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

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED AUGUST 31, 2022

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lafayette Parish Waterworks District South as of August 31,2022, 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.

Basis for Opinion

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

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lafayette Waterworks District South's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

This communication and any accompanying documents are confidential and privileged. They are intended for the sole use of the addressee. If you receive this transmission in error, you are advised that any disclosure, copying, distribution, or the taking of any action in reliance upon this communication is strictly prohibited. Moreover, any such disclosure shall not compromise or waive the attorney-client, accountant-client, or other privileges as to this communication or otherwise.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2023, on our consideration of Lafayette Parish Waterworks District South's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lafayette Parish Waterworks District South's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lafayette Parish Waterworks District South's internal control over financial reporting and compliance.

Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC

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

February 3, 2023
Lafayette, Louisiana

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LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
Lafayette Parish
Management's Discussion and Analysis (Unaudited)
FYE August 31, 2022

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, 2022. Please read it in conjunction with the District's basic financial statements.

FINANCIAL HIGHLIGHTS

- The District's net assets increased by $769,223 from $8,140,844 in 2021 to $8,910,067 in 2022, as a result, of this year's operations.
- The District's operating revenues exceeded operating expenses by $401,030 for the year ended August 31, 2022.
- Cash and cash equivalents decreased by $151,898 for the year ended August 31, 2022.
- There were no major changes to property, plant, and equipment during the current year. The District had construction in progress for the year ended August 31, 2022.

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.*

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net assets increased by $769,223 between the fiscal years 2021 and 2022. 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

	2021	2022	Percentage Change
Current and Other Assets	$ 3,059,400	$ 2,917,441	-5%
Capital Assets	8,657,287	10,764,675	24%
Total Assets	$ 11,716,687	$ 13,682,116	17%
Total Deferred Outflows of Resources	$ 0	$ 0	0%
Current and Other Liabilities	$ 566,843	$ 832,329	47%
Non-current Liabilities	3,009,000	3,939,720	31%
Total Liabilities	$ 3,575,843	$ 4,772,049	33%
Net Assets -			
Invested in Capital Assets Net of Related Debt	$ 6,862,849	$ 7,084,491	3%
Restricted for Debt Service	546,573	546,957	0%
Unrestricted	731,422	1,278,619	75%
Total Net Assets	$ 8,140,844	$ 8,910,067	9%

Net assets for the District increased by 9 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.

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

TABLE 2
SUMMARY OF CHANGES IN NET ASSETS

	2021	2022	% Change
Revenues:			
Operating -			
Charges for Services	$2,380,402	$ 2,616,769	10%
Capital Grants and Contributions	-	16,410	
Non-Operating -			
Membership Fees	$ 6,500	$ 6,200	-5%
Installation Fees	$ 117,162	$ 112,930	-4%
Contributed Infrastructure	$ -	$ -	
Miscellaneous Income	$ 72,452	$ 346,605	378%
Interest Income	$ 2,015	$ 1,734	-14%
Loss on Disposition	$ 2,540	$ (7,359)	-390%
Total Revenues	$ 2,581,071	$ 3,093,289	20%
Expenses:			
Operating -	$ 2,167,924	$ 2,232,149	3%
Non-Operating -			
Interest	$ 86,707	$ 91,917	6%
Amortization of Debt Expense	$ 3,660	$ 7,359	101%
Total Expenses	$ 2,258,291	$ 2,331,425	3%
Changes in Net Assets	$ 322,780	$ 761,864	136%

The District's total revenues increased by 20% in 2022. Total expenses increased by 3% in 2022.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

On August 31, 2021 and 2022, the District had $13,226,534 and $14,971,258, 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 $1,744,725 during 2022. Accumulated depreciation on these capital assets was $4,801,056 and $5,116,067 respectively, for these years.

Long Term Debt

On August 31, 2021, the District had $3,348,000 in bonds outstanding versus $3,009,000 on August 31, 2022.

