authority does not have any written policies and procedures), as applicable:
 - 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***, including receiving, recording, and preparing deposits.
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- 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) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Authority's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board (or Finance Committee, if applicable)

- 2. We obtained and reviewed the board/committee minutes for the fiscal period, and:
 - a) Reported whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Reported whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the Authority's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, reported whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, reported whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Reported whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Bank Reconciliations

- 3. We obtained a listing of client bank accounts from management and management's representation that the listing is complete.
- 4. Using the listing provided by management, we selected all of the Authority's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, we obtained bank statements and reconciliations for all months in the fiscal period and reported whether:
 - a) Bank reconciliations have been prepared;

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Collections

- 5. We obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
- 6. Using the listing provided by management, we selected all of the Authority's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). For each cash collection location selected:
 - a) We obtained existing written documentation (e.g. insurance policy, policy manual, job description) and reported whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) We obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and reported whether the Authority has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
 - c) We selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using the Authority's collection documentation, deposit slips, and bank statements, we traced daily collections to the deposit date on the corresponding bank statement and reported whether the deposits were made within one day of collection. If deposits were not made within one day of collection, reported the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, we verified that daily cash collections are completely supported by documentation and report any exceptions.
- 7. We obtained existing written documentation (e.g. policy manual, written procedure) and reported whether the Authority has a process specifically defined (identified as such by the Authority) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

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

- 8. We obtained a listing of the Authority's disbursements from management or, alternately, obtained the general ledger and sorted/filtered for the Authority's disbursements. We obtained management's representation that the listing or general ledger population is complete.

9. Using the disbursement population from #8 above, we randomly selected 25 disbursements (or randomly selected disbursements constituting at least one-third of the dollar disbursement population if the Authority had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and reported whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
10. Using the Authority's documentation (e.g. electronic system control documentation, policy manual, written procedure), we reported whether the person responsible for processing payments is prohibited from adding vendors to the Authority's purchasing/disbursement system.
11. Using the Authority's documentation (e.g. electronic system control documentation, policy manual, written procedure), we reported whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
12. We inquired of management and observed whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and reported any exceptions. Alternately, if the checks are electronically printed on blank check stock, we reviewed the Authority's documentation (electronic system control documentation) and reported whether the persons with signatory authority have system access to print checks.
13. If a signature stamp or signature machine is used, we inquired of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. We inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. We reported any exceptions.

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

14. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.
15. Using the listing prepared by management, we randomly selected 10 cards (or at least one-third of the cards if the Authority has less than 10 cards) that were used during the fiscal period, rotating cards each year.

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

- a) We reported whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
 - b) We reported whether finance charges and/or late fees were assessed on the selected statements.
16. Using the monthly statements or combined statements selected under #15 above, we obtained supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
- a) For each transaction, we reported whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased).
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization).
 - b) For each transaction, we compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Authority's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and reported any exceptions.
 - c) For each transaction, we compared the Authority's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and reported any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed).

Travel and Expense Reimbursement

17. We obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, we obtained the general ledger and sorted/filtered for travel reimbursements. We obtained management's representation that the listing or general ledger is complete.
18. We obtained the Authority's written policies related to travel and expense reimbursements. We compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and reported any amounts that exceed GSA rates.
19. Using the listing or general ledger from #17 above, we selected the three persons who incurred the most travel costs during the fiscal period. We obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) We compared expense documentation to written policies and reported whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Authority does not have written policies, we compared to the GSA rates (#18 above) and reported each reimbursement that exceeded those rates.

- b) We reported whether each expense is supported by:
- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).
- c) We compared the Authority's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse).
- d) We reported whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

20. We obtained a listing of all contracts in effect during the fiscal period or, alternately, we obtained the general ledger and sorted/filtered for contract payments. We obtained management's representation that the listing or general ledger is complete.
21. Using the listing above, we selected the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). We obtained the related contracts and paid invoices and:
- a) We reported whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) We compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, we obtained/compared supporting contract documentation to legal requirements and reported whether the Authority complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
 - If no, we obtained supporting contract documentation and reported whether the Authority solicited quotes as a best practice.
 - c) We reported whether the contract was amended. If so, we reported the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) We selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and reported whether the invoice and related payment complied with the terms and conditions of the contract.
 - e) We obtained/reviewed contract documentation and board minutes and reported whether there is documentation of board approval, if required by policy or law.

Payroll and Personnel

22. We obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing is complete. Randomly select five employees/officials, obtained their personnel files, and:
- a) Reviewed compensation paid to each employee during the fiscal period and reported whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Reviewed changes made to hourly pay rates/salaries during the fiscal period and reported whether those changes were approved in writing and in accordance with written policy.
23. We obtained attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, we randomly selected 25 employees/officials (or randomly selected one-third of employees/officials if the Authority had less than 25 employees during the fiscal period), and:
- a) Reported whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Reported whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Reported whether there is written documentation that the Authority maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.
24. We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, we selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the two employees/officials. We reported whether the termination payments were made in strict accordance with policy and/or contract and approved by management.
25. We obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. We reported whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, we obtained ethics compliance documentation from management and reported whether the Authority maintained documentation to demonstrate that required ethics training was completed.
27. We inquired of management whether any alleged ethics violations were reported to the Authority during the fiscal period. If applicable, we reviewed documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the Authority's ethics policy. We reported whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, we obtained supporting documentation from the Authority, and reported whether State Bond Commission approval was obtained.
29. If the Authority had outstanding debt during the fiscal period, we obtained supporting documentation from the Authority and reported whether the Authority made scheduled debt service payments and maintained debt reserves, as required by debt covenants.
30. If the Authority had tax millages relating to debt service, we obtained supporting documentation and reported whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, we reported any millages that continue to be received for debt that has been paid off.

Other

31. We inquired of management whether the Authority had any misappropriations of public funds or assets. If so, we obtained/reviewed supporting documentation and reported whether the Authority reported the misappropriation to the legislative auditor and the district attorney of the parish in which the Authority is domiciled.
32. We observed and reported whether the Authority has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
33. If we observed or otherwise identified any exceptions regarding management's representations in the procedures above, we reported the nature of each exception.

Exceptions:

No exceptions were found as a result of applying the procedures listed above except:

Board (or Finance Committee, if applicable):

1. The Board minutes referenced and included monthly budget-to-actual comparisons beginning with the February 2018 meeting.

Bank Reconciliations:

2. The Authority's bank reconciliations selected did not include evidence of review by a member of management or a board member.

Collections:

3. The Authority had a day of cash collections that was not deposited for 3 days and 2 days of cash collections that were not deposited for 8 days.

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

4. The Authority does not have written documentation that prohibits the person responsible for processing payments from adding vendors to purchasing/disbursement system.

Management of the Authority concurs with the exceptions and are working to address the deficiencies identified.

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
August 3, 2018