

MONROE LAFAYETTE, LLC
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2023



Monroe Lafayette, LLC

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	2
FINANCIAL STATEMENTS	
BALANCE SHEET	5
STATEMENT OF OPERATIONS	7
STATEMENT OF MEMBER'S EQUITY (DEFICIT)	8
STATEMENT OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	11
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	19
SCHEDULE OF FINDINGS, QUESTIONED COSTS AND RECOMMENDATIONS	21
SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS, QUESTIONED COSTS AND RECOMMENDATIONS (UNAUDITED)	22



INDEPENDENT AUDITOR'S REPORT

To the Member
Monroe Lafayette, LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Monroe Lafayette, LLC, which comprise the balance sheet as of December 31, 2023, and the related statements of operations, member's equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Monroe Lafayette, LLC as of December 31, 2023, and the results of its operations 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 (GAAS) 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Monroe Lafayette, LLC 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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 Monroe Lafayette, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement due to 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 GAAS 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 Monroe Lafayette, LLC'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 Monroe Lafayette, LLC'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.

Other Information

The accompanying other information on page 22 has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2024 on our consideration of Monroe Lafayette, LLC'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 Monroe Lafayette, LLC'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 Monroe Lafayette, LLC's internal control over financial reporting and compliance.

Adjustment to Prior Period Financial Statements

The financial statements of Monroe Lafayette, LLC, as of December 31, 2022, were audited by other auditors whose report dated August 18, 2023 expressed an unmodified opinion on those statements. As disclosed in Note 13 to the financial statements, account balances for the year ended December 31, 2022 have been restated to correct misstatements.

Tidwell Group, LLC

Atlanta, Georgia
September 19, 2024

Taxpayer Identification Number:
27-1490692

Reissued on October 10, 2024

Lead Auditor: Clint A. Hamilton, CPA

Monroe Lafayette, LLC

BALANCE SHEET

December 31, 2023

ASSETS

CURRENT ASSETS

Cash - entity		\$	32,861
Tenant accounts receivable			361
Prepaid expenses			<u>30,153</u>

Total current assets			63,375
----------------------	--	--	--------

DEPOSITS HELD IN TRUST - FUNDED

Tenant deposits			2,550
-----------------	--	--	-------

RESTRICTED DEPOSITS AND FUNDED RESERVES

Escrow deposits	\$	16,207	
Reserve for replacements		<u>16,271</u>	
			32,478

RENTAL PROPERTY

Land		1,196,460	
Buildings		10,878,888	
Furniture for project/tenant use		<u>424,119</u>	
		12,499,467	
Less accumulated depreciation		<u>(135,568)</u>	
			12,363,899

OTHER ASSETS

Miscellaneous other assets		<u>9,140</u>	
			<u>9,140</u>

TOTAL ASSETS

			<u><u>\$ 12,471,442</u></u>
--	--	--	-----------------------------

(continued)

Monroe Lafayette, LLC

BALANCE SHEET - CONTINUED

December 31, 2023

LIABILITIES AND MEMBER'S EQUITY (DEFICIT)

CURRENT LIABILITIES

Bank overdraft - operations		\$	3,345
Accounts payable - operations			3,300
Accounts payable - construction/development			450,722
Accounts payable - entity			8,606
Accrued management fee payable			2,500
Accrued interest payable - first mortgage			21,662
Mortgage payable - first mortgage, current maturities			125,859
Prepaid revenue			45

Total current liabilities			616,039
---------------------------	--	--	---------

DEPOSITS LIABILITY

Tenant deposits held in trust (contra)			2,850
--	--	--	-------

LONG-TERM LIABILITIES

Mortgage payable - first mortgage, net of current maturities	\$	8,474,806	
Other loans/notes payable, net of current maturities		<u>591,737</u>	
			<u>9,066,543</u>

Total liabilities			9,685,432
-------------------	--	--	-----------

MEMBER'S EQUITY (DEFICIT)

			<u>2,786,010</u>
--	--	--	------------------

TOTAL LIABILITIES AND MEMBER'S EQUITY (DEFICIT)

			<u><u>\$ 12,471,442</u></u>
--	--	--	-----------------------------

See notes to financial statements.

