

**LAFAYETTE PUBLIC TRUST
FINANCING AUTHORITY**

Lafayette, Louisiana

Financial Report

Year Ended March 31, 2019

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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, 2019, 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, 2019, 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 page 29 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 31 and 32 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 2018 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 September 24, 2019 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
September 24, 2019

BASIC FINANCIAL STATEMENTS

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

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Statement of Net Position
March 31, 2019

	Governmental Activities
ASSETS	
Current:	
Cash and interest-bearing deposits	\$ 2,323,163
Investments	15,847,119
Rent receivable	28,000
Notes receivable	33,711
Mortgages receivable, net	532,143
Accrued interest receivable	358,698
Other receivables	22,793
Restricted cash	87,518
Property held for resale	<u>710,265</u>
Total current assets	<u>19,943,410</u>
Noncurrent assets:	
Mortgages receivable, net	3,427,253
Notes receivable	3,706,905
Investment in companies	1,346,674
Capital assets, net	<u>2,353,162</u>
Total noncurrent assets	<u>10,833,994</u>
Total assets	<u>30,777,404</u>
LIABILITIES	
Accounts payable	68,359
Security deposits	<u>1,500</u>
Total liabilities	<u>69,859</u>
NET POSITION	
Net investment in capital assets	2,353,162
Unrestricted	<u>28,354,383</u>
Total net position	<u>\$ 30,707,545</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, 2019

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	<u>\$ 885,134</u>	<u>\$113,420</u>	<u>\$ -</u>	<u>\$ (771,714)</u>
General revenues:				
Interest and investment earnings				1,075,186
Other revenue				<u>111,838</u>
Total general revenues				<u>1,187,024</u>
Change in net position				415,310
Net position, beginning				<u>30,292,235</u>
Net position, ending				<u>\$ 30,707,545</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, 2019

	General
ASSETS	
Current:	
Cash and interest-bearing deposits	\$ 2,323,163
Investments	15,847,119
Rent receivable, net	28,000
Notes receivable	33,711
Mortgages receivable, net	532,143
Accrued interest receivable	358,698
Other receivables	22,793
Restricted cash	87,518
Property held for resale	710,265
Total current assets	19,943,410
Noncurrent:	
Mortgages receivable, net	3,427,253
Notes receivable	3,706,905
Total noncurrent assets	7,134,158
Total assets	\$27,077,568
LIABILITIES AND FUND BALANCES	
Current liabilities:	
Accounts payable	\$ 68,359
Security deposits payable	1,500
Total liabilities	69,859
Fund balances:	
Nonspendable:	
Property held for resale	710,265
Noncurrent mortgage/notes receivable	3,706,905
Total nonspendable	4,417,170
Committed - First Time Homebuyer Program	4,046,914
Unassigned	18,543,625
Total fund balances	27,007,709
Total liabilities and fund balances	\$27,077,568

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, 2019

Total fund balances for the governmental funds at March 31, 2019		\$ 27,007,709
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.		1,346,674
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	776,547	
Buildings and improvements, net of \$163,510 accumulated depreciation	1,542,808	
Equipment, net of \$6,110 accumulated depreciation	<u>103</u>	<u>2,353,162</u>
Total net position of governmental activities at March 31, 2019		<u>\$ 30,707,545</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 Balance -
Governmental Funds
Year Ended March 31, 2019

	General
Revenues:	
Interest on mortgages receivable	\$ 184,933
Interest on interest-bearing deposits and investments	676,802
Interest on notes receivable	43,371
Realized loss on disposition of investments	(7,743)
Unrealized gain on investments	95,207
Rental income	113,420
Loan fees	5,757
Tax credit income	106,081
Total revenues	1,217,828
Expenditures:	
Current -	
General government:	
Accounting and auditing	37,435
Advertising	654
Conferences and meetings	3,656
Grant awards	83,997
Insurance	37,510
Investment expense	207,995
Legal fees	12,600
Maintenance	62,385
Miscellaneous	1,361
Office expenses	29,284
Payroll expenses	144,251
Professional fees	18,950
Uncollectible receivables	192,153
Utilities	2,273
Capital outlay	552,156
Total expenditures	1,386,660
Deficiency of revenues over expenditures	(168,832)
Fund balance, beginning	27,176,541
Fund balance, ending	\$27,007,709

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, 2019

Total net changes in fund balances at March 31, 2019 per statement of revenues, expenditures and changes in fund balances		\$ (168,832)
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.		
		82,616
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	\$ 552,156	
Depreciation expense for the year ended March 31, 2019	<u>(50,630)</u>	<u>501,526</u>
Total changes in net position at March 31, 2019 per statement of activities		<u>\$ 415,310</u>

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

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(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 fund of the Authority is 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.

