

CADEVILLE WATER DISTRICT

*Component Unit Financial Statements
For the Year Ended December 31, 2018*

CADEVILLE WATER DISTRICT
(A Component Unit of Ouachita Parish Police Jury)
FOR THE YEAR ENDED DECEMBER 31, 2018

INDEX

Independent Auditor’s Report ----- 1-2

Required Supplemental Information (Part A)
Management’s Discussion and Analysis ----- 3-5

Component Unit Financial Statements

Business-Type Financial Statements:
Statement of Net Position ----- 6
Statement of Revenues, Expenses and Changes in Net Position ----- 7
Statement of Cash Flows ----- 8

Notes to Financial Statements----- 9-15

Supplemental Schedules

Schedule I – Compensation Paid to Board Members ----- 16

Compliance Reporting

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 *Governmental Auditing Standards* ----- 17-18
Schedule of Findings and Questioned Costs ----- 19-20
Schedule of Prior Year Findings ----- 21
Independent Accountant’s Report on Applying Agreed-Upon Procedures ----- 22-29

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities of Cadeville Water District, a component unit of the Ouachita Parish Police Jury, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Cadeville Water District, as of December 31, 2018, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurances.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cadeville Water District's basic financial statements. The introductory section and the schedule of compensation, reimbursements, benefits and other payments to agency head, political subdivision head or chief executive officer is the responsibility of management and was derived directly from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the introductory section and the schedule of compensation, reimbursements, benefits and other payments to agency head, political subdivision head or chief executive officer are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated February 21, 2019 on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control over financial reporting and compliance.

David M. Hest, CPA (APAC)

West Monroe, Louisiana
February 21, 2019

REQUIRED SUPPLEMENTAL INFORMATION (PART A)
MANAGEMENT'S DISCUSSION AND ANALYSIS

**CADEVILLE WATER DISTRICT
A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

Our discussion and analysis of the Cadeville Water District (the District) financial statements provides an overview of its activities for the year ended December 31, 2018. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, provide information about the activities of the District as a whole.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector entities. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) measure the District's financial position. Increases or decreases in the District's net position are an indicator of whether its financial position is improving or not.

The District as a Whole

For the years ended December 31, 2018 and 2017, net position changed as follows:

	2018	2017
Beginning net position (restated)	\$ 2,229,902	\$ 1,957,804
Increase in net position	237,936	260,452
Ending net position	\$ 2,467,838	\$ 2,218,256

The District's Funds

The following schedule presents a summary of revenues and expenses for the years ended December 31, 2018 and 2017:

Revenues	2018	Percent of Total	2017	Percent of Total
Charges for Services	\$ 715,118	100%	\$ 688,561	100%
Other Fees and Interest	367	-%	1,322	-%
Total Revenues	\$ 715,485		\$ 689,883	

Expenditures	2018	Percent of Total	2017	Percent of Total
Operating Expenditures	\$ 477,549	100%	\$ 429,431	100%

CAPITAL ASSET AND DEBT ADMINISTRATION

At December 31, 2018, the District had \$4,050,570 invested in capital assets (\$2,188,660 net of accumulated depreciation) including land, water lines, and office equipment.

Assets	December 31, 2017	Additions	Disposals	December 31, 2018
Land	\$ 31,750	-	-	\$ 31,750
Building Improvements	-	-	-	-
Water Lines and equipment	2,774,166	1,243,028	-	4,017,194
Office Equipment	1,626	-	-	1,626
Construction in Progress	470,047	-	(470,047)	-
Total at historical cost	3,277,589	-	-	4,050,570
Less: Accumulated Depreciation:	(1,768,823)	(93,087)	-	(1,861,910)
Capital assets, net	1,508,766			2,188,660

Debt

At year end, the District had no debt.