TABLE 3
OUTSTANDING DEBT AT YEAR-END

	2021	2022	% Change
Water Revenue Refunding Bonds:			
Serial Bond - 2018	$ 355,000	$ 299,000	-16%
Serial Bond - 2021	$ 2,993,000	$ 2,710,000	-9%
Total	$ 3,348,000	$ 3,009,000	-10%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Lafayette Utilities System (LUS) adjusted wholesale rates in January 2022 from $2.74 per thousand gallons to $2.96 per thousand gallons. This rate is valid for 2022 and 2023. LPWDS adjusted rates in January 2022. LPWDS will evaluate rates in 2023 and decide if a rate increase will be needed in 2024.

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.

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, 2022.

Residential Customers	4,739
Commercial Customers	22
Total	4,761

The water rates of the Lafayette Parish Waterworks District South as of August 31, 2022 are as follows:

¾" Meter - $23.00 for the first 2,000 gallons, $4.90 per 1,000 gallons thereafter
1" Meter - $34.00 per month plus $4.90 per 1,000 gallons used
1½" Meter - $57.50 per month plus $4.90 per 1,000 gallons used
2" Meter - $115.00 per month plus $4.90 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, 2022

ASSETS

CURRENT ASSETS	
Cash	$ 884,500
Accounts Receivable, Net	282,606
Inventory	307,092
Prepaid Insurance	11,426
Total Current Assets	1,485,624
RESTRICTED ASSETS	
Cash - Restricted:	
Water Revenue Bond and Interest Sinking Fund	134,532
Water Revenue Reserve Fund	207,914
Water Depreciation and Contingency Fund	204,511
2013 Water System Improvements Account	202
2021 Water System Improvements Account	759,713
UMB Government Capital Fund	124,945
Total Restricted Assets	1,431,817
CAPITAL ASSETS	
Land and Construction in Progress	909,484
Capital Assets, Net	9,855,191
Total Capital Assets	10,764,675
TOTAL ASSETS	$ 13,682,116

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, 2022

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Accounts Payable	$ 181,869
Wages Payable	4,829
Sales Tax Payable	832
Unearned Revenue	50,000
Customers' Deposits	60,575
Retainage Payable	33,845
Total Current Liabilities	331,950
CURRENT LIABILITIES (Payable from Restricted Assets)	
Accrued Interest	31,099
Current Portion of Capital Financing Lease	123,280
Current Portion of Revenue Bonds	346,000
Total Current Liabilities (Payable from Restricted Assets)	500,379
NON-CURRENT LIABILITIES	
Capital Financing Lease -Less Current Portion	1,276,720
Revenue Bonds Payable-Less Current Portion	2,663,000
Total Non-Current Liabilities	3,939,720
TOTAL LIABILITIES	$ 4,772,049
NET POSITION	
Net Investment in Capital Assets	$ 7,084,491
Restricted for Debt Service	546,957
Unrestricted	1,278,619
TOTAL NET POSITION	$ 8,910,067

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, 2022

OPERATING REVENUES	
Charges for Services -	
Water Sales	$ 2,503,018
Connection Fees	39,400
Late Fees	74,351
Capital Grants and Contributions	16,410
Total Operating Revenues	2,633,179
OPERATING EXPENSES	
Scheduled	1,880,655
Depreciation	351,494
Total Operating Expenses	2,232,149
Operating Income	401,030
NON-OPERATING REVENUES (EXPENSES)	
Membership Fees	6,200
Installation Fees	112,930
Miscellaneous Income	346,605
Interest Income	1,734
Interest Expense	(91,917)
Loss on Disposition of Assets	(7,359)
Total Non-Operating Revenues (Expenses)	368,193
CHANGE IN NET POSITION	769,223
NET POSITION, BEGINNING OF YEAR	8,140,844
NET POSITION, END OF YEAR	$ 8,910,067