Monroe Lafayette, LLC
STATEMENT OF OPERATIONS
Year ended December 31, 2023

REVENUE	
Rental	\$ 973,850
Vacancies	<u>(957,475)</u>
Net rental revenue	16,375
Financial	3
Other	<u>4,218</u>
Total revenue	<u>20,596</u>
EXPENSES	
Administrative	98,944
Utilities	7,120
Operating and maintenance	29,294
Taxes and insurance	21,557
Financial (including interest of \$85,497)	<u>94,694</u>
Total cost of operations before depreciation and amortization	<u>251,609</u>
Income (loss) before depreciation and amortization	(231,013)
Depreciation and amortization	<u>135,568</u>
Operating income (loss)	(366,581)
Mortgagor entity expenses	<u>32,932</u>
Net income (loss)	<u><u>\$ (399,513)</u></u>

See notes to financial statements.

Monroe Lafayette, LLC

STATEMENT OF MEMBER'S EQUITY (DEFICIT)

Year ended December 31, 2023

Member's equity (deficit)	
December 31, 2022, as previously reported	\$ 2,153,962
Prior period adjustment	<u>831,561</u>
Members' equity (deficit)	
December 31, 2022, as restated	2,985,523
Contributions	200,000
Net income (loss)	<u>(399,513)</u>
Member's equity (deficit)	
December 31, 2023	<u><u>\$ 2,786,010</u></u>

See notes to financial statements.

Monroe Lafayette, LLC
STATEMENT OF CASH FLOWS

Year ended December 31, 2023

Cash flows from operating activities	
Rental receipts	\$ 11,840
Interest receipts	3
Other operating receipts	4,218
Total receipts	16,061
Administrative expenses paid	(47,607)
Management fees paid	(7,500)
Utilities paid	(6,295)
Salaries and wages paid	(50,324)
Operating and maintenance paid	(23,578)
Property insurance paid	(36,552)
Net tenant security deposits received (paid)	2,850
Other operating expenses paid	(6,680)
Interest paid on first mortgage	(71,718)
Mortgage insurance premium paid	(16,850)
Entity/construction expenses paid (include detail)	
Due to related parties	\$ (24,326)
Total disbursements	(288,580)
Net cash used in operating activities	(272,519)
Cash flows from investing activities	
Net purchases of fixed assets	(4,601,309)
Developer fee paid	(66,667)
Net cash used in investing activities	(4,667,976)
Cash flows from financing activities	
Mortgage principal payments - first mortgage	(441,911)
Proceeds from mortgages, notes and loans payable	4,948,680
Contributions by member	200,000
Other financing activities (include detail)	
Cash - overdraft	3,345
Debt issuance costs paid	203,438
	206,783
Entity/construction financing activities (include detail)	
Advance from related party	93,242
	93,242
Net cash provided by financing activities	5,006,794
NET INCREASE IN CASH AND RESTRICTED CASH	66,299
Cash and restricted cash, beginning	1,590
Cash and restricted cash, end	\$ 67,889

(continued)

Monroe Lafayette, LLC

STATEMENT OF CASH FLOWS - CONTINUED

Year ended December 31, 2023

Reconciliation of net income (loss) to net cash used in operating activities		
Net income (loss)		\$ (399,513)
Adjustments to reconcile net income (loss) to net cash used in operating activities		
Depreciation		135,568
Amortization of debt issuance costs		1,226
Changes in asset and liability accounts		
(Increase) decrease in assets		
Tenant accounts receivable		(361)
Prepaid expenses		(30,153)
Increase (decrease) in liabilities		
Accounts payable		3,300
Accrued liabilities		2,500
Accrued interest payable		12,553
Tenant security deposits held in trust		2,850
Prepaid revenue		45
Entity/construction liability accounts (include detail)		
Accounts payable entity	\$ 8,606	
		8,606
Other adjustments (include detail)		
Utility deposits	(9,140)	
		(9,140)
Total adjustments		126,994
Net cash used in operating activities		\$ (272,519)
Significant noncash investing and financing activities		
Rental property		\$ (458,892)
Capitalized amortization of debt issuance costs		8,170
Construction costs payable		450,722
Total		\$ -

See notes to financial statements.

Monroe Lafayette, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Monroe Lafayette, LLC (the Company) is a Louisiana limited liability company organized on June 10, 2019 for the purpose of constructing, owning and operating a 70-unit apartment community located in Lafayette (Lafayette Parish), Louisiana and operates under the name The Monroe (the Project).

The Company has entered into a regulatory agreement with the U.S. Department of Housing and Urban Development (HUD) under Section 221(d)(4) of the National Housing Act. The agreement, among other things, requires the Company to operate the Project in accordance with HUD regulations and restricts the distributions of cash to the member to amounts of surplus cash, as defined.

