



July 14, 2025

The Lafayette Consolidated Government submitted responses to the schedule of audit findings for the year ended October 31, 2024. Below you will find any finding which has not yet been resolved as of the date of this report. It will include a description of the finding, the management response provided and a status of the corrective active measures taken.

## **Internal Control Findings:**

### **2024-002 Consolidated Cash Management**

**Finding:** - The Government has a grant related fund participating in its consolidated cash account that recognized an overdraft of approximately \$26,978,687 with \$26,966,008 related to the construction of detention ponds within the unincorporated parish limits. (1) The Government's pooled cash account has maintained significant cash overdrafts within certain funds that are being covered by other funds with positive cash balances. Several funds participating in the pooled cash account with positive balances receive dedicated funding from sales taxes, ad valorem taxes, and grantors. In accordance with LSA-R.S. 39:704, the proceeds of any special tax shall constitute a trust fund to be used exclusively for the purposes for which the tax was levied. These dedicated/restricted funds should not be spent and/or borrowed to cover any overdrafts in other funds. The Government should determine specific allowable funding sources to cover these overdrafts and make the appropriate accounting entries. (2) The Government's method for distributing monthly interest earnings allocates the overdraft proportionally based on the approved budgeted amounts from all non-grant funding sources. Consequently, the earnings of the City Combined Bond Construction Fund and City General Fund are being reduced due to a cash overdraft associated with a project located outside the City limits, which may not align with the intended purpose of the dedicated sales tax. The Government should obtain a clear documented city benefit and a legal opinion to determine whether the withholding of interest earnings from the proceeds of City Bonds for a project within the unincorporated parish limits is in accordance with the 1961 and 1985 sales tax dedications.

**Management Response:** The Government agrees with this finding. We are actively working with the City-Parish attorney to review the City sales tax dedications in order to determine if these projects would be allowable under the 1961 and/or 1985 sales tax dedications. Additionally, during the fiscal year we engaged an engineering firm to analyze these projects for functionality and benefits to the City and Parish of Lafayette. The firm is still working on the evaluation and has not released an official opinion on the projects. A determination of compliance with dedications will be made once final opinions and analysis are received. We will also review the monthly interest allocation as it pertains to the overdraft to ensure compliance with funding sources. This project is expected to be completed within six to nine months and will be overseen by the CFO Karen Fontenot.

**Status:** The project is still ongoing and expected to be completed within the original response timeframe.

## 2024-006 Compliance with Sales Tax Dedications

**Finding:** The Government may not have complied with the purpose of the 1961 and 1985 sales tax dedications by utilizing the dedicated sales tax proceeds to pay for various projects located outside the City Limits during fiscal years ending 2022 and 2023. The total amount of dedicated sales taxes expended outside the City limits amounted to \$5,855,477 and are as follows: (1) The Government's City Sales Tax Capital Improvement fund had an unreimbursed amount paid of approximately \$2,366,671 as follows: \$1,575,459 for the St. Marin Parish Spoil Bank Removal Project; \$791,212 for the Homewood/CIDC Detention Pond Project; and \$152,074 of the cost of a Comprehensive Stormwater Plan for the Parish of Lafayette. (2) The Government's City Combined Bond Construction fund had an unreimbursed amount paid of approximately \$3,488,806 as follows: \$85,363 for the purchase of property in St. Martin Parish for the Spoil Bank Removal project; \$3,000,000 for the Homewood/CIDC Detention Pond Project; and a settlement totaling \$402,723 awarded to lessors of property acquired for the Homewood/CIDC Detention Pond Project. A formal legal determination regarding the uses of the 1961 and 1985 dedicated sales taxes, supported by both the Government's legal counsel and the justification from their consulting engineers for the cost allocations to the City, was not provided to substantiate the allowability of the amounts charged. If applicable, appropriate reimbursements should be made to the respective City Sales Tax Capital Improvement fund and City Combined Bond fund.

**Management Response:** The Government agrees with this finding. We are actively working with the City-Parish attorney to review the sales tax dedications in order to determine if these projects would be allowable under the 1961 and/or 1985 sales tax dedications. Additionally, during the fiscal year we engaged an engineering firm to analyze these projects for functionality and benefits. The firm is still working on the evaluation and has not released an official opinion on the projects. A determination of reimbursement will be made upon receipt of the engineering analysis and legal opinion, should any be required. This project will be completed by October 31, 2025 and will be overseen by CFO Karen Fontenot.

**Status:** The project is still ongoing and expected to be completed within the original response timeframe.

## 2024-007 Compliance with Parishwide Drainage Millage

**Finding:** The Government utilized an As Needed Excavation and Disposal Services Contract during fiscal year ending October 31, 2022, to respond to an environmental emergency and construct the L-17 detention pond. Invoices of approximately \$1,159,600 submitted by the contractor did not identify the project and/or work being performed in order to properly identify the specific cost for each project. A budget amendment in the amount of \$1,000,000 to appropriate funds from Fund 550 Environmental Services Fund for the Scott Tire Pit Emergency Response Project was approved by the Council on February 15, 2022 and subsequently utilized in total to pay the contractor with the remaining amount of \$159,600 charged to the Parishwide Drainage Maintenance fund. Based on the supporting documentation and information provided by the Government, a determination could not be made to support whether the L-17 detention pond was a valid drainage project allowing the use of dedicated drainage funding. The Government should conduct a thorough review of the project to determine whether any drainage-related work was performed. If applicable, the appropriate reimbursement of \$159,600 should be made to the Parishwide Drainage Maintenance Fund.

**Management Response:** The Government agrees with this finding. We will review the project with the Drainage Department to determine if the L-17 detention pond was a valid drainage project. If a determination is made that the project was not valid or that a drainage benefit does not exist, the funds

will be returned to the Parishwide Drainage Maintenance Fund. This project is expected to be completed within 6 months and will be overseen by CFO Karen Fontenot.

**Status:** The project is still ongoing and expected to be completed within the original response timeframe.

Please let me know if you have any questions.



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