ECONOMIC FACTORS AND NEXT YEAR'S RATES

The District's revenues are derived mainly from water and connection fees. The District is not aware of any significant increases or decreases in those revenue sources or associated expenditures but in light of the current economic volatility, the District must continue to monitor its limited resources to fit the needs of the citizens of Ouachita Parish and be aware of other funding opportunities that may present themselves.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the funds received by it. If you have any questions about this report or need additional financial information, contact: Cadeville Water District, 613 Winnfield Road, West Monroe, LA 71292.

COMPONENT UNIT FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

CADEVILLE WATER DISTRICT
A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY
STATEMENT OF NET POSITION
DECEMBER 31, 2018

Assets

Cash and Cash Equivalents	\$	86,465
Water Revenue Bonds - Contingency Fund		255,796
Accounts Receivable, net of allowance of \$1,100		49,475
Total Current Assets		391,736
Restricted Assets		
Cash - Customer Deposits		-
Capital Assets Net of Accumulated Depreciation		2,156,910
Land		31,750
Total Capital Assets Net of Accumulated Depreciation		2,188,660
Total Assets		2,580,396

Liabilities

Accounts Payable		26,778
Retainage Payable		64,930
Customer Deposits		20,850
		112,558
Total Liabilities		112,558

Net Position

Net Investment in Capital Assets		2,188,660
Net Position - Unrestricted		279,178
		2,467,838
Total Net Position	\$	2,467,838

The accompanying notes are an integral part of this financial statement.

CADEVILLE WATER DISTRICT
A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>Operating Revenue</u>	
Charges for services	\$ 715,118
Other fees and charges	-
Total Operating Revenue	<u>715,118</u>
<u>Operating Expenses</u>	
Annual Clean Water Act	16,221
Installation Costs	55,639
Bad Debt Expense	1,352
Contract Labor	160,133
Insurance	188
Legal & Accounting	24,779
Office Supplies	2,558
Repairs	25,082
Maintenance	44,908
Utilities	53,602
Depreciation Expense	93,087
Total Operating Expenses	<u>477,549</u>
<u>Operating Income</u>	237,569
<u>Non-Operating Revenues (Expenses)</u>	
Interest Income	367
Total Non-Operating Revenues (Expenses)	<u>367</u>
<u>Net Change</u>	237,936
<u>Net Position - Beginning of the Year (Restated)</u>	<u>2,229,902</u>
<u>Net Position - End of the Year</u>	<u><u>\$ 2,467,838</u></u>

The accompanying notes are an integral part of this financial statement.

CADEVILLE WATER DISTRICT
A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 718,918
Cash paid to suppliers	(244,373)
Cash paid to others for services, taxes, etc.	(53,602)
Net Cash provided by operating activities	420,943

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Increase (Decrease) in refundable deposits	19,504
Net cash used for capital financing activities	19,504

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition and construction of capital assets	(763,054)
Interest on deposits	367
Net Cash provided by investing activities	(762,687)

NET DECREASE IN CASH (322,240)

CASH AT BEGINNING OF YEAR 664,501

CASH AT END OF YEAR \$ 342,261

RECONCILIATION OF OPERATING INCOME TO NET

CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 237,936
Adjustments to reconcile operating income to net cash provided by operating activities:	
Bad debt expense	1,352
Depreciation	93,087
Changes in assets and liabilities:	
(Increase) Decrease in accounts receivable	3,800
Increase (Decrease) in accounts payable and accrued expenses	84,768
	183,007
Total Adjustments	183,007
Net Cash Provided by Operating Activities	\$ 420,943

The accompanying notes are an integral part of this financial statement.

CADEVILLE WATER DISTRICT
A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

INTRODUCTION

The Cadeville Water District (the 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 District 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.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the District is considered a component unit of the Ouachita Parish Police Jury. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The District's financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The District applies all Governmental Accounting Standards Board (GASB) pronouncements as well as the Financial Accounting Standards Board (FASB) statements and interpretations.