All profits and losses are allocated to the sole member, Lafayette Public Trust Financing Authority.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America (GAAP).

Cash and Restricted Cash

Under HUD regulations, the Project must be maintained in federally insured banks one or more general operating accounts which are used for depositing rental receipts and to pay operating expenses of the Project.

The Company segregates cash received from non-operating resources (such as contributed capital and mortgage loan proceeds) in a bank account separate from cash derived from the Project operations. Development cash is not subject to surplus cash restrictions and is available for payment of construction and development costs and other entity-related expenses of the Company.

Cash and restricted cash as of December 31, 2023 consisted of the following:

Cash	\$ 32,861
Restricted deposits and funded reserves	<u>35,028</u>
Total cash and restricted cash shown on the statement of cash flows	<u>\$ 67,889</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2023

Trade Accounts Receivable

Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. GAAP requires that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Fixed Assets and Depreciation

Fixed assets are stated at historical cost. Buildings are depreciated over their estimated useful lives of forty years using the straight-line method. Land improvements and building improvements are depreciated over their estimated useful lives of fifteen years using the straight-line method. Furnishings and equipment are depreciated over their estimated useful lives of five to seven years using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate accounts will be reduced by the related costs and accumulated depreciation. The resulting gains and losses will be reflected in the statement of operations.

Impairment of Long-Lived Assets

The Company reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment losses have been recognized during the year ended December 31, 2023.

Capitalization of Soft Costs

In accordance with GAAP, the Company capitalizes soft costs incurred during the development of the Project. During the year ended December 31, 2023, interest costs of \$132,074, amortization of debt issuance costs of \$8,170, and property and mortgage premium insurance costs of \$37,563, were capitalized and are included in rental property on the accompanying balance sheet.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2023

Debt Issuance Costs

In accordance with GAAP, the debt issuance costs are presented as an offset of the related debt instruments within the liabilities section of the balance sheet. Debt issuance costs are being amortized using the straight-line method over the term of the mortgage and amortization expense is included in interest expense on the accompanying statement of operations.

GAAP requires that the effective interest method be used to amortize debt issuance costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective interest method. Debt issuance costs of \$203,438 are presented as an offset of the related debt instruments in the liabilities section of the accompanying balance sheet. Estimated amortization expense for the five ensuing years is expected to be \$4,902, annually.

Rental Income

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Company and the tenants of the Project are operating leases and are typically for terms of one year or less.

Advertising

The Company's policy is to expense advertising costs when incurred. During the year ended December 31, 2023, advertising costs of \$32,776 were incurred, which are included in administrative expense on the accompanying statement of operations.

Income Taxes

The Company has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Company's federal tax status as a pass-through entity is based on its legal status as a limited liability company. Accordingly, the Company is not required to take any tax positions in order to qualify as a pass-through entity. The Company is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Company has no other tax positions which must be considered for disclosure. Generally, income tax returns filed by the Company are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since inception remain open.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2023

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 - RESTRICTED DEPOSITS AND FUNDED RESERVES

Tenant Security Deposits

HUD regulations require that security deposits be segregated from the general funds of the Company. Accordingly, the Company holds all security deposit funds in a separate account. Tenant security deposits retained by the Company as of December 31, 2023 were \$2,550.

Insurance Escrow

In connection with the loan, the Company is required to make monthly deposits into an account held by the lender for mortgage insurance and property insurance incurred by the Project. As of December 31, 2023, the insurance escrow totaled \$16,207.

Replacement Reserve

Under the terms of the regulatory agreement with HUD, the Company is required to establish a reserve for replacement of project assets. The regulatory agreement requires the Company to make monthly deposits into a replacement reserve account. As of December 31, 2023, the replacement reserve totaled \$16,271.

NOTE 4 - MORTGAGE NOTE PAYABLE

The first mortgage payable in the maximum amount of \$9,247,200 was issued by Wells Fargo Bank, National Association (the Lender). The mortgage note is insured by the Federal Housing Administration (FHA) and is collateralized by a deed of trust on the rental property. The mortgage bears interest at 2.90 percent per annum. Beginning on August 1, 2023, the Company is required to make principal and interest payments of \$32,573 until the maturity date of the note on July 1, 2063. As of December 31, 2023, \$8,600,665 remains payable, which includes unamortized debt issuance costs of \$194,042. During the year ended December 31, 2023, interest of \$216,345 was incurred of which \$132,074 was capitalized and is included in rental property on the accompanying balance sheet. Interest incurred includes interest expensed of \$85,497, which includes amortization of debt issuance costs of \$1,226. As of December 31, 2023 accrued interest of \$21,662 remains payable.

