

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED AUGUST 31, 2018

LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH

CONTENTS

	Page	
INDEPENDENT AUDITORS' REPORT	2-3	
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8	
BASIC FINANCIAL STATEMENTS		
Statement of Net Position	9-10	
Statement of Revenues, Expenses and Changes in Net Position	11	
Statement of Cash Flows	12	
Notes to Financial Statements	13-20	
SUPPLEMENTARY INFORMATION		
List of Board of Commissioners.....	21	
Schedule of Operating Expenses	22	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>		23-24
Schedule of Findings and Questioned Costs	25-28	
Schedule of Prior Year Findings	29	
Management's Corrective Action Plan.....	30	

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

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

INDEPENDENT AUDITORS' REPORT

JOHN W. WRIGHT, CPA *

JAMES H. DUPUIS, CPA, CFP *

JAN H. COWEN, CPA *

LANCE E. CRAPPELL, CPA, CGMA *

MICAH R. VIDRINE, CPA *

TRAVIS M. BRINSKO, CPA *

RICK L. STUTES, CPA, CVA/ABV,
APA, CFF/MAFF*

CHRISTINE R. DUNN, CPA**

DAMIAN H. SPIESS, CPA, CFP **

JOAN MARTIN, CPA, CVA, CFF, DABFA**

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

We have audited the accompanying financial statements of the business-type activities of Lafayette Parish Waterworks District South, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the Lafayette Parish Waterworks District South's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

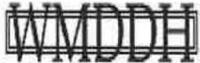
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and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

Auditors' Responsibility

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

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

* A PROFESSIONAL CORPORATION
** A LIMITED LIABILITY COMPANY



ANDRE' D. BROUSSARD, CPA

DANIELLE M. CASTILLE, CPA

ALEXANDRA DARDAR, CPA, MBA

ROBERT T. DUCHARME, II, CPA

STEFAN HAWKINS, CPA

JENA L. JOHNS, CPA

MARY PATRICIA KEELEY, CPA

CORITA K. KUON, CPA

JOSEPH LACOMBE, CPA

WENDY ORTEGO, CPA, CVA

STEPHANIE A. RAWLINSON, CPA

KEITH SIBILLE, CPA

ROBIN G. STOCKTON, CPA

TINA B. VIATOR, CPA

STEPHANIE L. WEST, CPA, MBA

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Lafayette Parish Waterworks District South, as of August 31, 2018, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Lafayette Parish Waterworks District South's basic financial statements. The List of Board of Commissioners and Schedule of Operating Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*Wright, Moore, DeHart,
Dupuis & Hutchinson, L.L.C.*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

February 26, 2019
Lafayette, Louisiana

LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH



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

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

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

LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH Lafayette Parish Management's Discussion and Analysis (Unaudited) FYE August 31, 2018

Our discussion and analysis of Lafayette Parish Waterworks District South's performance provides an overview of the District's financial activities for the fiscal year ended August 31, 2018. Please read it in conjunction with the District's basic financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- The District's net assets increased by \$545,887 from \$6,717,496 in 2017 to in \$7,263,383 in 2018, as a result, of this year's operations.
- The District's operating revenues exceeded operating expenses by \$316,237 for the year ended August 31, 2018.
- Cash and cash equivalents increased by \$1,655,383 for the year ended August 31, 2018.
- There were no major changes to property, plant and equipment during the current year. Construction in progress decreased by \$551,934 for the year ended August 31, 2018 due to projects completed during 2018.

USING THIS ANNUAL REPORT

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

LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
Lafayette Parish
Management's Discussion and Analysis (Unaudited) (Continued)
FYE August 31, 2018

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net assets increased by \$545,887 between the fiscal years 2017 and 2018. Our analysis below focuses on the net assets (Table 1) and the changes in net assets (Table 2) of the District's business-type activities.