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 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.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

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.

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

The General Fund reports receivables for mortgages, notes, and rent. These receivables are reported net of allowances. At March 31, 2019, the allowance for uncollectible mortgages and rent is \$1,086,384 and \$14,400, respectively.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

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.

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.

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.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

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, 2019.

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.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

- 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.

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. 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.

G. Budgets

The Authority’s budget is adopted on a basis consistent with generally accepted accounting principles. The following procedures are followed in establishing the budgetary data reflected in the financial statements: (1) In accordance with the Budget Act of the State of Louisiana, an operating budget for the General Fund is prepared at least fifteen days prior to the commencement of the budgetary year-end; (2) a summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. A public hearing is called; (3) a public hearing is held on the proposed budget at least ten days after publication of the call for the hearing; (4) after holding the public hearing and completion of all actions necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted; (5) all budgetary appropriations lapse at the end of each fiscal year.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(2) 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, 2019, the Authority had cash and interest-bearing deposits (book balances) of \$2,410,681 as follows:

Governmental activities:	
Demand deposits	\$ 385,758
Money market accounts	<u>2,024,923</u>
Totals	<u>\$ 2,410,681</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, 2019 are secured as follows:

Bank balances	<u>\$ 2,445,422</u>
Federal deposit insurance	\$ 587,936
Pledged securities	1,804,598
Uninsured and uncollateralized	<u>52,888</u>
Total	<u>\$ 2,445,422</u>

Deposits in the amount of \$1,804,598 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. Deposits in the amount of \$52,888 were uninsured and uncollateralized. The Authority does not have a policy for custodial credit risk.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(3) 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, 2019, 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	4%	\$ 701,618	\$ 49,624	\$ 353,906	\$ 298,088	\$ -
Corporate Bonds	2%	355,295	101,302	253,993	-	-
Collateralized Mortgage Obligations	3%	586,559	-	-	-	586,559
Mortgage Backed Securities	1%	93,782	-	13,924,000	-	79,858
Municipal Obligations	87%	13,813,637	225,947	3,516,715	4,769,172	5,301,803
Government Obligations	<u>2%</u>	<u>296,228</u>	<u>-</u>	<u>102,889</u>	<u>-</u>	<u>193,339</u>
Total	<u>100%</u>	<u>\$15,847,119</u>	<u>\$376,873</u>	<u>\$4,241,427</u>	<u>\$5,067,260</u>	<u>\$6,161,559</u>

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, 2019, 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)

<u>Rating by Standard & Poor's</u>	<u>Fair Value</u>
AAA	\$ 2,798,295
AA+	3,017,699
AA-	2,712,695
AA	3,657,719
A+	397,555
A	347,959
A-	236,660
BBB+	101,302
Not rated	<u>2,577,235</u>
	<u>\$15,847,119</u>

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, 2019.

The Authority recognized a net increase in the fair value of investments for the fiscal year ended March 31, 2019 in the amount of \$95,207. 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, 2019 was \$449,166.

(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.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

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.

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, 2019, the Authority's investment in the Company amounted to \$1,103,470.

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, 2019, the Authority's investment in the Company amounted to \$85,093.

Espee Lafayette, LLC- The Authority created Espee Lafayette, LLC during 2019 for the purpose of acquiring real estate on behalf of the LPTFA. The Authority is the sole member of the Louisiana Limited Liability Company. As of March 31, 2019, the Authority's investment in the Company amounted to \$158,111.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(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. \$ 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

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, 2019, the loan had accrued interest of \$188,548. 1,000,000

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. 549,000

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. 495,829

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

<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 at the end of the term 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>	120,340
<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
<p>On May 1, 2018, the Authority issued a \$265,000 interest bearing note to YMBTK, 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>	<u>265,000</u>
	3,740,616
Less current portion	<u>(33,711)</u>
Noncurrent notes receivable	<u>\$3,706,905</u>

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(6) Capital Assets

Capital asset activity for the year ended March 31, 2019 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	224,391	552,156	-	776,547
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>1,967,632</u>	<u>552,156</u>	<u>-</u>	<u>2,519,788</u>
Less accumulated depreciation				
Building and improvements	111,129	49,387	-	160,516
Equipment	<u>4,867</u>	<u>1,243</u>	<u>-</u>	<u>6,110</u>
Total accumulated depreciation	<u>115,996</u>	<u>50,630</u>	<u>-</u>	<u>166,626</u>
Capital assets, net	<u>\$ 1,851,636</u>	<u>\$ 501,526</u>	<u>\$ -</u>	<u>\$ 2,353,162</u>

At March 31, 2019, governmental activities had depreciation expense in the amount of \$50,630.

