

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED AUGUST 31, 2020

TABLE OF CONTENTS

	<u>Page</u>
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	22
Schedule of Operating Expenses	23
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>	24-25
Schedule of Findings and Questioned Costs	26-27
Schedule of Prior Year Findings	28
Management's Corrective Action Plan	29

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 *

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**

ANDRE' D. BROUSSARD, CPA**

* A PROFESSIONAL CORPORATION
** A LIMITED LIABILITY COMPANY



JEROMY BOURQUE, CPA

ROBERT T. DUCHARME, II, CPA

BRITTANY ENGLISBEE, CPA, MBA

JUDITH FAULK, CPA, APA

DEREK GODEAUX, CPA, MSA

SHAUN GRANTHAM, MBA, CPA

BRITTANY GUIDRY, CPA

MAGEN M. HORNSBY, CPA

LISA MESTAYER HUSSEY, CPA

MARY PATRICIA KEELEY, CPA

JOSEPH LACOMBE, CPA

ALEXANDRA LEONARDS, CPA, MBA

WENDY ORTEGO, CPA, CVA

STEPHANIE M. OSBORN, CPA

STEPHANIE A. RAWLINSON, CPA

KIRSTIE C. STELLY, CPA, MBA

ROBIN G. STOCKTON, CPA

TINA B. VIATOR, CPA

STEPHANIE L. WEST, CPA, MBA

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, 2020, and the related notes to the financial statements, which collectively comprise the Lafayette Parish Waterworks District South's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

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

February 3, 2021
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, 2020

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, 2020. 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 \$277,468 from \$7,540,596 in 2019 to in \$7,818,064 in 2020, as a result, of this year's operations.
- The District's operating revenues exceeded operating expenses by \$240,417 for the year ended August 31, 2020.
- Cash and cash equivalents decreased by \$529,863 for the year ended August 31, 2020.
- There only major changes to property, plant, and equipment during the current year was an increase in construction in progress for the year ended August 31, 2020.

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, 2020

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net assets increased by \$498,899 between the fiscal years 2019 and 2020. 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

	2019	2020	Percentage Change
Current and Other Assets	\$ 3,157,102	\$ 2,716,400	-14%
Capital Assets	<u>8,144,230</u>	<u>8,509,958</u>	4%
Total Assets	<u>\$ 11,301,332</u>	<u>\$ 11,226,358</u>	-1%
 Total Deferred Outflows of Resources	 <u>\$ 7,219</u>	 <u>\$ 3,660</u>	 -49%
 Current and Other Liabilities	 \$ 584,955	 \$ 656,954	 12%
Non-current Liabilities	<u>3,183,000</u>	<u>2,755,000</u>	-13%
Total Liabilities	<u>\$ 3,767,955</u>	<u>\$ 3,411,954</u>	-9%
 Net Assets -			
Invested in Capital Assets			
Net of Related Debt	\$ 5,565,172	\$ 6,195,749	11%
Restricted for Debt Service	903,847	970,198	7%
Unrestricted	<u>1,071,577</u>	<u>652,117</u>	-39%
Total Net Assets	 <u>\$ 7,540,596</u>	 <u>\$ 7,818,064</u>	 4%

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

LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
Lafayette Parish
Management's Discussion and Analysis (Unaudited) (Continued)
FYE August 31, 2020

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

TABLE 2
SUMMARY OF CHANGES IN NET ASSETS

	<u>2019</u>	<u>2020</u>	<u>% Change</u>
Revenues:			
Operating -			
Charges for Services	\$ 2,100,056	\$ 2,246,223	7%
Capital Grants and Contributions	-	90,600	
Non-Operating -			
Membership Fees	3,900	4,350	12%
Installation Fees	68,850	77,250	12%
Contributed Infrastructure	-	-	
Miscellaneous Income	58,067	23,445	-60%
Interest Income	71,073	41,987	-41%
Gain on Disposition	-	1,469	
Total Revenues	<u>\$ 2,301,946</u>	<u>\$ 2,485,324</u>	8%
Expenses:			
Operating -	\$ 1,908,333	\$ 2,096,406	10%
Non-Operating -			
Interest	119,744	107,891	-10%
Amortization of Debt Expense	<u>3,720</u>	<u>3,559</u>	-4%
Total Expenses	<u>2,031,797</u>	<u>2,207,856</u>	9%
Changes in Net Assets	<u>\$ 270,149</u>	<u>\$ 277,468</u>	3%

The District's total revenues increased by 8% in 2020. Total expenses increased by 9% in 2020.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

On August 31, 2019 and 2020, the District had \$12,334,650 and \$13,003,659, 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 \$669,009 during 2020. Accumulated depreciation on these capital assets was \$4,190,420 and \$4,493,701 respectively, for these years.

LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
Lafayette Parish
Management's Discussion and Analysis (Unaudited) (Continued)
FYE August 31, 2020

Long Term Debt

On August 31, 2019, the District had \$3,596,000 in bonds outstanding versus \$3,203,000 on August 31, 2020.

TABLE 3
OUTSTANDING DEBT AT YEAR-END

	<u>2019</u>	<u>2020</u>	<u>% Change</u>
Water Revenue Refunding Bonds:			
Current	\$ 413,000	\$ 448,000	8%
Long-term	<u>3,183,000</u>	<u>2,755,000</u>	-13%
Total	<u>\$ 3,596,000</u>	<u>\$3,203,000</u>	-11%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

LAFAYETTE PARISH WATERWORKS DISTRICT SOUTH
Lafayette Parish
Management's Discussion and Analysis (Unaudited) (Continued)
FYE August 31, 2020

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, 2020.

Residential Customers	4,547
Commercial Customers	<u>18</u>
Total	4,565

The water rates of the Lafayette Parish Waterworks District South as of August 31, 2020 are as follows:

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

BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF NET POSITION
AUGUST 31, 2020**

ASSETS

CURRENT ASSETS

Cash	\$ 434,912
Accounts Receivable, Net	292,600
Inventory	119,130
Prepaid Insurance	<u>2,697</u>
Total Current Assets	<u>849,339</u>

RESTRICTED ASSETS

Cash - Restricted:	
Water Revenue Bond and Interest Sinking Fund	113,872
Water Revenue Reserve Fund	277,604
Water Depreciation and Contingency Fund	578,721
2013 Water System Improvements Account	<u>896,864</u>
Total Restricted Assets	<u>1,867,061</u>

CAPITAL ASSETS

Land and Construction in Progress	773,102
Capital Assets, Net	<u>7,736,856</u>
Total Capital Assets	<u>8,509,958</u>

TOTAL ASSETS	<u>\$ 11,226,358</u>
---------------------	-----------------------------

DEFERRED OUTFLOWS OF RESOURCES

Deferred Loss on Refunding	<u>\$ 3,660</u>
----------------------------	-----------------

TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 3,660</u>
---	------------------------

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, 2020

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts Payable	\$ 112,652
Wages Payable	1,880
Sales Tax Payable	847
Customers' Deposits	58,225
Retainage Payable	<u>27,277</u>
Total Current Liabilities	<u>200,881</u>

CURRENT LIABILITIES (Payable from Restricted Assets)

Accrued Interest	8,073
Current Portion of Revenue Bonds	<u>448,000</u>
Total Current Liabilities (Payable from Restricted Assets)	<u>456,073</u>

NON-CURRENT LIABILITIES

Revenue Bonds Payable-Less Current Portion	<u>2,755,000</u>
Total Non-Current Liabilities	<u>2,755,000</u>

TOTAL LIABILITIES

\$ 3,411,954

NET POSITION

Net Investment in Capital Assets	\$ 6,195,749
Restricted for Debt Service	970,198
Unrestricted	<u>652,117</u>

TOTAL NET POSITION

\$ 7,818,064

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, 2020

OPERATING REVENUES

Charges for Services -	
Water Sales	\$ 2,144,441
Connection Fees	32,850
Late Fees	68,932
Capital Grants and Contributions	90,600
Total Operating Revenues	2,336,823

OPERATING EXPENSES

Scheduled	1,782,085
Depreciation	314,321
Total Operating Expenses	2,096,406

Operating Income	240,417
------------------	---------

NON-OPERATING REVENUES (EXPENSES)

Membership Fees	4,350
Installation Fees	77,250
Miscellaneous Income	23,445
Interest Income	41,987
Interest Expense	(107,891)
Amortization of Loss on Refunded Debt	(3,559)
Gain on Disposition of Assets	1,469
Total Non-Operating Revenues (Expenses)	37,051

CHANGE IN NET POSITION	277,468
-------------------------------	---------

NET POSITION, BEGINNING OF YEAR	7,540,596
--	-----------

NET POSITION, END OF YEAR	\$ 7,818,064
----------------------------------	--------------

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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received From Service Users	\$ 2,200,962
Cash Received From Operating Grants	90,600
Cash Payments for Goods and Services	(1,499,321)
Cash Paid to Employees for Service	<u>(315,941)</u>

Net Cash Provided By Operating Activities 476,300

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from Membership Fees	4,350
Proceeds from Installation Fees	77,250
Proceeds from Sale of Property, Plant and Equipment	1,469
Other Proceeds	23,445
Acquisition and Construction of Property, Plant and Equipment	(680,049)
Retainage Payable Property, Plant and Equipment	27,277
Principal Paid on Revenue Bonds	(393,000)
Interest Paid on Revenue Bonds	<u>(108,892)</u>