TABLE 1
SUMMARY OF NET ASSETS

	<u>2017</u>	<u>2018</u>	<u>Percentage</u> <u>Change</u>
Current and Other Assets	\$1,433,025	3,110,520	117%
Capital Assets	<u>8,267,154</u>	<u>8,303,810</u>	.44%
Total Assets	\$9,700,179	\$11,414,330	17.6%
 Total Deferred Outflows of Resources	 14,548	 10,939	 25%
Current and Other Liabilities	512,231	565,886	10.3%
Non-current Liabilities	<u>2,485,000</u>	<u>3,596,000</u>	44%
Total Liabilities	\$2,997,231	\$4,161,886	38.8%
 Net Assets-			
Invested in Capital Assets, Net of Related Debt	\$5,090,630	\$5,407,114	6.2%
Restricted for Debt Service	750,833	823,625	9.6%
Unrestricted	<u>876,033</u>	<u>1,032,644</u>	17.8%
Total Net Assets	<u>\$6,717,496</u>	<u>7,263,383</u>	8.1%

Net assets for the District increased by 8.1 percent. Net assets are restricted as to the purpose they can be used for or are invested in capital assets (buildings, water equipment, etc.). Unrestricted net assets can be used to meet the District's ongoing obligations to customers and creditors.

LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
Lafayette Parish
Management's Discussion and Analysis (Unaudited) (Continued)
FYE August 31, 2018

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

TABLE 2
SUMMARY OF CHANGES IN NET ASSETS

Revenues:	<u>2017</u>	<u>2018</u>	<u>% Change</u>
Operating -			
Charges for Services	1,942,237	2,124,504	9.3%
Capital Grants and Contributions	242,025	169,519	-30%
Non-Operating -			
Membership Fees	6,650	4,900	-26%
Installation Fees	97,800	68,900	-29%
Contributed Infrastructure	60,923	171,053	180%
Miscellaneous Income	42,746	54,099	26.5%
Interest Income	11,339	24,252	113.8%
Gain on Disposition	<u>6,493</u>	<u>-0-</u>	-100%
Total Revenues	2,410,213	2,617,227	8.5%
Expenses:			
Operating	1,907,647	1,977,786	3.6%
Non-Operating -			
Interest	82,807	89,945	8.6%
Amortization of Debt Expense	3,498	3,609	3%
Total Expenses	<u>1,993,952</u>	<u>2,071,340</u>	3.8%
Changes in Net Assets	<u>416,261</u>	<u>545,887</u>	31%

The District's total revenues increased by 8.5% in 2018. Total expenses increased due to an increase in operating expenses.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At August 31, 2017 and 2018, the District had \$11,934,080 and \$12,277,304, respectively, invested in a broad range of capital assets, including buildings, water lines, furniture and fixtures, and construction in progress. There was an increase in capital assets of \$343,224 during 2018. Accumulated depreciation on these capital assets was \$3,666,926 and \$ 3,973,494 respectively, for these years.

Long Term Debt

At August 31, 2017, the District had \$2,863,000 in bonds outstanding versus \$3,985,000 at August 31, 2018.

LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
Lafayette Parish
Management's Discussion and Analysis (Unaudited) (Continued)
FYE August 31, 2018

TABLE 3
OUTSTANDING DEBT AT YEAR-END

	<u>2017</u>	<u>2018</u>	<u>% Change</u>
Water Revenue Refunding Bonds:			
Current	378,000	389,000	2.9%
Long-term	<u>\$2,485,000</u>	<u>\$3,596,000</u>	44%
Total	<u>\$2,863,000</u>	<u>\$3,985,000</u>	39%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Lafayette Utilities System (LUS) adjusted wholesale rates in January 2018 from \$2.38 per thousand gallons to \$2.61 per thousand gallons. This rate is valid for 2018 and 2019. LPWDS adjusted rates in January 2018. LPWDS will evaluate rates in 2018 and decide if a rate increase will be needed in 2019.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
Lafayette Parish
Management's Discussion and Analysis (Unaudited) (Continued)
FYE August 31, 2018

SCHEDULE OF NUMBER OF UTILITY CUSTOMERS AND MONTHLY WATER RATES

Records maintained by the Lafayette Parish Waterworks District South indicated the following numbers of customers were being serviced as of August 31, 2018.

Residential Customers	4,363
Commercial Customers	<u>18</u>
Total	4,381

The water rates of the Lafayette Parish Waterworks District South as of August 31, 2018 are as follows:

- ¾" Meter - \$18.00 for the first 2,000 gallons, \$4.40 per 1,000 gallons thereafter
- 1" Meter - \$29.00 per month plus \$4.40 per 1,000 gallons used
- 1½" Meter - \$45.00 per month plus \$4.40 per 1,000 gallons used
- 2" Meter - \$90.00 per month plus \$4.40 per 1,000 gallons used

BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
AUGUST 31, 2018

ASSETS

CURRENT ASSETS

Cash	\$ 439,313
Accounts Receivable, Net	267,405
Other Receivables	15,136
Inventory	70,187
Prepaid Insurance	<u>2,514</u>
Total Current Assets	<u>794,555</u>