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, 2022

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From Service Users	$	2,727,759
Cash Received From Operating Grants		16,410
Cash Payments for Goods and Services		(1,535,241)
Cash Paid to Employees for Service		(390,058)
Net Cash Provided By Operating Activities		818,870
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds From Capital Financing Lease		1,400,000
Proceeds from Membership Fees		6,200
Proceeds from Installation Fees		112,930
Other Proceeds		346,605
Acquisition and Construction of Property, Plant and Equipment		(2,466,240)
Retainage Payable Property, Plant and Equipment		32,809
Principal Paid on Revenue Bonds		(339,000)
Interest Paid on Revenue Bonds		(65,806)
Net Cash (Used In) Capital and Related Financing Activities		(972,502)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Interest Received		1,734
Net Cash Provided By Investing Activities		1,734
NET DECREASE IN CASH		(151,898)
CASH AT BEGINNING OF YEAR (INCLUDING RESTRICTED CASH OF $2,105,123)		2,468,215
CASH AT END OF YEAR (INCLUDING RESTRICTED CASH OF $1,431,817)	$	2,316,317
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	$	401,030
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:		
Depreciation		351,494
Changes in Assets and Liabilities:		
Accounts Receivable, Net		66,180
Other Receivables		16,861
Inventory		(92,799)
Prepaid Insurance		(179)
Accounts Payable		47,571
Wages Payable		1,177
Sales Tax Payable		(15)
Customers' Deposits		(400)
Unearned Revenues		27,950
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	818,870

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

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.

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, 2022, was $4,858.

Investments - Under state law, the District may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana Law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. As of August 31, 2022, 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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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

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

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

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

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

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

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

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

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, 2022, the District has cash and interest-bearing deposits (book balances) totaling $2,316,317.

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, 2022, $-0-, of the District's bank balances of $2,397,134 were exposed to custodial credit risk as follows:

Bank Balances	$ 2,397,134
At August 31, 2022 the deposits are secured as follows:	
Federal Deposit Insurance	$ 250,000
Pledged Securities	2,147,134
Total	$ 2,397,134

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

C. RESTRICTED ASSETS

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

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

C. RESTRICTED ASSETS - continued

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

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 cost of construction projects.

2021 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 cost of construction projects.

UMB Government Capital Fund - These funds represent the unspent proceeds from the capital financing lease. These funds are restricted for expenses related to the water meter project.

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 09/01/2021	Additions	Deletions	Ending Balance 08/31/2022
Capital assets not being depreciated:				
Land	$ 89,165	$ -	$ -	$ 89,165
Construction in Progress	142,645	693,089	(15,415)	820,319
Total capital assets not being depreciated	231,810	693,089	(15,415)	909,484
Capital assets being depreciated:				
Buildings	40,571	8,275	-	48,846
Water Distribution System	10,039,078	215,685	-	10,254,763
Water Treatment Plant	207,031	-	(9,648)	197,383
Water Lines and Wells	1,170,108	-	-	1,170,108
Water Meters	1,508,165	1,496,910	(22,086)	2,982,989
Automobiles	99,235	60,352	-	159,587
Equipment	119,828	-	-	119,828
Computer Equipment	23,193	3,790	(12,108)	14,875
Computer Software	12,653	-	-	12,653
Furniture and Fixtures	6,672	3,554	-	10,226
Total assets being depreciated	13,226,534	1,788,566	(43,842)	14,971,258
Less: accumulated depreciation	(4,801,056)	(351,494)	(36,483)	(5,116,067)
Total capital assets being depreciated, net	$ 8,425,478	$ 1,437,072	$ (7,359)	$ 9,855,191

Depreciation expense for the year ended August 31, 2022, was $351,494.