Net Cash (Used In) Capital and Related Financing Activities (1,048,150)

CASH FLOWS FROM INVESTING ACTIVITIES

Investment Interest Received	<u>41,987</u>
------------------------------	---------------

Net Cash Provided By Investing Activities 41,987

NET DECREASE IN CASH (529,863)

CASH AT BEGINNING OF YEAR 2,831,836

CASH AT END OF YEAR \$ 2,301,973

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	\$ 240,417
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	314,321
Changes in Assets and Liabilities:	
Accounts Receivable, Net	(34,246)
Other Receivables	(11,014)
Inventory	(41,203)
Prepaid Insurance	(2,697)
Accounts Payable	3,373
Wages Payable	1,880
Sales Tax Payable	69
Customers' Deposits	<u>5,400</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 476,300

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, 2020

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, 2020**

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:

	<u>Years</u>
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, 2020 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, 2020, 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, 2020

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.

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, 2020, the District has cash and interest-bearing deposits (book balances) totaling \$2,301,974.

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, 2020

B. CASH AND INTEREST-BEARING DEPOSITS- Continued

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, 2020, \$-0-, of the District’s bank balances of \$2,468,142 were exposed to custodial credit risk as follows:

Bank Balances	\$ <u>2,468,142</u>
At August 31, 2020 the deposits are secured as follows:	
Federal Deposit Insurance	\$ 250,000
Pledged Securities	<u>2,218,142</u>
Total	<u>\$ 2,468,142</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 \$262,437. 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.

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.

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, 2020

C. RESTRICTED ASSETS - Continued

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 <u>8/31/2019</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>8/31/2020</u>
Capital assets not being depreciated:				
Land	\$ 89,165	\$ -	\$ -	\$ 89,165
Construction in Progress	<u>87,632</u>	<u>596,305</u>	<u>-</u>	<u>683,937</u>
Total capital assets not being depreciated	<u>176,797</u>	<u>596,305</u>	<u>-</u>	<u>773,102</u>
Capital assets being depreciated:				
Buildings	40,571	-	-	40,571
Water Distribution System	10,038,233	845	-	10,039,078
Water Treatment Plant	207,031	-	-	207,031
Water Lines and Wells	343,496	-	-	343,496
Water Meters	1,306,386	76,806	(11,040)	1,372,152
Automobiles	65,188	1,395	-	66,583
Equipment	118,809	319	-	119,128
Computer Equipment	21,764	1,429	-	23,193
Computer Software	9,703	2,950	-	12,653
Furniture and Fixtures	<u>6,672</u>	<u>-</u>	<u>-</u>	<u>6,672</u>
Total assets being depreciated	<u>12,157,853</u>	<u>83,744</u>	<u>(11,040)</u>	<u>12,230,557</u>
Less: accumulated depreciation	<u>(4,190,420)</u>	<u>(314,321)</u>	<u>11,040</u>	<u>(4,493,701)</u>
Total capital assets being depreciated, net	<u>\$ 7,967,433</u>	<u>\$ (230,577)</u>	<u>\$ -</u>	<u>\$ 7,736,856</u>

Depreciation expense for the year ended August 31, 2020 was \$314,321.

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, 2020**

E. WATER REVENUE BONDS

The following is a summary of the water revenue bonds transactions for the year ended August 31, 2020:

	Balance 08/31/2019	Additions	Reductions	Balance 08/31/2020	Due within One Year
Serial Bond - 2011	\$ 716,000	\$ -	\$ 353,000	\$ 363,000	\$ 363,000
Serial Bond - 2013	1,380,000	-	20,000	1,360,000	65,000
Serial Bond - 2018	<u>1,500,000</u>	<u>-</u>	<u>20,000</u>	<u>1,480,000</u>	<u>20,000</u>
Totals	<u>\$ 3,596,000</u>	<u>\$ -</u>	<u>\$ 393,000</u>	<u>\$ 3,203,000</u>	<u>\$ 448,000</u>

The District has three Water Revenue Bond issues outstanding at August 31, 2020:

Purpose	Issue Date	Balance At 8/31/2020
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	\$ 363,000
10 year Water Revenue Bonds, Series 2013, 3.2% interest, payable in annual installments of principal and interest, held by Iberia Bank	08/08/2013	1,360,000
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	07/26/2018	<u>1,480,000</u>
Total Principal Outstanding on Water Revenue Bonds		3,203,000
Deferred Loss on Refunded Debt		<u>(3,660)</u>
Water Revenue Bonds Outstanding		<u>\$ 3,199,340</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, 2020**