RESTRICTED ASSETS

Cash - Restricted:	
Water Revenue Bond and Interest Sinking Fund	83,989
Water Revenue Reserve Fund	237,599
Water Depreciation and Contingency Fund	506,899
2013 Water System Improvements Account	<u>1,487,478</u>
Total Restricted Assets	<u>2,315,965</u>

CAPITAL ASSETS

Land and Construction in Progress	89,882
Other Capital Assets	12,187,422
Less: Accumulated Depreciation	<u>(3,973,494)</u>
Total Capital Assets	<u>8,303,810</u>

TOTAL ASSETS **\$ 11,414,330**

DEFERRED OUTFLOWS OF RESOURCES

Deferred Loss on Refunding	<u>10,939</u>
----------------------------	---------------

TOTAL DEFERRED
OUTFLOWS OF RESOURCES **\$ 10,939**

The accompanying notes are an integral part of this statement.

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

STATEMENT OF NET POSITION
AUGUST 31, 2018

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts Payable	\$ 111,583
Sales Tax Payable	723
Renters' Deposits	<u>54,405</u>
Total Current Liabilities	<u>166,711</u>

CURRENT LIABILITIES (Payable from Restricted Assets)

Accrued Interest	10,175
Current Portion of Revenue Bonds	<u>389,000</u>
Total Current Liabilities (Payable from Restricted Assets)	<u>399,175</u>

NON-CURRENT LIABILITIES

Revenue Bonds Payable-Less Current Portion	<u>3,596,000</u>
Total Non-Current Liabilities	<u>3,596,000</u>

TOTAL LIABILITIES

\$ 4,161,886

NET POSITION

Net Investment in Capital Assets	\$ 5,407,114
Restricted for Debt Service	823,625
Unrestricted	<u>1,032,644</u>

TOTAL NET POSITION

\$ 7,263,383

The accompanying notes are an integral part of this statement.

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED AUGUST 31, 2018

OPERATING REVENUES

Charges for Services -	
Water Sales	\$ 2,019,108
Connection Fees	39,095
Late Fees	66,301
Capital Grants and Contributions	169,519
Total Operating Revenues	2,294,023

OPERATING EXPENSES

Scheduled	1,671,219
Depreciation	306,567
Total Operating Expenses	1,977,786

Operating Income	316,237
------------------	---------

NON-OPERATING REVENUES (EXPENSES)

Membership Fees	4,900
Installation Fees	68,900
Contributed Infrastructure	171,053
Miscellaneous Income	54,099
Interest Income	24,252
Interest Expense	(89,945)
Amortization of Loss on Refunded Debt	(3,609)
Total Non-Operating Revenues (Expenses)	229,650

CHANGE IN NET POSITION	545,887
-------------------------------	---------

NET POSITION, BEGINNING OF YEAR	6,717,496
--	-----------

NET POSITION, END OF YEAR	\$ 7,263,383
----------------------------------	--------------

The accompanying notes are an integral part of this statement.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received From Service Users	\$ 2,108,153
Cash Payments for Goods and Services	(1,354,093)
Cash Paid to Employees for Service	(247,723)
Cash Received From Capital Grants	<u>154,383</u>

Net Cash Provided By Operating Activities 660,720

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds From Sale of Revenue Bonds	1,500,000
Proceeds from Membership Fees	4,900
Proceeds from Installation Fees	68,900
Other Proceeds	65,631
Bond Issuance Costs Paid	(25,889)
Acquisition and Construction of Property, Plant and Equipment	(177,844)
Principal Paid on Revenue Bonds	(378,000)
Interest Paid on Revenue Bonds	<u>(87,287)</u>

Net Cash Provided by Capital and Related Financing Activities 970,411

CASH FLOWS FROM INVESTING ACTIVITIES

Investment Interest Received	<u>24,252</u>
------------------------------	---------------

Net Cash Provided by Investing Activities 24,252

NET INCREASE IN CASH 1,655,383

CASH AT BEGINNING OF YEAR (including restricted cash of \$827,687) 1,099,895

CASH AT END OF YEAR (including restricted cash of \$2,315,965) \$ 2,755,278

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	\$ 316,237
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	306,567
Changes in Assets and Liabilities:	
Accounts Receivable, Net	(16,351)
Inventory	8,699
Prepaid Insurance	676
Accounts Payable	38,569
Payroll Taxes Payable	1,904
Sales Tax Payable	(33)
Due to State of Louisiana	52
Customers' Deposits	<u>4,400</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 660,720

The accompanying notes are an integral part of this statement.