(7) 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, 2019, the Authority had mortgages receivable in the amount of \$5,045,780. The Authority had an allowance for doubtful account accounts for mortgages receivable in the amount of \$1,086,384 at March 31, 2019.

(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.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(9) 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.

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, 2019, there were five series of revenue bonds outstanding. The principal amount outstanding for these issues was \$141,280,000. The original issue amount of the bonds was \$162,675,000.

(10) 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.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements (Continued)

- 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.
- 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, 2019:

Description	Total	(Level 1)	(Level 2)	(Level 3)
Certificates of deposit	\$ 701,618	\$701,618	\$ -	\$ -
Corporate Bonds	355,295	-	355,295	-
Collateralized Mortgage Obligations	586,559	-	586,559	-
Mortgage Backed Securities	93,782	-	93,782	-
Municipal Obligations	13,813,637	-	13,813,637	-
Government Obligations	296,228	-	296,228	-
Total	<u>\$15,847,119</u>	<u>\$701,618</u>	<u>\$15,145,501</u>	<u>\$ -</u>

(11) 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 \$21,805 to Studio 114, LLC to cover operating costs during the year ended March 31, 2019.

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

The Authority's agency head did not receive any compensation, benefits, or other payments during the year ended March 31, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Budgetary Comparison Schedule
General Fund
Year Ended March 31, 2019

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Interest on mortgages receivable	\$ 150,000	\$ 150,000	\$ 184,933	\$ 34,933
Interest on interest-bearing deposits and investments	660,000	660,000	676,802	16,802
Interest on notes receivable	-	-	43,371	43,371
Realized loss on disposition of investments	-	-	(7,743)	(7,743)
Unrealized gain on investments	(500,000)	(500,000)	95,207	595,207
Rental income	96,000	80,000	113,420	33,420
Loan fees	3,000	3,000	5,757	2,757
Tax credit income	15,000	15,000	106,081	91,081
Total revenues	<u>424,000</u>	<u>408,000</u>	<u>1,217,828</u>	<u>809,828</u>
Expenditures:				
Current -				
General government:				
Accounting and auditing	50,000	50,000	37,435	12,565
Advertising	5,000	5,000	654	4,346
Conferences and meetings	15,000	15,000	3,656	11,344
Grant awards	90,000	90,000	83,997	6,003
Insurance	50,000	52,000	37,510	14,490
Investment expense	-	207,995	207,995	-
Legal fees	50,000	50,000	12,600	37,400
Maintenance	50,000	52,000	62,385	(10,385)
Miscellaneous	10,000	10,000	1,361	8,639
Office expenses	60,000	60,000	29,284	30,716
Payroll expenses	136,000	137,500	144,251	(6,751)
Professional fees	22,000	22,000	18,950	3,050
Tax credit advance	400,000	-	-	-
Uncollectible receivables	185,000	185,000	192,153	(7,153)
Utilities	7,500	7,500	2,273	5,227
Capital outlay	<u>1,500,000</u>	<u>1,292,005</u>	<u>552,156</u>	<u>739,849</u>
Total expenditures	<u>2,630,500</u>	<u>2,236,000</u>	<u>1,386,660</u>	<u>849,340</u>
Deficiency of revenues over expenditures	(2,206,500)	(1,828,000)	(168,832)	1,659,168
Fund balance, beginning	<u>26,023,739</u>	<u>27,001,866</u>	<u>27,176,541</u>	<u>174,675</u>
Fund balance, ending	<u>\$23,817,239</u>	<u>\$25,173,866</u>	<u>\$27,007,709</u>	<u>\$ 1,833,843</u>