E. WATER REVENUE BONDS - Continued

Revenue bond debt service requirements to maturity are as follows:

Years ended August 31:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 448,000	\$ 96,873	\$ 544,873
2022	313,000	84,403	397,403
2023	323,000	75,111	398,111
2024	332,000	65,525	397,525
2025	342,000	55,661	397,661
2026-2030	<u>1,445,000</u>	<u>122,766</u>	<u>1,567,766</u>
Total	<u>\$ 3,203,000</u>	<u>\$ 500,339</u>	<u>\$ 3,703,339</u>

F. RELATED PARTY TRANSACTIONS

The District purchases water from the Consolidated Government of Lafayette, Louisiana for resale to customers in the ordinary course of business. The District purchased \$930,474 of water from the Consolidated Government during 2020. At August 31, 2020, the District owed the Consolidated Government of Lafayette, Louisiana \$72,344.

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.

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, 2020.

**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, 2020**

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, 2020:

<u>Purpose</u>	<u>Amount</u>
Per Diem	<u>\$ 400</u>

J. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 3, 2021, 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, 2020**

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

Commissioners each receive \$40 compensation monthly.

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

**SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2020**

Advertising	\$ 694
Bad Debts	4,198
Bank Charges	4,361
Billing Service	36,071
Board Fees	2,000
Consulting and Engineering	17,123
Dues and Subscriptions	12,457
Employee Training	3,925
Employee Uniforms	2,603
Gas	8,057
Insurance	95,374
Labor	36,160
Legal and Accounting	29,115
Meter Reading Service	63,173
Miscellaneous	2,316
Office	3,229
Postage	1,461
Repairs and Maintenance	117,142
Salaries	261,782
Supplies	2,124
Payroll Taxes	19,879
Telephone	14,383
Utilities	3,432
Water Purchased	1,038,765
Water Testing	2,261
TOTAL OPERATING EXPENSES	<u>\$ 1,782,085</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.wmddh.com

JOHN W. WRIGHT, CPA *

JAMES H. DUPUIS, CPA *

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*

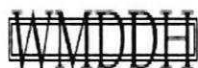
CHRISTINE R. DUNN, CPA**

DAMIAN H. SPIESS, CPA, CFP **

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

ANDRE' D. BROUSSARD, CPA**

* A PROFESSIONAL CORPORATION
** A LIMITED LIABILITY COMPANY



JEROMY BOURQUE, CPA

ROBERT T. DUCHARME, II, CPA

BRITTANY ENGLISBEE, CPA, MBA

JUDITH FAULK, CPA, APA

DEREK GODEAUX, CPA, MSA

SHAUN GRANTHAM, MBA, CPA

BRITTANY GUIDRY, CPA

MAGEN M. HORNSBY, CPA

LISA MESTAYER HUSSEY, CPA

MARY PATRICIA KEELEY, CPA

JOSEPH LACOMBE, CPA

ALEXANDRA LEONARDS, CPA, MBA

WENDY ORTEGO, CPA, CVA

STEPHANIE M. OSBORN, CPA

STEPHANIE A. RAWLINSON, CPA

KIRSTIE C. STELLY, CPA, MBA

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, 2020, 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, 2021.

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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lafayette Parish Waterworks District South's internal control. Accordingly, we do not express an opinion on the effectiveness of Lafayette Parish Waterworks District South's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 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 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, LLC*

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

February 3, 2021
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, 2020**

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, 2020, and have issued our report thereon dated February 3, 2021. 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, 2020 resulted in an unmodified opinion.

Section I – Summary of Auditors’ Reports

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

Internal Control

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

Compliance

Compliance Material to Financial Statements Yes No

B. Management Letter

Was a management letter issued? Yes No

Section II – Financial Statement Findings

2020-001 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, 2020**

Section III – Federal Award Findings and Questioned Costs

This section is not applicable for the fiscal year ending August 31, 2020.

**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, 2020**

2019-001 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 2020-001.

2019-002 Louisiana Public Bid Law

Finding:

The District purchased materials and supplies in excess of ten thousand dollars but less than thirty thousand dollars without obtaining at least three quotes.

Follow-up:

This occurrence was not noted in the current fiscal year.

**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, 2020**

The Lafayette Parish Waterworks District South respectfully submits the following corrective action plan for the year ended August 31, 2020.

The finding from the August 31, 2020 Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

2019-001 Lack of Segregation of Duties

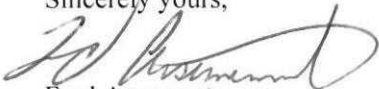
Recommendation:

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