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

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

Bad Debts – Through the establishment of an allowance account, uncollectible amounts due from customer's utility receivables are recognized as bad debts at the time information becomes available, which would indicate the uncollectibility of the particular receivable. The allowance for doubtful accounts at August 31, 2017 was \$660.

Investments – Under state law, the District may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana Law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. As of August 31, 2018 the District held no investments.

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

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

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

Inventories – Inventories are valued at cost.

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to acquisition, construction, or improvement of those assets.

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

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

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

B. CASH AND INTEREST-BEARING DEPOSITS

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At August 31, 2018, the District has cash and interest-bearing deposits (book balances) totaling \$2,755,278.

Custodial Credit Risk Relating to Deposits

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk, however, under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank.

The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. As of August 31, 2018, \$-0-, of the District's bank balances of \$2,756,517 were exposed to custodial credit risk as follows:

Bank Balances	\$ <u>2,756,517</u>
At August 31, 2018 the deposits are secured as follows:	
Federal Deposit Insurance	\$ 250,000
Pledged Securities (Category 3)	<u>2,506,517</u>
Total	<u>\$ 2,756,517</u>

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

C. RESTRICTED ASSETS

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

Water Revenue Reserve Fund - There shall also be set aside and maintained in this fund, an amount equal to the Reserve Fund Requirement of \$232,495. The money in the Reserve Fund consists exclusively of revenues of the System and investment earning. Such amount may be used only for the purpose of paying the principal of and interest on bonds payable from the Water Revenue Bond and Interest Sinking Fund as to which there would otherwise be default.

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

C. RESTRICTED ASSETS - Continued

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

2013 Water System Improvement Project Account– Proceeds from the issuance of bonds to fund construction costs were deposited into this account. These funds will be used to pay the costs of construction projects.

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

D. PROPERTY, PLANT AND EQUIPMENT

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

	Beginning Balance 8/31/2017	Increases	Decreases	Ending Balance 8/31/2018
Water Distribution System	\$ 9,147,645	\$ 842,248	\$ -	\$ 9,989,893
Water Treatment Plant & Building	267,023	-	-	267,023
Water Lines, Wells and Meters	1,580,861	52,910	-	1,633,771
Office Equipment	72,117	-	-	72,117
Other Equipment	129,155	-	-	129,155
Automobiles	95,463	-	-	95,463
Less: Accumulated Depreciation	<u>(3,666,927)</u>	<u>(306,567)</u>	<u>-</u>	<u>(3,973,494)</u>
Net Property, Plant and Equipment	<u>\$ 7,625,337</u>	<u>\$ 588,591</u>	<u>\$ -</u>	<u>\$ 8,213,928</u>
Land	<u>\$ 89,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,165</u>
Construction Work in Progress	<u>\$ 552,651</u>	<u>\$ 129,064</u>	<u>\$ (680,998)</u>	<u>\$ 717</u>

Depreciation expense for the year ended August 31, 2018 was \$306,567.

The District has entered into contracts for construction and relocation of distribution lines in the District's service area. The projects are funded by the proceeds of revenue bonds, CWEF grants and LGAP grants.

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

E. WATER REVENUE BONDS

The following is a summary of the water revenue bonds transactions for the year ended August 31, 2018:

	<u>Balance 8/31/2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 8/31/2018</u>	<u>Due Within One Year</u>
Serial Bond - 2011	\$ 1,443,000	\$ -	(\$ 358,000)	\$ 1,085,000	\$ 369,000
Serial Bond – 2013	1,420,000	-	(20,000)	1,400,000	20,000
Serial Bond – 2018	<u>-</u>	<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>	<u>-</u>
Totals	<u>\$ 3,230,000</u>	<u>\$ 1,500,000</u>	<u>(\$ 378,000)</u>	<u>\$ 3,985,000</u>	<u>\$ 389,000</u>

The District has three Water Revenue Bond issues outstanding at August 31, 2018:

<u>Purpose</u>	<u>Issue Date</u>	<u>Balance At 8/31/2018</u>
10 year Water Revenue Refunding Bonds Series 2011, 2.90% interest, payable in annual installments of principal and interest, held by Iberia Bank	12/21/2011	\$ 1,085,000
10 year Water Revenue Bonds, Series 2013, 3.2% interest, payable in annual installments of principal and interest, held by Iberia Bank	8/8/2013	1,400,000
10 year Water Revenue Bonds, Series 2018, 3.35% interest, payable in annual installments of principal and interest, held by Iberia Bank and Louisiana Public Facilities Authority	7/26/2018	<u>1,500,000</u>
Total Principal Outstanding on Water Revenue Bonds		3,985,000
Deferred Loss on Refunded Debt		<u>(10,939)</u>
Water Revenue Bonds Outstanding		<u>\$ 3,974,061</u>

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

E. WATER REVENUE BONDS - Continued

Revenue bond debt service requirements to maturity are as follows:

Years Ended August 31:	Principal	Interest	Total
2019	\$ 389,000	\$ 120,844	\$ 509,844
2020	413,000	108,892	521,892
2021	428,000	96,873	524,873
2022	313,000	84,403	397,403
2023	323,000	75,111	398,111
2024-2028	1,761,000	225,861	1,986,861
2029-2030	<u>358,000</u>	<u>18,090</u>	<u>376,090</u>
Total	\$ 3,985,000	\$ 730,074	\$ 4,715,074

F. RELATED PARTY TRANSACTIONS

The District purchases water from the Consolidated Government of Lafayette, Louisiana for resale to customers in the ordinary course of business. The District purchased \$784,481 of water from the Consolidated Government during 2018. At August 31, 2018, the District owed the Consolidated Government of Lafayette, Louisiana \$70,551.

The District purchases consumable supplies from the Doyce Lagneaux Store, which is owned by an employee of the District and her husband. During fiscal 2018, the District paid \$1,313 for supplies.

G. RISK MANAGEMENT

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

H. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has only one item that qualifies for reporting in this category. It is the deferred charge on loss of refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018**

H. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES - Continued

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District did not have any items that qualified as deferred inflows at August 31, 2018.

I. COMPENSATION, BENEFITS AND OTHER PAYMENTS

A detail of compensation, benefits, and other payments paid to Fred Arsement, President of the Board of Commissioners for the year ended August 31, 2018:

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

J. SUBSEQUENT EVENT

Management has evaluated subsequent events through February 26, 2019, the date which these financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

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

**LIST OF BOARD OF COMMISSIONERS
AS OF AUGUST 31, 2018**

<u>Name</u>	<u>Term Expires</u>	<u>Title</u>	<u>Address and Telephone Number</u>
Fred Arsement	October, 2020	President	620 Golden Grain Duson, LA 70529 (337) 873-4703
Todd Guidry	October, 2019	Vice President	413 Lagneaux Road Duson, LA 70529 (337) 981-0755
Dave Young	October, 2017	Secretary/ Treasurer	120 Brussels Road Rayne, LA 70578 (337) 277-3635
John Touchet	September, 2021	Board Member	328 West Broussard Road Lafayette, LA 70506 (337) 501-8117
Terry Becht	October, 2021	Board Member	106 Fernway Lane Duson, LA 70529 (337) 298-4365

Commissioners each receive \$40.00 compensation monthly.

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

**SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2018**

Advertising	\$ 328
Automobile Allowance	1,000
Bad Debts	3,796
Bank Charges	4,598
Billing Service	36,162
Board Fees	2,400
Chemicals	1,733
Consulting and Engineering	35,656
Dues and Subscriptions	7,203
Employee Training	121
Employee Uniforms	3,254
Gas	11,061
Insurance	87,030
Labor	43,139
Legal and Accounting	62,774
Meter Reading Service	62,602
Miscellaneous	2,622
Office	5,268
Postage	784
Repairs and Maintenance	69,592
Salaries	247,723
Supplies	6,027
Payroll Taxes	19,311
Telephone	13,510
Utilities	3,659
Water Purchased	879,410
Water Testing	60,456
TOTAL OPERATING EXPENSES	\$ <u>1,671,219</u>