The District is a special purpose government engaged only in business type activities. All activities of the District are accounted for in a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the governing authority is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

The term measurement focus denotes what is being measured and reported in the District's operating statement. Financial operations of the District are accounted for on the flow of economic resources measurement focus. With this measurement focus, all of the assets and liabilities available to the District for the purpose of providing services to the public, are measured on the balance sheet. The activity statement includes all costs of providing goods and services during the period.

CADEVILLE WATER DISTRICT
A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations, primarily the provision of water to rural areas of Ouachita Parish. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

B. CASH AND CASH EQUIVALENTS

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the entity to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

C. INVESTMENTS

Investments are limited by Louisiana R.S. 33:2955 and the District's investment policy. If the original maturities of investment exceed ninety days, they are classified as investments; however, if the original maturities are ninety days or less, they are classified as cash equivalents.

D. ACCOUNTS RECEIVABLE

Receivables for water sales are shown net of an allowance for uncollectible accounts. The allowance is an estimate based on the amount of receivables that are past due and historical collection rates.

E. PREPAID ITEMS

Payments made to vendors that will benefit periods beyond the end of the current calendar year are recorded as prepaid items. Prepaid items consist primarily of prepaid insurance premiums.

F. RESTRICTED ASSETS

Certain assets are restricted to set aside funds for customer deposit accounts.

CADEVILLE WATER DISTRICT
A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

G. CAPITAL ASSETS

Capital assets of the District are defined by the District as assets with an initial, individual cost of more than \$1,000, and an estimated useful life in excess of one year. Capital assets are recorded at either historical cost or estimated historical cost. Donated assets, including water systems donated for continued maintenance by the District, are valued at their estimated fair market value on the date donated. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Buildings	15-30 years
Equipment and Furniture	3-7 years
Water System	20-40 years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

H. COMPENSATED ABSENCES

The District has no employees that would receive vacation or sick leave.

I. LONG-TERM OBLIGATIONS

Long-term liabilities are recognized within the Enterprise Fund. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. At December 31, 2018, the District had no long-term obligations.

J. NET POSITION

GASB Statement No. 34 required classification of net assets into three separate components. GASB Statement No. 63 revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required component of the residual measure and by renaming that measure at net position, rather than net assets. GASB No. 63 requires the following components of net position:

CADEVILLE WATER DISTRICT
A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

- Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
- Restricted – The component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the assets result from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- Unrestricted – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

K. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

In some instances, GASB requires a government to delay the recognition of decreases in net position as expenditures or increases in net position as revenues until a further period. In these circumstances, deferred outflows of resources or deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. There are no deferred inflows as of December 31, 2018.

L. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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
A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 2 - CASH AND CASH EQUIVALENTS

Custodial Credit Risk – deposits. The custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District’s policy to ensure there is no exposure to this risk is to require the financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. Accordingly, the District had no custodial credit risk related to its deposits at December 31, 2018.

The District has cash and cash equivalents (book balances), savings, and investments in certificates of deposit totaling \$342,261 at December 31, 2018 as follows:

Demand Deposits	\$ <u>342,261</u>
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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. Cash and cash equivalents (bank balances) at December 31, 2018, are secured as follows:

	Non-Interest <u>Bearing</u>
Bank Balances	\$ 340,258
FDIC Insurance – Non-Interest Bearing Accounts	250,000
FDIC Insurance – Time & Savings Accounts	-
Pledged Collateral	<u>600,000</u>
Uninsured Amount	\$ <u>-</u>

The accounts are managed by the District’s fiscal agent and consist of securities issued or guaranteed by the U.S. government. Investments are in accordance with LRS 33:2955(A)(1)(e) and are not required to be covered by the pledge of securities owned by the fiscal agent bank.