Monroe Lafayette, LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2023

Under agreements with the Lender and HUD, the Company is required to make monthly escrow deposits for property taxes, insurance, mortgage insurance, and replacement of project assets beginning on August 1, 2023, and is subject to restriction as to operating policies, rental charges, operating expenditures and distributions to the member.

The liability of the Company under the mortgage note is limited to the underlying value of the real estate collateral and other amounts deposited with the Lender.

Principal payments due on the mortgage note are as follows:

2024	\$ 125,859
2025	129,558
2026	133,366
2027	137,285
2028	141,320
Thereafter	<u>8,127,319</u>
Total	8,794,707
Less unamortized debt issuance costs	<u>(194,042)</u>
Net	8,600,665
Less current maturities	<u>(125,859)</u>
Net long-term portion	<u><u>8,474,806</u></u>

NOTE 5 - CONSTRUCTION CONTRACT

The Company has a lump sum construction contract with Shreve Land Constructors, LLC (the General Contractor) in an original amount not to exceed \$10,371,512 plus approved change orders of \$138,762. As of December 31, 2023, \$10,097,810 has been paid and \$412,464 remains payable, which is included in accounts payable – construction/development on the accompanying balance sheet.

NOTE 6 - DEVELOPER FEE

Vintage Realty Company, LLC (VRC) provides developer services in connection with the development of the Project. The Development agreement allows for a developer fee of \$400,000 to be paid to VRC. As of December 31, 2023, \$400,000 of the developer fees have been incurred and paid, which is capitalized and included in rental property on the accompanying balance sheet.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2023

NOTE 7 - MANAGEMENT FEE

The Company entered into a management agreement with VRC. The agreement provides for a minimum management fee equal to \$2,500 per month or 6 percent of the gross receipts of the property. The Project's management agent's certification approved by HUD limits the fee that can be paid from project operations to 3.5 percent of gross receipts of the property. During the year ended December 31, 2023, management fees of \$10,000 have been incurred. As of December 31, 2023, \$2,500 remains payable.

NOTE 8 - DUE TO AFFILIATE

The Company was advanced funds from the member to fund development activities. The advances are non-interest bearing and payable on demand from available surplus cash or entity cash. As of December 31, 2023, \$591,737 was outstanding and is included in other loans/notes payable on the accompanying balance sheet.

The Company was advanced funds from the member to fund operating activities. The advances are non-interest bearing and payable on demand from available surplus cash or entity cash. As of December 31, 2023, \$8,606 was outstanding and is included in accounts payable - entity on the accompanying balance sheet.

NOTE 9 - MEMBER'S CAPITAL AND ALLOWABLE DISTRIBUTIONS

Distributions are paid at the Managers' discretion in the following order of priority:

- a. First, whether there are any Class B Interests outstanding, 100% of all amounts available and approved for distribution shall be distributed to the Members holding a Class B interest in proportion to their respective Class B Percentages, to the extent of the Unrecovered Class B amount; and
- b. Second, whenever there are no Class B Interest outstanding, all remaining amounts available and approved for distribution shall be distributed to the Members holding a Class A Interest in proportion to their Class A Percentages.

Under the provisions of the Regulatory Agreement between the Company and HUD, semi-annual distributions of funds provided by rental operations are permitted provided (1) Surplus Cash, as defined by HUD, is available for such purposes; (2) the Company is in compliance with all outstanding notices of requirements of proper maintenance; and (3) there is no default under the Regulatory Agreement or under the Mortgage Note. The Project must demonstrate at least six months of operations after construction completion before it is eligible to pay distributions of Surplus Cash. Furthermore, Surplus Cash can only be calculated as of semi-annual measurement dates (June 30th and December 31st).

No distributions to the member were paid during the year ended December 31, 2023.

Monroe Lafayette, LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2023

NOTE 10 - COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

There were no compensation, benefits, or other payments to Anthony Daniel, Chairman of Lafayette Public Trust Financing Authority for the year ended December 31, 2023.

NOTE 11 - CONCENTRATION OF CREDIT RISK

The Company maintains its cash, restricted deposits, and reserves with financial institutions. The bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each bank. At times, these balances may exceed the federal insurance limits; however, the Company has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these bank balances at December 31, 2023. As of December 31, 2023, the cash balances of the Company do not exceed the FDIC insured limit.