E. WATER REVENUE BONDS

The following is a summary of the water revenue bonds transactions for the year ended August 31, 2022:

	Balance 09/01/2021	Additions	Reductions	Balance 08/31/2022	Due within One Year
Serial Bond - 2018	$ 355,000	$ -	$ 56,000	$ 299,000	$ 58,000
Serial Bond - 2021	2,993,000	-	283,000	2,710,000	288,000
Totals	$ 3,348,000	$ -	$ 339,000	$ 3,009,000	$ 346,000

The District has two Water Revenue Bond issues outstanding at August 31, 2022:

Purpose	Issue Date	Balance at 8/31/2022
10-year Water Revenue Bonds, Series 2018, 3.35% interest, payable in annual installments of principal and interest, held by Louisiana Public Facilities Authority	07/26/2018	$ 299,000
10-year Water Revenue Bonds, Series 2021, 2.00% interest, payable in annual installments of principal and interest, held by Iberia Bank	03/25/2021	$ 2,710,000
Total Principal Outstanding on Water Revenue Bonds		$ 3,009,000
Water Revenue Bonds Outstanding		$ 3,009,000

Revenue bond debt service requirements to maturity are as follows:

Years ended August 31:	Principal	Interest	Total
2023	$ 346,000	$ 59,208	$ 405,208
2024	353,000	52,477	405,477
2025	359,000	45,609	404,609
2026	366,000	38,624	404,624
2027	371,000	31,502	402,502
2028-2031	1,214,000	54,360	1,268,360
Total	$ 3,009,000	$ 281,780	$ 3,290,780

F. CAPITAL LEASES

On December 17, 2021, the board of commissioners entered into a 10-year Lease-Purchase agreement with Government Capital Corporation for the sum of $1,400,000 at an interest rate of 2.8%.

Annual requirements to amortize this lease liability and related interest are as follows:

Years ended August 31:	Principal	Interest	Total
2023	$ 123,280	$ 39,130	$ 162,410
2024	126,726	35,684	162,410
2025	130,268	32,142	162,410
2026	133,909	28,501	162,410
2027	137,652	24,758	162,410
2028-2032	748,165	63,886	812,051
Total	$ 1,400,000	$ 224,101	$ 1,624,101

G. 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 $1,012,713 of water from the Consolidated Government during 2022. At August 31, 2022, the District owed the Consolidated Government of Lafayette, Louisiana $73,002.

H. 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.

I. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District did not have any items that qualified as deferred outflows at August 31, 2022.

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, 2022.

J. 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, 2022:

Purpose	Amount
Per Diem	$ 480

K. COMMITMENTS AND CONTINGENCIES

The District has entered into a contract with an architect for services related to the construction of the new office building. The initial fee is estimated based on 8% of the projected cost of construction, which is approximately $66,625. As of August 31, 2022, the District has paid $57,185 under this contract, including $26,176 during the year ended August 31, 2022.

In July 2021, the District entered into a construction contract for the construction of the new office building. The contract sum is guaranteed by the Construction Manager not to exceed $757,600 (the Guaranteed Maximum Price), subject to additions and deductions by change order as outlined in the contract. As of August 31, 2022, the District has approved additions though change orders in the amount of $75,211. As of August 31, 2022, the District has paid $657,229 under this contract, which includes retainage payable in the amount of $33,845.

L. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 3, 2023, the date of 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, 2022

Name	Term Expires	Title	Address and Telephone Number
Fred Arsement	October 2025	President	201 Golden Harvest Rayne, LA 70578 (337) 654-9200
John Touchet	September 2026	Vice-President	328 W. Broussard Road Lafayette, LA 70506 (337) 501-8117
Dave Young	October 2025	Secretary/ Treasurer	120 Brussels Road Rayne, LA 70578 (337) 277-3635
Terry Becht (Deceased November 15,2022)	October 2026	Board Member	106 Fernway Lane Duson, LA 70529 (337) 298-4365
Todd Guidry	July 2027	Board Member	413 Lagneaux Road Duson, LA 70529 (337) 278-9349
Byron Daigle	October 2023	Board Member	1520 Ridge Road Duson, LA 70529 (337) 534-1905
Gus J. Boulanger	January 2023	Board Member	336 Golden Grain Road Duson, LA 70529 (337) 654-5284
Leslie LeBlanc	June 2027	Board Member	1023 Golden Grain Road Rayne, LA 70578 (337) 280-7479