Note 3 - ACCOUNTS RECEIVABLE

At December 31, 2018 the District's accounts receivable consisted of the following:

Water Sales	\$ 50,575
Less: Allowance for uncollectible accounts	(<u>1,100</u>)
Net receivables	<u>\$ 49,475</u>

CADEVILLE WATER DISTRICT
A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 and 2017 is as follows:

	2017 <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	2018 <u>Balance</u>
Non-Depreciable Assets:				
Land	\$ 31,750	\$ -	\$ -	\$ 31,750
Construction in Progress	470,047	-	(470,047)	-
Depreciable Assets:				
Water System	2,774,166	1,243,028	-	4,017,194
Furniture & Fixtures	<u>1,626</u>	<u>-</u>	<u>-</u>	<u>1,626</u>
Totals at Historical Cost	3,277,589	1,243,028	(470,047)	4,050,570
Less Accumulated Depreciation:	(1,768,823)	(93,087)	-	(1,861,910)
<u>CAPITAL ASSETS, NET</u>	<u>\$1,508,766</u>	<u>\$1,149,941</u>	<u>\$(470,047)</u>	<u>\$2,188,660</u>

Depreciation expense was \$93,087 in 2018.

Below are the capital assets by category:

Well #1	\$ 410,705
Well #2	287,433
Well #3	1,215,867
Well #4	1,827,027
Other Additions	273,370
Portable Building	2,793
Copy Machine	1,626
Land	<u>31,750</u>
Total	<u>\$ 4,050,570</u>

Note 5 - LITIGATION AND CLAIMS

The District was not involved in any litigation at December 31, 2018, nor is it aware of any unasserted claims.

Note 6 - PURCHASES OF SERVICES

Cadeville Water District pays a company to provide management services. These services include all management duties and day to day operations of the system. For the 2018 year, the District paid \$160,133 for these management services.

CADEVILLE WATER DISTRICT
A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 7- SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 21, 2019, which is the day the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.

Note 8- PRIOR PERIOD ADJUSTMENT

During the audit, it was noted that \$30,000 of engineering costs were expensed in 2017 that should have been capitalized with the improvements of water wells #3 and #4. It was also noted that meter deposits liability of \$18,354 had not been recorded from prior years to tie to the meter deposits listing. The net effect on beginning net assets was an increase of \$11,646.

Schedule I

CADEVILLE WATER DISTRICT
A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY
SCHEDULE OF COMPENSATION, REIMBUREMENTS, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD,
POLITICAL SUBDIVISION HEAD, OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2018

Name	Office	Director Fees	Reimbursements, Benefits, Other
Barry Turner	Board Member	\$ -	\$ -
Welton Wiley	Board Member	-	-
Reggie Russell	Board Member	-	-
Dan Letsinger	Board Member	-	-
Janet Letsinger	Board Member	-	-

COMPLIANCE REPORTING

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 Board of Commissioners
Cadeville Water District
West Monroe, Louisiana

I have audited the accompanying financial statements of the business-type activities of Cadeville Water District, of the parish of Ouachita, state of Louisiana, a component unit of Ouachita Parish Police Jury, as of December 31, 2018 and for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District'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, detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that I consider to be significant deficiencies as item 2018-1.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

This report is intended for the use of management of Cadeville Water District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

David M. Hout, CPA (APAC)

West Monroe, Louisiana
February 21, 2019

CADEVILLE WATER DISTRICT
A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

I have audited the financial statements of Cadeville Water District, a component unit of the Ouachita Parish Police Jury as of and for the year ended December 31, 2018, and have issued my report thereon dated February 21, 2019. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2018, resulted in an unqualified opinion.

Section I- Summary of Auditor's Results

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

Internal Control

Material Weakness ___ yes X no

Significant Deficiencies not considered to be
 Material Weaknesses X yes ___ no

Compliance

Compliance Material to Financial Statements ___ yes X no

B. Federal Awards – N/A

Material Weakness Identified ___ yes ___ no

Significant Deficiencies not considered to be
 Material Weaknesses ___ yes ___ no

Type of Opinion on Compliance For Major Programs (No Major Programs)

Unqualified ___ Qualified ___

Disclaimer ___ Adverse ___

Are their findings required to be reported in accordance with the Uniform Guidance?
 N/A

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster) CFDA Number(s) N/A

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

Is the auditee a "low-risk" auditee, as defined by the Uniform Guidance? N/A

CADEVILLE WATER DISTRICT
A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

2018-1 Inadequate Segregation of Duties

Condition: Personnel perform functions that allow for errors or irregularity that is material to the financial statements to occur and remain undetected.

