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CADEVILLE WATER DISTRICT

**General Purpose Financial Statements
For the Years Ended December 31, 1997 and 1996**

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 JUN 24 1998

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CADEVILLE WATER DISTRICT

DECEMBER 31, 1997 AND 1996

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of the Cadeville Water District, a component unit of Ouachita Parish Police Jury, as of and for the years ended December 31, 1997 and 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audits.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Cadeville Water District at December 31, 1997 and 1996, and the results of its operations and cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 1998, on our consideration of Cadeville Water District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Little & Company

Monroe, Louisiana
May 15, 1998

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

	<u>1997</u>	<u>December 31,</u> <u>1996</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents (Note 2)	\$ 68,321	\$ 154,634
Accounts Receivable, Net of Allowance for Uncollectibles (Note 3)	<u>18,651</u>	<u>18,074</u>
Total Current Assets	86,972	172,708
<u>Restricted Assets</u>		
Certificate of Deposit for Reserve	18,000	18,000
<u>Property, Plant and Equipment (Note 4)</u>		
	642,347	542,603
<u>Other Assets</u>		
Bond Issue Costs	<u>2,037</u>	<u>2,648</u>
<u>TOTAL ASSETS</u>	<u>\$ 749,356</u>	<u>\$ 735,959</u>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 6,368	\$ 3,096
Retainage Payable	11,696	-
Accrued Expenses	2,063	2,599
Refundable Deposits	4,325	3,475
Current Portions of Long-Term Liabilities	<u>33,960</u>	<u>30,866</u>
Total Current Liabilities	58,412	40,036
<u>Long-Term Liabilities</u>		
Water Revenue Refunding Bonds (Note 6)	206,170	240,163
<u>Other Credits</u>		
Unearned Discount on Bonds	<u>19,906</u>	<u>28,992</u>
Total Liabilities and Other Credits	284,488	309,191
<u>Fund Equity</u>		
Contributed Capital - Members	52,483	51,008
Contributed Capital - Federal Grant	<u>140,000</u>	<u>140,000</u>
Total Contributed Capital	192,483	191,008
<u>Retained Earnings</u>		
Reserved for Depreciation Fund	18,000	18,000
Unreserved	<u>254,385</u>	<u>217,760</u>
Total Retained Earnings	<u>272,385</u>	<u>235,760</u>
Total Equity	<u>464,868</u>	<u>426,768</u>
<u>TOTAL LIABILITIES AND OTHER CREDITS AND FUND EQUITY</u>	<u>\$ 749,356</u>	<u>\$ 735,959</u>

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,	
	1997	1996
<u>Operating Revenues</u>		
Charges and Fees	\$ 174,286	\$ 170,393
 <u>Operating Expenses</u>		
Purchases of Services	39,197	33,853
Materials and Supplies	28,349	28,117
Other	8,190	8,708
Utilities	9,551	15,860
Depreciation	45,638	40,070
Total Operating Expenses	130,925	126,608
 <u>Operating Income</u>	43,361	43,785
 <u>Nonoperating Revenues (Expenses)</u>		
Interest Income	5,065	5,867
Interest Expense	(11,190)	(13,117)
Amortization of Bond Issue Costs	(611)	(548)
Total Nonoperating Revenues (Expenses)	(6,736)	(7,798)
 <u>Net Income</u>	36,625	35,987
 <u>Retained Earnings - Beginning of Year</u>	235,760	199,773
 <u>RETAINED EARNINGS - END OF YEAR</u>	<u>\$ 272,385</u>	<u>\$ 235,760</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,	
	1997	1996
<u>Cash Flows from Operating Activities</u>		
Net Income	\$ 36,625	\$ 35,987
Adjustments to Reconcile Net Income To Net Cash Provided by Operating Activities:		
Depreciation and Amortization	45,638	40,070
Earned Discount on Bonds	(9,086)	(9,375)
Increase in Accounts Receivable	(577)	(1,353)
Increase (Decrease) in Accounts Payable	3,272	(146)
Increase in Retainage Payable	11,696	-
Decrease in Accrued Expenses	(536)	(285)
Increase in Refundable Deposits	850	1,200
Net Cash Provided by Operating Activities	87,882	66,098
<u>Cash Flows from Capital and Related Financing Activities</u>		
Increase in Contributed Capital – Memberships	1,475	2,600
Bond Principal Payments	(30,866)	(27,058)
Net Cash Used by Capital and Related Financing Activities	(29,391)	(24,458)
<u>Cash Flows from Investing Activities</u>		
Purchases of Property, Plant and Equipment	(144,804)	(14,064)
Net Cash Used by Investing Activities	(144,804)	(14,064)
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	(86,313)	27,576
<u>Cash and Cash Equivalents at Beginning of Year</u>	154,634	127,058
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	\$ 68,321	\$ 154,634

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

CADEVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1996

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:

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.

CADEVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1996

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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.

CADEVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1996

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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 1996 amounts have been reclassified to conform to current year financial statement presentation.

CADEVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1996

Note 2 - Cash and Cash Equivalents

The District has cash and cash equivalents (book balances) totaling \$68,321 and \$154,634 as follows:

	<u>1997</u>	<u>December 31,</u> <u>1996</u>
Demand Deposits	\$ 13,419	\$ 17,134
Money Market Accounts	<u>54,902</u>	<u>137,500</u>
Total	<u>\$ 68,321</u>	<u>\$ 154,634</u>

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, 1997 and 1996, the District had \$85,924 and \$174,820 in deposits (collected bank balances). These deposits were secured from risk by Federal Deposit Insurance.

Note 3 - Accounts Receivable

At December 31, 1997 and 1996, the District's accounts receivable consisted of the following:

	<u>1997</u>	<u>December 31,</u> <u>1996</u>
Water Accounts Receivable	\$ 19,751	\$ 19,174
<u>Less: Allowance for Doubtfuls</u>	<u>(1,100)</u>	<u>(1,100)</u>
TOTAL	<u>\$ 18,651</u>	<u>\$ 18,074</u>

CADEVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1996

Note 4 - Property, Plant and Equipment

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

	<u>1997</u>	<u>December 31,</u> <u>1996</u>
Water System	\$ 1,140,269	\$ 1,008,084
Construction in Progress	11,696	-
<u>Less: Accumulated Depreciation</u>	<u>(512,118)</u>	<u>(466,481)</u>
Net Depreciable Assets	639,847	541,603
Land	<u>2,500</u>	<u>1,000</u>
 TOTAL PROPERTY, PLANT AND EQUIPMENT	 <u>\$ 642,347</u>	 <u>\$ 542,603</u>

Depreciation expense was \$45,638 and \$40,070 in 1997 and 1996, respectively.

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:

	<u>Balance</u> <u>December 31,</u> <u>1996</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>December 31,</u> <u>1997</u>
Water Revenue Refunding Bonds, Bearing Interest at 11%, Payable April 1 and October 1 Through April, 2001.	\$ 112,855	\$ -	\$ 21,627	\$ 91,228
Water Revenue Refunding Bonds, Bearing Interest at 6.125%, Payable Monthly Through December, 2008.	<u>158,174</u>	<u>-</u>	<u>9,272</u>	<u>148,902</u>
 TOTALS	 <u>\$ 271,029</u>	 <u>\$ -</u>	 <u>\$ 30,899</u>	 <u>\$ 240,130</u>

**CADEVILLE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1996**

Note 6 - Long-Term Liabilities (continued)

The required annual principal and interest payments for long-term liabilities outstanding at December 31, 1997, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1998	\$ 33,960	\$ 17,573	\$ 51,533
1999	37,287	14,150	51,437
2000	40,871	10,378	51,249
2001	22,271	7,466	29,737
2002	12,541	6,147	18,688
2003 - 2008	<u>93,200</u>	<u>18,425</u>	<u>111,625</u>
TOTALS	<u>\$240,130</u>	<u>\$74,139</u>	<u>\$314,269</u>

Cash paid for interest was \$20,673 and \$23,415 in 1997 and 1996, respectively.

Note 7 - Leases

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

1998	\$ 450
1999	\$ 450
2000	\$ 450
2001	\$ 500
2002	\$ 500

Note 8 - Insurance Coverages

At December 31, 1997, 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	10/01/98
Liability	\$ 1,000,000	10/01/98
Fidelity Bond	\$ 75,000	02/14/99

SUPPLEMENTAL INFORMATION

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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

We have audited the component unit financial statements of the Cadeville Water District, a component unit of Ouachita Parish Police Jury, as of and for the year ended December 31, 1997, and have issued our report thereon dated May 15, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Cadeville Water District component unit statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Cadeville Water District internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

To The Board of Commissioners
Cadeville Water District
Page Two

Prior Year Findings

There were no prior year audit findings.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

Little & Company

Monroe, Louisiana
May 15, 1998

CADEVILLE WATER DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 1997

We have audited the component unit financial statements of Cadeville Water District as of and for the year ended December 31, 1997, and have issued our report thereon dated May 15, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 1997, resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

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

Internal Control

Material Weaknesses ____ yes X no Reportable Conditions ____ yes X no

Compliance

Compliance Material to Financial Statements ____ yes X no

B. Federal Awards – N/A

Internal Control

Material Weaknesses ____ yes ____ no Reportable Conditions ____ yes ____ no

Type of Opinion on Compliance
For Major Programs

Unqualified ____ Qualified ____
Disclaimer ____ Adverse ____

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?

C. Identification of Major Programs: N/A

CFDA Number(s)

Name of Federal Program (or cluster)

Dollar threshold used to distinguish between Type A and Type B Programs \$ N/A

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? ____ yes ____ no N/A

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs – N/A

CADEVILLE WATER DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 1997

Section I - Internal Control and Compliance Material to the Financial Statements

No findings were reported under this section.

Section II - Internal Control and Compliance Material to Federal Awards

This section is not applicable for this entity.

Section III - Management Letter

No management letter was issued.

CADEVILLE WATER DISTRICT
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 1997

Section I - Internal Control and Compliance Material to the Financial Statements

No findings were reported under this section.

Section II - Internal Control and Compliance Material to Federal Awards

This section is not applicable for this entity.

Section III - Management Letter

No management letter was issued.