OTHER SUPPLEMENTARY INFORMATION

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana
General Fund

Comparative Balance Sheet
March 31, 2019 and 2018

	2019	2018
ASSETS		
Current:		
Cash and interest-bearing deposits	\$ 2,323,163	\$ 2,467,300
Investments	15,847,119	16,355,953
Rent receivable	28,000	21,400
Notes receivable	33,711	32,226
Mortgages receivable, net	532,143	497,263
Accrued interest receivable	358,698	333,850
Other receivables	22,793	21,114
Restricted cash	87,518	70,150
Property held for resale	710,265	710,265
Total current assets	19,943,410	20,509,521
Noncurrent:		
Mortgages receivable, net	3,427,253	3,342,604
Notes receivable	3,706,905	3,478,472
Total noncurrent assets	7,134,158	6,821,076
Total assets	\$ 27,077,568	\$ 27,330,597
LIABILITIES AND FUND BALANCES		
Current liabilities:		
Accounts payable	\$ 68,359	\$ 151,356
Security deposits payable	1,500	2,700
Total liabilities	69,859	154,056
Fund balances:		
Nonspendable :		
Property held for resale	710,265	710,265
Noncurrent notes receivables	3,706,905	3,478,472
Total nonspendable	4,417,170	4,188,737
Committed - First Time Homebuyer Program	4,046,914	3,910,017
Unassigned	18,543,625	19,077,787
Total fund balances	27,007,709	27,176,541
Total liabilities and fund balances	\$ 27,077,568	\$ 27,330,597

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, 2019
With Comparative Actual Balances for the Year Ended March 31, 2018

	Budget		Actual	Variance with Final Budget	2018 Actual
	Original	Final		Positive (Negative)	
Revenues:					
Interest on mortgages receivable	\$ 150,000	\$ 150,000	\$ 184,933	\$ 34,933	\$ 164,767
Interest on interest-bearing deposits and investments	660,000	660,000	676,802	16,802	655,937
Interest on notes receivable	-	-	43,371	43,371	42,886
Realized loss on disposition of investments	-	-	(7,743)	(7,743)	(26,172)
Unrealized gain (loss) on investments	(500,000)	(500,000)	95,207	595,207	(298,835)
Rental income	96,000	80,000	113,420	33,420	112,360
Loan fees	3,000	3,000	5,757	2,757	7,057
Tax credit income	15,000	15,000	106,081	91,081	145,280
Total revenues	<u>424,000</u>	<u>408,000</u>	<u>1,217,828</u>	<u>809,828</u>	<u>803,280</u>
Expenditures:					
Current -					
General government:					
Accounting and auditing	50,000	50,000	37,435	12,565	49,555
Advertising	5,000	5,000	654	4,346	2,045
Conferences and meetings	15,000	15,000	3,656	11,344	14,500
Grant awards	90,000	90,000	83,997	6,003	59,755
Insurance	50,000	52,000	37,510	14,490	33,919
Investment expense	-	207,995	207,995	-	-
Legal fees	50,000	50,000	12,600	37,400	44,111
Maintenance	50,000	52,000	62,385	(10,385)	61,891
Miscellaneous	10,000	10,000	1,361	8,639	1,572
Office expenses	60,000	60,000	29,284	30,716	56,459
Payroll expenses	136,000	137,500	144,251	(6,751)	126,748
Professional fees	22,000	22,000	18,950	3,050	43,768
Tax credit advance	400,000	-	-	-	-
Uncollectible receivables	185,000	185,000	192,153	(7,153)	70,607
Utilities	7,500	7,500	2,273	5,227	5,798
Capital outlay	<u>1,500,000</u>	<u>1,292,005</u>	<u>552,156</u>	<u>739,849</u>	<u>221,125</u>
Total expenditures	<u>2,630,500</u>	<u>2,236,000</u>	<u>1,386,660</u>	<u>849,340</u>	<u>791,853</u>
Excess (deficiency) of revenues over expenditures	(2,206,500)	(1,828,000)	(168,832)	1,659,168	11,427
Other financing sources:					
Transfers in	-	-	-	-	964,556
Changes in fund balance	(2,206,500)	(1,828,000)	(168,832)	1,659,168	975,983
Fund balance, beginning	<u>26,023,739</u>	<u>27,001,866</u>	<u>27,176,541</u>	<u>174,675</u>	<u>26,200,558</u>
Fund balance, ending	<u>\$23,817,239</u>	<u>\$25,173,866</u>	<u>\$27,007,709</u>	<u>\$1,833,843</u>	<u>\$27,176,541</u>

**INTERNAL CONTROL,
COMPLIANCE, AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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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*

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, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 24, 2019.

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 item 2019-001 to be a material weakness.

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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 2019-002.

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
September 24, 2019

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

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

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

A. Internal Control Finding -

2019-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2008

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

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

CAUSE: Due to the size of the Authority, there are a small number of available employees.

EFFECT: The Authority has employees that are performing more than one related function.

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

MANAGEMENT'S CORRECTION ACTION PLAN: Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

B. Compliance Finding -

2019-002 Uninsured and Uncollateralized Deposits

Fiscal year finding initially occurred: 2019

CRITERIA: Louisiana Revised Statute 39:1218-1229 requires that bank balances be secured by federal deposit insurance or collateralized by the financial institution with designated securities as defined by R.S. 39:1221.