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

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

JOHN W. WRIGHT, CPA *

JAMES H. DUPUIS, CPA, CFP *

JAN H. COWEN, CPA *

LANCE E. CRAPPELL, CPA, CGMA *

MICAH R. VIDRINE, CPA *

TRAVIS M. BRINSKO, CPA *

RICK L. STUTES, CPA, CVA/ABV,
APA, CFF/MAFF*

CHRISTINE R. DUNN, CPA**

DAMIAN H. SPIESS, CPA, CFP **

JOAN MARTIN, CPA, CVA, CFF, DABFA**

* A PROFESSIONAL CORPORATION
** A LIMITED LIABILITY COMPANY



ANDRE' D. BROUSSARD, CPA

DANIELLE M. CASTILLE, CPA

ALEXANDRA DARDAR, CPA, MBA

ROBERT T. DUCHARME, II, CPA

STEFAN HAWKINS, CPA

JENA L. JOHNS, CPA

MARY PATRICIA KEELEY, CPA

CORITA K. KUON, CPA

JOSEPH LACOMBE, CPA

WENDY ORTEGO, CPA, CVA

STEPHANIE A. RAWLINSON, CPA

KEITH SIBILLE, CPA

ROBIN G. STOCKTON, CPA

TINA B. VIATOR, CPA

STEPHANIE L. WEST, CPA, MBA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, of Lafayette Parish Waterworks District South, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise Lafayette Parish Waterworks District South's basic financial statements and have issued our report thereon dated February 26, 2019.

Internal Control Over Financial Reporting

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

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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-001 through 2018-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-001 through 2018-003 to be significant deficiencies.

Compliance and Other Matters

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

Lafayette Parish Waterworks District South's Response to Findings

Lafayette Parish Waterworks District South's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Lafayette Parish Waterworks District South's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, L.L.C.*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

February 26, 2019
Lafayette, Louisiana

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2018**

We have audited the financial statements of Lafayette Parish Waterworks District South, a Component Unit of the Consolidated Government of Lafayette, Louisiana as of and for the year ended August 31, 2018, and have issued our report thereon dated February 26, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by Comptroller General of the United States. Our audit of the financial statements of August 31, 2018 resulted in an unmodified opinion.

Section I – Summary of Auditors’ Reports

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

Internal Control

Material Weakness	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Significant Deficiency	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Compliance

Compliance Material to Financial Statements	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
---	------------------------------	--

B. Management Letter

Was a management letter issued?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
---------------------------------	------------------------------	--

Section II – Financial Statement Findings

2018-001 Inadequate Controls over Financial Statement Preparation

Statement of Condition:

The District does not have any employees, nor have they engaged a third party who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity’s financial transactions or preparing its financial statements, including the related notes.

Criteria:

Government Auditing Standards, issued by Comptroller General of the United States requires governmental units to have employees or engage a third party who has the qualifications and training to apply GAAP in recording the entity’s financial transactions or preparing its financial statements, including the related notes.

Effect of Condition:

The lack of ability to generate GAAP basis financial statements on the part of the District resulted in the auditor assisting in the preparation of the financial statements.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2018**

Section II – Financial Statement Findings - continued

Cause of Condition:

Management did not engage a third party capable of producing GAAP basis financial statements.

Recommendation:

The District should evaluate the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP to determine if it is in the best interest of the government to outsource this task and then carefully review the draft financial statements and related footnotes prior to approving them and accepting responsibility for their contents and presentation.

2018-002 Customer Utility Deposits

Statement of Condition:

The District utilizes a computerized billing system, however the District currently cannot generate a listing of customer utility deposits held on behalf of customers that reconciles to the balance reported in the financial statements. The District does maintain deposits collected and refunded in a manual system but does not have a report that shows the balance by customer or in total at a point in time.

Criteria:

When funds are held in a fiduciary capacity, such as customer utility deposits, the entity must maintain of listing of who the funds are being held on behalf of.

Effect of Condition:

The District could refund customer utility deposits in error or not have collected the proper amount.

Cause of Condition:

The District utilizes an electronic system for utility billings that is also used to collect and disburse utility deposits, when necessary. However, the District currently does not use the deposit module which would allow them to properly generate supporting documents listing each resident and the utility deposit being held on their behalf.

Recommendation:

The District should evaluate the cost vs. benefit of purchasing the module of the billing system necessary to properly track customer utility deposits or maintain the list in a manner that allows for individual balances to be tracked

2018-003 Lack of Segregation of Duties

Statement of Condition:

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

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2018**

Section II – Financial Statement Findings - continued

Criteria:

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

Effect of Condition:

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

Cause of Condition:

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

Recommendation:

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

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2018**

Section III – Federal Award Findings and Questioned Costs

This section is not applicable for the fiscal year ending August 31, 2018.