Commissioners each receive $40 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, 2022

Automobile Allowance	$	58
Bad Debts		6,440
Bank Charges		4,681
Billing Service		45,162
Board Fees		3,840
Consulting and Engineering		54,575
Dues and Subscriptions		8,443
Employee Training		390
Employee Uniforms		3,377
Gas		20,035
Insurance		135,714
Labor		2,191
Legal and Accounting		25,079
Miscellaneous		2,806
Office		8,706
Postage		867
Repairs and Maintenance		30,328
Salaries		361,334
Supplies		3,476
Payroll Taxes		27,709
Telephone		15,567
Utilities		4,342
Water Purchased		1,114,728
Water Testing		807
TOTAL OPERATING EXPENSES	$	1,880,655

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

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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, 2022, and the related notes to the financial statements, which collectively comprise Lafayette Parish Waterworks District South's basic financial statements and have issued our report thereon dated February 3, 2023.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

This communication and any accompanying documents are confidential and privileged. They are intended for the sole use of the addressee. If you receive this transmission in error, you are advised that any disclosure, copying, distribution, or the taking of any action in reliance upon this communication is strictly prohibited. Moreover, any such disclosure shall not compromise or waive the attorney-client, accountant-client, or other privileges as to this communication or otherwise.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Compliance and Other Matters

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

Lafayette Parish Waterworks District South's Response to Findings

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

Purpose of this Report

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

Wright, Moore, DeHart, Dupuis & Hutchinson, LLC

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

February 3, 2023
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, 2022

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, 2022, and have issued our report thereon dated February 3, 2023. 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, 2022, resulted in an unmodified opinion.

Section I – Summary of Auditors' Reports

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

Internal Control

Material Weaknesses	✓ Yes	No
Significant Deficiencies	Yes	✓ No

Compliance

Compliance Material to Financial Statements	Yes	✓ No

B. Management Letter

Was a management letter issued?	Yes	✓ No

Section II – Financial Statement Findings

2022-001 Lack of Segregation of Duties

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

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

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

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

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2022

Section III – Federal Award Findings and Questioned Costs

This section is not applicable for the fiscal year ending August 31, 2022.

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, 2022

2021-001 Lack of Segregation of Duties

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

Follow-up:
This finding is unresolved - see current year finding 2022-001.

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

MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2022

The Lafayette Parish Waterworks District South respectfully submits the following corrective action plan for the year ended August 31, 2022.

The finding from the August 31, 2022, Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

2022-001 Lack of Segregation of Duties

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

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

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

Sincerely yours,

Fred Arsement
President

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

Independent Accountants' Report
On Applying Agreed-Upon Procedures

Year Ended August 31, 2022

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

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period September 1, 2021, through August 31, 2022. Lafayette Parish Water Works District South's management is responsible for those control and compliance areas identified in the SAUPs.

Lafayette Parish Water Works District South has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating management's assertions about Lafayette Parish Water Works District South's compliance with certain laws, regulations, and best practices. Additionally, the Legislative Auditor, State of Louisiana, has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1) Obtain 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.

      The entity does not have written policies and procedures related to budgeting.

   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.

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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. 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.

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

e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

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

Written policies and procedures were obtained and 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 (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

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

j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Written policies and procedures were obtained but do not address how debt issuance approval.

k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

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

l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

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

Board (or Finance Committee, if applicable)

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

   a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

   No exceptions were found as a result of this procedure.

   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, quarterly budget-to-actual, at a minimum, on proprietary funds and semi-annual budget to-actual, at a minimum, on all special revenue funds.