CONDITION: The Authority had uninsured and uncollateralized bank balances as of the end of their fiscal year.

CAUSE: The Authority's financial institution did maintain adequate pledged securities for the increase in cash balances as of the end of their fiscal year.

EFFECT: The Authority had uninsured and uncollateralized bank balances in the amount of \$52,888 as of the end of their fiscal year.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

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

RECOMMENDATION: The Authority should coordinate with the appropriate financial institution to ensure any deposits in excess of federal deposit insurance are properly collateralized.

MANAGEMENT'S CORRECTION ACTION PLAN: Management will coordinate with the appropriate financial institution to ensure any deposits in excess of federal deposit insurance are properly collateralized.

Part II. Prior Year Findings

A. Internal Control Findings -

2018-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2008

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

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

CURRENT STATUS: Unresolved. See finding 2019-001.

2018-002 Misappropriations of First Time Homebuyers Funds

Fiscal year finding initially occurred: 2017

CONDITION: The investigation into the 2016-2017 fiscal year missing funds from the First Time Homebuyers Program continued in 2017-2018. An additional \$500 payment in May 2017 could not be located within the accounting records. All evidence was submitted to the appropriate officials and the alleged responsible person has a court date scheduled.

RECOMMENDATION: The Authority should segregate functions within the accounting system and determine whether user controls can be established in their loan servicing software to prevent the deletion and/or modification of outstanding loans. The Authority should also no longer accept cash payments.

CURRENT STATUS: Resolved

Lafayette Public Trust
Financing Authority
Lafayette , Louisiana

Agreed-Upon Procedures Report

Year Ended March 31, 2019

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the 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, 2018 through March 31, 2019. The entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

(The following procedures were not performed since there were no exceptions in the prior year.)

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) **Payroll/Personnel**, including (1) payroll processing, 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- 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 entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board or Finance Committee

- 2. Obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) Observed that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
 - c) Obtained the prior year audit report and observe the unrestricted fund balance in the General Fund. If the General Fund had a negative ending unrestricted fund balance in the prior year audit report, observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the General Fund.

Bank Reconciliations

- 3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We asked management to identify the entity's main operating account. We selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). We randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for selected accounts, and observed that:
 - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections

4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. We randomly selected 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquired of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. We randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* We obtained supporting documentation for each of the 10 deposits and:
 - a) We observed that receipts are sequentially pre-numbered.
 - b) We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) We traced the deposit slip total to the actual deposit per the bank statement.
 - d) We observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) We traced the actual deposit per the bank statement to the general ledger.

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

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

9. For each location selected under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observed that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
 - a) Observed that the disbursement matched the related original invoice/billing statement.
 - b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

(The following procedures were not performed since there were no exceptions in the prior year.)

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

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

(The following procedures were not performed since there were no exceptions in the prior year.)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, we agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) We observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, we observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

(The following procedures were not performed since there were no exceptions in the prior year.)

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

Payroll and Personnel

(The following procedures were not performed since there were no exceptions in the prior year.)

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- a) Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- b) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - c) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - d) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
17. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
18. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

(The following procedures were not performed since there were no exceptions in the prior year.)

19. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service

(The following procedures were not performed since there were no exceptions in the prior year.)

20. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
21. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Other

(The following procedures were not performed since there were no exceptions in the prior year.)

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

Exceptions:

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

Bank Reconciliations:

1. The three bank reconciliations tested did not include evidence of review by a member of management or board member.

Management's response: The entity will revise their procedures to include documenting management's review on bank reconciliations.

2. Of the three bank reconciliations selected for testing, two had reconciling items that had been outstanding for more than 12 months from the statement closing date and there was no evidence that management had researched those items.

Management's response: The entity will implement a policy requiring management to research reconciling items that have been outstanding for more than 12 months from the statement closing date.

Cash Collections:

3. Of the six deposit dates selected for testing, four deposits dates selected for the entity's operating account did not have documentation of a collection date; therefore, a determination could not be made whether it was deposited within one business day.

Management's response: The entity will review their procedures to ensure that all collections have a date received.

4. Of the six deposit dates selected for testing, two deposits did not have deposit slips; therefore, the total per the deposit slip could not be traced to the bank statement. The two deposits were payroll transfers from the General Fund to the Payroll Fund and the total of the checks were traced to the bank statement.

Management's response: The entity will implement a policy requiring management to utilize deposit slips for all bank accounts.

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
September 24, 2019