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

**SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2018**

2017-001 Inadequate Controls over Financial Statement Preparation

Finding:

The District does not have a staff person who has the qualifications and training nor have they engaged a third party to apply generally accepted accounting principles (GAAP) in preparing its financial statements, including related notes.

Follow-up:

This finding is unresolved – see current year finding 2018-001.

2017-002 Material Misstatements

Finding:

The District does not have an effective structure of internal control in place and functioning as designed in order to prevent, or detect and correct material misstatements on a timely basis.

Follow-up:

This finding is resolved.

2017-003 Customer Utility Deposits

Finding:

The District currently cannot generate a listing of customer utility deposits held on behalf of customers that reconciles to the balance reported in the financial statements.

Follow-up:

This finding is unresolved – see current year finding 2018-002.

2017-004 Lack of Segregation of Duties

Finding:

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

Follow-up:

This finding is unresolved – see current year finding 2018-003.

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

**MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2018**

The Lafayette Parish Waterworks District South respectfully submits the following corrective action plan for the year ended August 31, 2018.

The finding from the August 31, 2018 Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistently with the numbers assigned in the schedule.

2018-001 Inadequate Controls over Financial Statement Preparation

Recommendation: The District should evaluate the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP to determine if it is in the best interest of the government to outsource this task and then carefully review the draft financial statements and related footnotes prior to approving them and accepting responsibility for their contents and presentation.

Action Taken: The District has evaluated the cost vs. benefit and has and has engaged a third party accountant with the capability of drafting GAAP basis financial statements.

2018-002 Customer Utility Deposits

Recommendation: The District should evaluate the cost vs. benefit of purchasing the module of the billing system necessary to properly track customer utility deposits or maintain the list in a manner that allows for individual balances to be tracked.

Action Taken: The District will evaluate the cost of adding the deposit module to the current utility billing system.

2018-003 Lack of Segregation of Duties

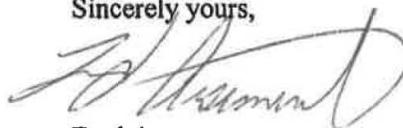
Recommendation:

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

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

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

Sincerely yours,



Fred Arsement
President

**LAFAYETTE PARISH
WATERWORKS DISTRICT SOUTH
Lafayette, Louisiana**

**Independent Accountants' Report
On Applying Agreed-Upon Procedures**

Year Ended August 31, 2018

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

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

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

JOHN W. WRIGHT, CPA *

JAMES H. DUPUIS, CPA, CFP *

JAN H. COWEN, CPA *

LANCE E. CRAPPELL, CPA, CGMA *

MICAH R. VIDRINE, CPA *

TRAVIS M. BRINSKO, CPA *

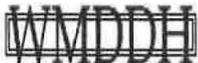
RICK L. STUTES, CPA, CVA/ABV,
APA, CFF/MAFF*

CHRISTINE R. DUNN, CPA**

DAMIAN H. SPIESS, CPA, CFP **

JOAN MARTIN, CPA, CVA, CFF, FABFA**

* A PROFESSIONAL CORPORATION
** A LIMITED LIABILITY COMPANY



ANDRE' D. BROUSSARD, CPA

DANIELLE M. CASTILLE, CPA

ALEXANDRA DARDAR, CPA, MBA

ROBERT T. DUCHARME, II, CPA

STEFAN HAWKINS, CPA

JENA L. JOHNS, CPA

MARY PATRICIA KEELEY, CPA

CORITA K. KUON, CPA, CVA

JOSEPH LACOMBE, CPA

WENDY ORTEGO, CPA, CVA

STEPHANIE A. RAWLINSON, CPA

KEITH SIBILLE, CPA

ROBIN G. STOCKTON, CPA

TINA B. VIATOR, CPA

STEPHANIE L. WEST, CPA, MBA

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

We have performed the procedures enumerated below, which were agreed to by the management of Lafayette Parish Waterworks District South and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Lafayette Parish Waterworks District South's compliance with certain laws, regulations and best practices during the year ended August 31, 2018. Management of Lafayette Parish Waterworks District South is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed 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.