   No exceptions were found as a result of this procedure.

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

   This section was not applicable as there was no negative unassigned fund balance in the general fund.

Bank Reconciliations

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

   Obtained a listing of bank accounts and management's representation that the listing is complete.

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

   No exceptions noted as a result of these procedures.

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

All five reconciliations tested showed no evidence of review from management or board members.

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 as a result of these procedures.

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 deposits sites and management's representation that the listing is compete.

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.

No exceptions were found as a result of this procedure.

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.

No exceptions were found as a result of this procedure.

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.

No exceptions were found as a result of this procedure.

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/official verifies the reconciliation.

No exceptions were found as a result of this procedure.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

   No exceptions were found as a result of this procedure.

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 were found as a result of this procedure.

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

      No exceptions were found as a result of this procedure.

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

      No exceptions were found as a result of this procedure.

   d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

      No exceptions were found as a result of this procedure.

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

      No exceptions were found as a result of this procedure.

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

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).

   Obtained listing and management's representation that the listing is complete.

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 the purchase.

No exceptions were found as a result of this procedure.

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

One of the five disbursements tested was not approved by more than one employee.

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.

No exceptions were found as a result of this procedure.

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.

No exceptions were found as a result of this procedure.

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 itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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) 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.

Obtained management's representation the district only has one debit card.

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 (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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).

No exceptions were found as a result of this procedure.

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:

Obtained a listing and management's representation that the listing is complete.

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).

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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 #1h).

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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:

    Obtained listing and management's representation that the listing is complete.

    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.

        No exceptions were found as a result of this procedure.

    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).

        No exceptions were found as a result of this procedure.

    c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms.

        No exceptions were found as a result of this procedure.

    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.

        No exceptions were found as a result of this procedure.

Payroll and Personnel

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

    Obtained listing and management's representation that the listing is complete.

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 were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Documentation found in the employee files did not agree to rates paid to employees.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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 were found as a result of this procedure.

b. Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions were found as a result of this procedure.

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.

    No exceptions were found as a result of this procedure.

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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

    No exceptions were found as a result of this procedure.

Fraud Notice

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.

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.

    No exceptions were found as a result of this procedures.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report **"We performed the procedure and discussed the results with management."**

    a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

       We performed the procedure and discussed the results with management.

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

       We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions were found as a result of these procedures.

27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exceptions were found as a result of this procedure.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:

Obtained the districts sexual harassment report for the current fiscal period.

a. Number and percentage of public servants in the agency who have completed the training requirements;

No exceptions were found as a result of this procedure.

b. Number of sexual harassment complaints received by the agency;

No exceptions were found as a result of this procedure.

c. Number of complaints which resulted in a finding that sexual harassment occurred;

No exceptions were found as a result of this procedure.

d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

No exceptions were found as a result of this procedure.

e. Amount of time it took to resolve each complaint.

No exceptions were found as a result of this procedure.

We were engaged by Lafayette Parish Water Works District South to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on management's financial records and compliance with applicable laws and regulations. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

This report is intended solely for the information and use of Lafayette Parish Water Works District South and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by anyone other than those specified parties.

Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC

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

Lafayette, Louisiana
February 3, 2023

Lafayette Parish Waterworks District South

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February 3, 2023

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The following is Management's response to the 2022 agreed upon procedures report submitted.

WRITTEN POLICIES AND PROCEDURES

1. a) and j) - Management is in the process of reviewing and revising all current policies and procedures and making modifications as determined to be necessary.

BANK RECONCILIATIONS

3. b) Management will review controls related to this exception and make changes as necessary.

DISBURSEMENTS

9. b) Management will address and determine the necessary mitigating controls for this exception.

PAYROLL

17 d) Management will document authorized salaries and payrates in employees' files.

If any additional information is needed, please contact me.

Fred Arsement
President