NOTE 12 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Company's principal asset is a 70-unit apartment project. The Company's operations are concentrated in the multifamily real estate market. In addition, the Company operates in a heavily regulated environment. The operations of the Company are subject to the administrative directives, rules and regulations of federal agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

NOTE 13 - PRIOR PERIOD ADJUSTMENT

During 2023, management discovered misstatements relating to the recording of construction in progress. Management has corrected and accounted for these misstatements as a prior period adjustment. As of December 31, 2022, construction in progress was understated by \$831,561 and as of January 1, 2023, beginning member's equity (deficit) was understated by \$831,561.

The table below reflects the net effect of the prior period adjustment on prior year balances:

	As originally reported as of December 31, 2022	Prior Period Adjustment	As restated as of December 31, 2022
Construction in progress	\$ 6,109,530	\$ 831,561	\$ 6,941,091
Member's equity (deficit)	2,153,962	831,561	2,985,523

Monroe Lafayette, LLC

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2023

NOTE 14 - SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of Monroe Lafayette, LLC through September 19, 2024 (the date the financial statements were available to be issued and the reissued date of October 10, 2024) and concluded that one subsequent event has occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

The Company has been named in a lawsuit initiated by the General Contractor regarding disputes with the construction contract. This matter is currently in the discovery phase and management intends to pursue the case vigorously. Based upon information currently available, management believes the likelihood of an unfavorable outcome is uncertain, and an estimate of the possible loss cannot be made as of September 19, 2024 (and the reissued date of October 10, 2024).



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

To the Member
Monroe Lafayette, LLC

We have audited Monroe Lafayette, LLC, 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 statement of Monroe Lafayette, LLC, which comprise the balance sheet as of December 31, 2023, and the related statements of operations, member's equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 19, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Monroe Lafayette, LLC'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 Monroe Lafayette, LLC's internal control. Accordingly, we do not express an opinion on the effectiveness of Monroe Lafayette, LLC'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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings, questioned costs and recommendations as Finding No. 2023-1 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monroe Lafayette, LLC'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 financial statements. 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 one instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-1.

Monroe Lafayette, LLC's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings, questioned costs and recommendations.

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.

Tidwell Group, LLC

Atlanta, Georgia
September 19, 2024

Reissued on October 10, 2024

SCHEDULE OF FINDINGS, QUESTIONED COSTS AND RECOMMENDATIONS

Year ended December 31, 2023

1. Current Year Findings and Management's Corrective Action Plan

Finding No. 2023-1 Failure to File Audited Financial Statements Timely

Statement of Condition

The Company's annual audited financial statements were not filed timely for the fiscal year ended December 31, 2023.

Criteria:

In accordance with Louisiana Revised Statute 24:513, the Company must complete and submit an audit of their financial statements within six months of the close of their fiscal year to the Legislative Auditor's office.

Cause:

The Company's management did not take the appropriate actions to ensure its annual financial statement audit was completed within six months of the close of their fiscal year.

Effect:

The Company did not comply with Louisiana Revised Statute 24.513.

Recommendation:

The Company should take the necessary actions to ensure their annual financial statement audit is completed and submitted within six months of the close of their fiscal year.

Reporting Views of Responsible Officials

Management agrees with the finding and will implement procedures to ensure the financial statements are filed timely.

Monroe Lafayette, LLC

SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS,
QUESTIONED COSTS AND RECOMMENDATIONS (UNAUDITED)

Year ended December 31, 2023

1. Audit Report, dated August 18, 2023 for the year ended December 31, 2022 issued by Kolder, Slaven & Company, LLC contains the following findings:

Finding No. 2022-1 Inadequate Segregation of Accounting Functions

Statement of Condition

As of December 31, 2022, the Company did not have adequate segregation of function within the accounting system.

Status

Cleared

Finding No. 2022-2 Wire Fraud

Statement of Condition

The Company was subject to a business email compromise resulting in wire transfer fraud. The Company's sole member, Lafayette Public Trust Financing Authority, performs all administrative and accounting duties. The Company wired cash in the amount of \$66,667 to unknown scammers posing as their vendor. The Company's email was compromised from May 2022 through August 2022 and the staff member was manipulated into believing the payment was going towards an outstanding invoice to a vendor currently providing services. On August 3, 2022, the Company determined their email account was comprised and immediately contacted their email provider to shut down the account. The Company filed a report with the FBI's Internet Crimes Complaint Center and received support from the local FBI field office. The District Attorney and the Louisiana Legislative Auditor's office were notified in accordance with Louisiana Revised Statute 24:523. The Company did not have procedures in place to confirm the wire instructions sent through email were valid and the cyber-attack was not covered by insurance. The only physical location of the scammer determined by the investigation was a server located somewhere in South Africa. On October 24, 2022, the Company was able to recover \$403 of the stolen funds.