Written Policies and Procedures

1) Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

Written policies and procedures were obtained. The functions noted above are not required by this entity.

b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

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

- c) **Disbursements**, including processing, reviewing, and approving
Written policies and procedures were obtained and address the functions noted above.
- d) **Receipts**, including receiving, recording, and preparing deposits
Written policies and procedures were obtained and address the functions noted above.
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Written policies and procedures were obtained and address the functions noted above.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
Exception noted. Written policies and procedures were obtained and do not address the functions noted above.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
Written policies and procedures were obtained and address the functions noted above.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
Written policies and procedures were obtained and address the functions noted above.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits
Written policies and procedures were obtained and address the functions noted above.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Written policies and procedures were obtained and address the functions noted above.

Board (or Finance Committee, if applicable)

- 2) Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report 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.
Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met monthly in accordance with the by-laws.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

Exception noted. Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes did not discuss financial statements and operating results.

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

The District did not have a negative unrestricted fund balance.

Bank Reconciliations

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

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

Obtained listing of client bank accounts from management and management's representation that listing is complete and noted that account reconciliations were prepared within 2 months of statement closing date.

- b) Bank reconciliations include 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

The bank reconciliations did not include evidence that a member of the board reviewed each bank reconciliation.

- 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.

No exceptions noted.

Collections

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

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

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

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

Exception noted. Employees that are responsible for cash collections share the cash drawer/register.

- 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.

Exception noted. Employees that are responsible for cash collections also prepare bank deposits, make bank deposits and reconcile collection documentation to the deposit and general ledger.

- 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.

Exception noted. Employee that is responsible for collecting cash is also responsible for posting collection entries to the general ledger or subsidiary ledgers, and reconciling 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.

Exception noted. The employee that is responsible for reconciling cash collections also collects cash and reconciliations are not verified by another employee.

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

All employees having access to cash are bonded and covered by insurance.

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

- a) Observe that receipts are sequentially pre-numbered.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

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

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

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

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

No exceptions noted.

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

No exceptions noted.

- 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.

Exception noted. Employee who processes payments adds or modifies vendors to listing/file.

- 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.

Exception noted. The mailing of payments is not addressed in the Policy and Procedures document. Inquiry and observation noted that the payments are mailed by either a co-signatory of the checks or an employee who is also responsible for processing payments.

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

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

No exceptions noted.

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

No exceptions noted.

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

- 11) Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

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

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

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g. original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g. mayor, or a Lawrason Act municipality); these instances should not be reported.]

No exceptions noted.

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

Not applicable.

- 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. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

No exceptions noted.

Travel and Expense Reimbursement

- 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, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov):

There were no travel and expense reimbursements in the current year.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

There were no travel and expense reimbursements in the current year.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure 1) h).

There were no travel and expense reimbursements in the current year.

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

There were no travel and expense reimbursements in the current year.

Contracts

- 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.

This was not required to be tested in the fiscal year.

- 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).

This was not required to be tested in the fiscal year.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

This was not required to be tested in the fiscal year.

- 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.

This was not required to be tested in the fiscal year.

Payroll and Personnel

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

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

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

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

Exception noted. Listing of terminated employees and management's representation that the listing is complete was obtained. The terminated employee was not paid accrued vacation time at termination contrary to District policy.

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

Management's representation that 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 was obtained.

Ethics (excluding nonprofits)

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

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

No exceptions noted.

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

No exceptions noted.

Debt Service (excluding nonprofits)

- 21) 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.

This was not required to be tested in the fiscal year

- 22) 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.

This was not required to be tested in the fiscal year.

Other

- 23) Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the entity did not have any misappropriations of public funds or assets.

- 24) 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.

Notice observed at entity premises and on entity website.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Acadiana Planning Commission and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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

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

Lafayette, Louisiana
February 21, 2019

LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH



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

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

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

February 21, 2019

Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC
P.O. Box 80569
Lafayette, LA 70598

The following is Management's response to the 2016-2017 AUP report submitted.

WRITTEN POLICIES AND PROCEDURES

1. f) Management will work toward formalizing this policy.

BOARD

2. b) Management will work toward providing monthly financial statements for review and discussion at Board meetings.

BANK RECONCILIATIONS

3. b) Management will provide bank reconciliations to the Board President for review and formal approval.

COLLECTIONS

5. a) - d) Management will evaluate the cost/benefit of a complete segregation of duties and will also continue to implement mitigating controls where feasible.

DISBURSEMENTS

9. c) - d) Management will evaluate controls to determine if additional segregation can be achieved.

PAYROLL AND PERSONNEL

18. Management will implement procedures to insure all accrued benefits are paid at time of termination according to District Policy.

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

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Fred Arsement", written in a cursive style.

Fred Arsement
President