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CADEVILLE WATER DISTRICT

Component Unit Financial Statements
For the Years Ended December 31, 1995 and 1994

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-14-96

CADEVILLE WATER DISTRICT

DECEMBER 31, 1995 AND 1994

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Cadeville Water District
West Monroe, Louisiana

I have audited the accompanying component unit financial statements of the Cadeville Water District as of and for the years ended December 31, 1995 and 1994, as listed in the table of contents. These component unit financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these component unit financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Cadeville Water District at December 31, 1995 and 1994, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated March 27, 1996, on my consideration of Cadeville Water District's control structure and a report dated March 27, 1996, on its compliance with laws and regulations.

Little & Company

Monroe, Louisiana
March 27, 1996

CADEVILLE WATER DISTRICT
BALANCE SHEETS -
PROPRIETARY FUND TYPE - ENTERPRISE FUND

	December 31,	
<u>ASSETS</u>	1995	1994
<u>Current Assets</u>		
Cash and Cash Equivalents (Note 2)	\$ 127,058	\$ 111,387
Accounts Receivable, Net of Allowance for Uncollectibles (Note 3)	16,721	16,870
Total Current Assets	143,779	128,257
<u>Restricted Assets</u>		
Certificate of Deposit for Reserve	18,000	-
<u>Property, Plant and Equipment</u> (Note 4)	568,610	605,278
<u>Other Assets</u>		
Bond Issue Costs	3,259	5,104
<u>TOTAL ASSETS</u>	\$ 733,648	\$ 738,639
<u>LIABILITIES AND FUND EQUITY</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 3,242	\$ 2,469
Accrued Expenses	2,884	5,527
Refundable Deposits	2,275	1,725
Current Portions of Long-Term Liabilities	26,987	24,348
Total Current Liabilities	35,388	34,069
<u>Long-Term Liabilities</u>		
Water Revenue Refunding Bonds (Note 5)	271,100	298,120
<u>Other Credits</u>		
Unearned Discount on Bonds	38,979	54,819
Total Liabilities and Other Credits	345,467	387,008
<u>Fund Equity</u>		
Contributed Capital - Members	48,408	46,358
Contributed Capital - Federal Grant	140,000	140,000
Total Contributed Capital	188,408	186,358
<u>Retained Earnings</u>		
Reserved for Depreciation Fund	18,000	-
Unreserved	181,773	165,273
Total Retained Earnings	199,773	165,273
Total Equity	388,181	351,631
<u>TOTAL LIABILITIES AND OTHER CREDITS AND FUND EQUITY</u>	\$ 733,648	\$ 738,639

The accompanying notes are an integral part of these financial statements.

CADEVILLE WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE - ENTERPRISE FUND

	Year Ended	
	December 31,	
	<u>1995</u>	<u>1994</u>
<u>Operating Revenues</u>		
Charges and Fees	\$ 163,623	\$ 155,964
<u>Operating Expenses</u>		
Purchases of Services	30,411	29,041
Materials and Supplies	28,226	55,830
Other	7,359	5,686
Utilities	19,288	19,507
Depreciation	<u>39,681</u>	<u>39,507</u>
Total Operating Expenses	<u>124,965</u>	<u>149,571</u>
<u>Operating Income</u>	38,658	6,393
<u>Nonoperating Revenues (Expenses)</u>		
Interest Income	5,561	2,708
Interest Expense	(7,874)	(18,988)
Amortization of Bond Issue Costs	<u>(1,845)</u>	<u>(763)</u>
Total Nonoperating Revenues (Expenses)	<u>(4,158)</u>	<u>(17,043)</u>
<u>Net Income (Loss)</u>	34,500	(10,650)
<u>Retained Earnings - Beginning of Year</u>	<u>165,273</u>	<u>175,923</u>
<u>RETAINED EARNINGS - END OF YEAR</u>	<u>\$ 199,773</u>	<u>\$ 165,273</u>

The accompanying notes are an integral part of these financial statements.