Cause: Limited number of employees

Criteria: A good system of internal control begins with adequate segregation of duties.

Effect of Condition: Errors could occur and remain undetected.

Recommendation: Management should review the need to segregate duties among employees.

Management Corrective Action Plan: Management, along with the Board, have taken an active role in overseeing the day to day functions of the office. We feel that the cost far outweighs the benefits of hiring additional staff to help with the operations.

Section II - Financial Statement Findings

No findings were reported under this section.

Section III - Management Letter

No management letter was issued.

CADEVILLE WATER DISTRICT
A COMPONENT UNIT OF OUACHITA PARISH POLICE JURY
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

2017-1 **Inadequate Segregation of Duties**
Status: See Reportable Condition 2018-1.

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 issued.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Cadeville Water District and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the Cadeville Water District (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The findings obtained are described in the attachment to this report.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result 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.

David M. Hartt, CPA (APPC)

West Monroe, Louisiana
February 21, 2019

SUPPLEMENT TO INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***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.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***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).
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - g) ***Credit Cards (and debit cards, fuel cards, P-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)
 - h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
 - i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
 - j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Exceptions

Currently, the District does not have written policies and procedures addressing budgeting, purchasing, disbursements, receipts, payroll/personnel, contracting, travel, ethics and debt service.

Board or Finance Committee

2. 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:
 - a) 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.
 - b) *For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. Alternately, for those entities reporting on the non-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.*
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

Exceptions

The District does not reference budget to actual comparisons in the Board meetings. Except as noted, there were no other exceptions in the above procedures.

Bank Reconciliations

3. Obtain a listing of client 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 selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Exceptions

The District has three bank accounts and all bank reconciliations for each month have been prepared. There is no evidence that a member of management with no involvement in the transactions associated with the bank accounts have reviewed each bank reconciliation.

Collections

4. 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).
5. 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 (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not 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.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (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). *Alternately, 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:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) 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).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Exceptions

All cash/checks/money order (cash) collection is done at one location, the District's office. There is only one employee that handles all aspects of the accounting process and she is not bonded. That employee receives the checks and makes the deposit. A copy of the check received is made and put in the file and sequentially numbered receipts are used.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. 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).
9. For each location selected under #8 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, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) 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.
 - d) 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.
10. For each location selected under #8 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:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Exceptions

A listing of disbursements was obtained and from that, 25 disbursements were randomly selected. Requisition or purchase orders are not used in purchasing and there is no approval on the invoices. There is only one employee in charge of all areas of the accounting function. This employee can add vendors to the computer system, does not have signatory authority, and does not initiate the purchase. She maintains blank checks in the filing cabinet and no signature stamp is used.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-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.
12. 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:
 - a) Observe that 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) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain

public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.))

b) Observe that finance charges and late fees were not assessed on the selected statements.

13. Using the monthly statements or combined statements selected under #12 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 (i.e. each card should have 10 transactions subject to testing). 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).

Exceptions

There were no exceptions noted in the above procedures, no credit cards are used.

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

14. 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, 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:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) 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 policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Exceptions

There were no exceptions noted in the above procedures, there are no reimbursements given for travel or mileage

Contracts

15. 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. *Alternately, 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:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) 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.

Exceptions

Only one contract is maintained by the District, and there were no exceptions noted.

Payroll and Personnel

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
- 19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Exceptions

There are no employees in the District's office, no exceptions noted.

Ethics

- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Exceptions

All but one of the Board of Directors received the required ethics training.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. 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.

Exceptions

The District has no debt.

Other

23. 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.
24. 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.

Exceptions

Inquired of management whether the District had any misappropriations of public funds or assets and there was none. The entity does not have posted on its premises, the notice required by R.S. 24:523.1.