Status

Cleared

Monroe Lafayette, LLC

SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS,
QUESTIONED COSTS AND RECOMMENDATIONS (UNAUDITED) - CONTINUED

Year ended December 31, 2023

Finding No. 2022-3 Failure to File Audited Financial Statements Timely

Statement of Condition

The Company's management did not take the appropriate actions to ensure its annual financial statement audit was completed within six months of the close of their fiscal year.

Status

Cleared

MONROE LAFAYETTE, LLC
INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES
DECEMBER 31, 2023



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Governing Board of Monroe Lafayette, LLC
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (the LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. Monroe Lafayette, LLC's management is responsible for those C/C areas identified in the SAUPs.

Monroe Lafayette, LLC has agreed to and acknowledged the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, the LLA 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 performed and our findings are summarized as follows:

1) Written Policies and Procedures

- A. Obtain and inspect Monroe Lafayette, LLC's (the entity) written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***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.
 - iii. ***Disbursements***, including processing, reviewing, and approving.

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v. **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 rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **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.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **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.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

2) Board or Finance Committee

- A. 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
- i. 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.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. 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.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. 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);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

4) Collections (excluding electronic funds transfers)

- A. 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).
- B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also 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; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. 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 in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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
 - i. Observe that receipts are sequentially pre-numbered.

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. 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).
- v. Trace the actual deposit per the bank statement to the general ledger.

5) *Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)*

- A. 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).
- B. For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. 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;
 - iv. 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; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A 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

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.
- B. 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
 - i. Observe whether 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) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.

- C. Using the monthly statements or combined statements selected under procedure #7B 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 (e.g., each card should have 10 transactions subject to inspection). 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). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

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

- A. 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 and 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
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. 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 Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8) Contracts

- A. 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. *Alternatively, 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
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
- iii. 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 (e.g., if approval is required for any amendment, the documented approval); and
- iv. 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.

9) Payroll and Personnel

- A. 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.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. 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 and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

- D. 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.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. 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).

12) Fraud Notice

- A. 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 as required by R.S. 24:523.
- B. 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.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. 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.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency’s information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
- Hired before June 9, 2020 - completed the training; and
 - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, 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 as required by R.S. 42:343.
- B. 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).

- C. 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 the report includes the applicable requirements of R.S. 42:344:
- iv. Number and percentage of public servants in the agency who have completed the training requirements;
 - v. Number of sexual harassment complaints received by the agency;
 - vi. Number of complaints which resulted in a finding that sexual harassment occurred;
 - vii. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - viii. Amount of time it took to resolve each complaint.

Exceptions

The following exceptions were found as a result of applying the procedures listed above:

Written Policies and Procedures

1. Written policies and procedures did not address receiving, recording, and preparing deposits, Management's actions to determine completeness of all collections for each type of revenue; and Information Technology Disaster Recovery and Business Continuity procedures.

Board or Finance Committee

2. The Entity's minutes do not address compliance findings from the prior year audit.

Bank Reconciliations

3. The Entity's bank reconciliation selected for testing did not include evidence of management's review for the month tested.

Cash Collections

4. The individual responsible for collecting cash is also responsible for preparing/making bank deposits, and another individual does not reconcile collection documentation.
5. The individual responsible for collecting cash is responsible for posting collection entries to the general ledger or subsidiary ledger, and another individual/official does not reconcile the general ledger postings to each other and to the deposit.

Information Technology Disaster Recovery/Business Continuity

6. We performed the procedures listed and discussed the results with management.

Due to the entity not having employees, the procedures for the following categories were considered not applicable to this entity:

Payroll and Personnel, Ethics, and Prevention of Sexual Assault

Management's Response:

Management of Monroe Lafayette, LLC concurs with the exceptions and are working to address the deficiencies identified.

We were engaged by Monroe Lafayette, LLC to perform this agreed-upon procedures engagement and conducted out engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of the LLA. We were not engaged and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Tidwell Group, LLC

Atlanta, Georgia
September 30, 2024