CADEVILLE WATER DISTRICT
STATEMENTS OF CASH FLOWS
PROPRIETARY FUND TYPE - ENTERPRISE FUND

	Year Ended	
	December 31,	
	<u>1995</u>	<u>1994</u>
<u>Cash Flows From Operating Activities</u>		
Net Income (Loss)	\$ 34,500	\$(10,650)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	41,526	40,270
Earned Discount on Bonds	(15,840)	(8,657)
(Increase) Decrease in Accounts Receivable	149	(407)
Increase (Decrease) in Accounts Payable	773	(3,197)
Decrease in Accrued Expenses	(2,643)	(219)
Increase in Refundable Deposits	550	50
Net Cash Provided by Operating Activities	<u>59,015</u>	<u>17,190</u>
<u>Cash Flows From Capital and Related Financing Activities</u>		
Increase in Contributed Capital - Memberships	2,050	2,150
Bond Principal Payments	(24,381)	(22,758)
Net Cash Used by Capital and Related Financing Activities	(22,331)	(20,608)
<u>Cash Flows From Investing Activities</u>		
Purchases of Property, Plant and Equipment	(3,013)	(9,121)
Deposit to Reserve for Replacement	(18,000)	-
Net Cash Used in Investing Activities	(21,013)	(9,121)
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	15,671	(12,539)
<u>Cash and Cash Equivalents at Beginning of Year</u>	<u>111,387</u>	<u>123,926</u>
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	<u>\$ 127,058</u>	<u>\$ 111,387</u>

The accompanying notes are an integral part of these financial statements.

CADEVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994

Introduction

The Cadeville Water District is a component unit of the Police Jury of Ouachita Parish. The waterworks district was created by Ordinance No. 7455 dated September 15, 1975. The waterworks district was created to provide water services within the District. The Agency is governed by a Board of five Commissioners. The Board of Commissioners has absolute control and authority over the waterworks in the District. The Commissioners meet at least once every sixty days, and they serve without remuneration.

The District services approximately 2,400 residents in Wards 6 and 7 of Ouachita Parish. The District has no employees. Service is provided by a water system consisting of 3 wells, 1 standpipe tower, booster stations and about 60 miles of distribution system.

Note 1 - Summary of Significant Accounting Policies

A. BASIS OF PRESENTATION

The accompanying component unit financial statements of the Cadeville Water District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Ouachita Parish Police Jury is the financial reporting entity for Ouachita Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Ouachita Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

CADEVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994

Note 1 - Summary of Significant Accounting Policies (Continued)

B. REPORTING ENTITY (CONTINUED)

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints a voting majority of its governing body, the Cadeville Water District was determined to be a component unit of the Ouachita Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The Cadeville Water District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

CADEVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994

Note 1 - Summary of Significant Accounting Policies (Continued)

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund is included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Water fee revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

E. 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.

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. For purposes of the statements of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

G. FIXED ASSETS

Fixed assets of the District are stated at cost and are included on the balance sheet of the fund. Interest costs incurred during construction are not capitalized. Depreciation of all exhaustible fixed assets are charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of 25 years.

CADEVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994

Note 1 - Summary of Significant Accounting Policies (Continued)

H. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the Enterprise Fund.

I. FUND EQUITY

Contributed Capital

Grants, entitlements, or shared revenues received that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired from such contributions.

Reserve of Retained Earnings

Some portions of retained earnings are reserved to indicate that a portion of retained earnings is legally restricted to a specific future use and is not available for appropriation or expenses.

J. RECLASSIFICATIONS

Certain 1994 amounts have been reclassified to conform to current year financial statement presentation.

Note 2 - Cash and Cash Equivalents

The District has cash and cash equivalents (book balances) totaling \$127,058 and \$111,387 as follows:

	<u>December 31,</u>	
	<u>1995</u>	<u>1994</u>
Demand Deposits	\$ 13,695	\$ 15,598
Money Market Accounts	<u>113,363</u>	<u>95,789</u>
Total	<u>\$ 127,058</u>	<u>\$ 111,387</u>

CADEVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994

Note 2 - Cash and Cash Equivalents (Continued)

These deposits are stated at cost, which approximates market. 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. 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. At December 31, 1995 and 1994, the District had \$126,041 and \$111,148 in deposits (collected bank balances). These deposits are secured from risk as follows:

	December 31,	
	1995	1994
Federal Deposit Insurance	\$ 126,041	\$ 111,148
Pledged Securities	-	-
 TOTAL	<u>\$ 126,041</u>	<u>\$ 111,148</u>

Note 3 - Accounts Receivable

At December 31, 1995 and 1994, the District's accounts receivable consisted of the following:

	December 31,	
	1995	1994
Water Accounts Receivable	\$ 17,821	\$ 17,970
<u>Less:</u> Allowance for Doubtfuls	(1,100)	(1,100)
 TOTAL	<u>\$ 16,721</u>	<u>\$ 16,870</u>

Note 4 - Property, Plant and Equipment

A summary of property, plant and equipment is as follows:

	December 31,	
	1995	1994
Water System	\$ 994,020	\$ 991,008
<u>Less:</u> Accumulated Depreciation	(426,410)	(386,730)
Net Depreciable Assets	567,610	604,278
Land	1,000	1,000
 TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>\$ 568,610</u>	<u>\$ 605,278</u>

Depreciation expense was \$39,681 and \$39,507 in 1995 and 1994, respectively.

CADEVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994

Note 5 - Restricted Assets

Restricted assets consist of a certificate of deposit reserved as a depreciation fund. The certificate has a maturity date of six months from the issue date and is secured by federal deposit insurance.

Note 6 - Long-Term Liabilities

Long-term liabilities, including amounts currently payable consists of:

	Balance December 31, <u>1994</u>	<u>Increase</u>	<u>Decrease</u>	Balance December 31, <u>1995</u>
Water Revenue Refunding Bonds, Bearing Interest at 11%, Payable April 1 and October 1 Through April, 2001.	\$ 147,320	\$ -	\$ 16,171	\$ 131,149
Water Revenue Refunding Bonds, Bearing Interest at 6.125%, Payable Monthly Through December, 2008.	<u>175,148</u>	<u>-</u>	<u>8,210</u>	<u>166,938</u>
TOTALS	<u>\$ 322,468</u>	<u>\$ -</u>	<u>\$ 24,381</u>	<u>\$ 298,087</u>

The required annual principal and interest payments for long-term liabilities outstanding at December 31, 1995, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1996	\$ 26,987	\$ 23,416	\$ 50,403
1997	30,866	20,672	51,538
1998	33,960	17,573	51,533
1999	37,287	14,150	51,437
2000	40,871	10,378	51,249
2001 - 2008	<u>128,116</u>	<u>32,037</u>	<u>160,153</u>
TOTALS	<u>\$ 298,087</u>	<u>\$ 118,226</u>	<u>\$ 416,313</u>

Cash paid for interest was \$25,793 and \$27,926 in 1995 and 1994, respectively.

CADEVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994

Note 7 - Leases

The District leases land under a long-term operating lease agreement. The future minimum lease payments are as follows:

1996	\$	400
1997	\$	450
1998	\$	450
1999	\$	450
2000	\$	450

Note 8 - Insurance Coverages

At December 31, 1995, the District had the following insurance coverages in force:

<u>Type</u>	<u>Coverage Amount</u>	<u>Expiration Date of Policy</u>
Property	\$ 186,450	10/01/96
Liability	\$ 1,000,000	10/01/96
Fidelity Bond	\$ 75,000	02/14/97

SUPPLEMENTAL INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT
OF COMPONENT UNIT FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Cadeville Water District
West Monroe, Louisiana

I have audited the component unit financial statements of the Cadeville Water District as of and for the year ended December 31, 1995, and have issued my report thereon dated March 27, 1996.

I conducted my audit in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

The Cadeville Water District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with the Cadeville Water District's authorization and recorded properly to permit the preparation of the component unit financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the component unit financial statements of the Cadeville Water District for the year ended December 31, 1995, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the component unit financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the component unit financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of the Cadeville Water District, management, and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which upon acceptance by the Cadeville Water District is a matter of public record.

Little & Company

Monroe, Louisiana
March 27, 1996

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF COMPONENT UNIT
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Cadeville Water District
West Monroe, Louisiana

I have audited the component unit financial statements of the Cadeville Water District as of and for the year ended December 31, 1995, and have issued my report thereon dated March 27, 1996.

I conducted my audit in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Cadeville Water District, is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the component unit financial statements are free of material misstatement, I performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

Material instances of noncompliance consist of failures to follow requirements or violations of prohibitions, contained in statutes, regulations, contracts, or grants, that cause me to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the component unit financial statements. The results of my tests of compliance disclosed the following instance of noncompliance, the effects of which have been considered in the December 31, 1995, component unit financial statements of the Cadeville Water District.

1. Investments

FINDING:

Under Louisiana law R.S.33:2955, the District is required to adopt an investments policy for the District. During my audit, I noted that the District had not adopted such a policy to insure that the current and future obligations are adequately funded in a cost effective manner.

RECOMMENDATION:

The District should immediately work to adopt an investment policy to be in accordance with state law.

RESPONSE:

The District is in the process of designing and adopting a formal investment policy to be in accordance with state law.

* * * * *

I considered this instance of noncompliance in forming my opinion on whether the component unit financial statements of the Cadeville Water District is presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect my report dated March 27, 1996, on those component unit financial statements.

This report is intended for the information of the management of the Cadeville Water District, and the Legislative Auditor of the State of Louisiana, and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Monroe, Louisiana
March 27, 1996

Little & Company