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**SABINE PARISH WATERWORKS DISTRICT NO. 1  
MANY, LOUISIANA  
FINANCIAL REPORT  
FOR THE YEAR ENDED  
SEPTEMBER 30, 1998**

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 FEB 03 1999

SABINE PARISH WATERWORKS DISTRICT NO. 1  
MANY, LOUISIANA  
BOARD OF COMMISSIONERS  
SEPTEMBER 30, 1998

<u>Commissioners</u>	<u>Office</u>	<u>Area Represented</u>	<u>Appointed</u>	<u>Term</u>
Benny Funderburk, Many, LA		Marthaville Road	7/10/97	5 yrs.
Rudolph Greer, Many, LA	President	Friendship Community	5/29/97	5 yrs.
L. R. Hopkins, Many, LA		Hwy. 6 East	7/14/94	5 yrs.
Donnie Paul Lewing, Many, LA		Lewingtown	7/14/94	5 yrs.
Tim Lyddy, Many, LA		Fort Jessup	5/29/97	5 yrs.
Walter L. Mains, Many, LA		Marthaville Road	5/28/98	5 yrs.
Brad E. Williams, Florien, LA	Sec/Treas.	Florien	8/15/96	5 yrs.
Truett Williams, Florien, LA		Mount Carmel	7/14/94	5 yrs.
Reo Wright, Florien, LA		West of Florien	11/11/97	5 yrs.

SABINE PARISH WATERWORKS DISTRICT NO. 1  
MANY, LOUISIANA  
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SEPTEMBER 30, 1998

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# **GENERAL PURPOSE FINANCIAL STATEMENTS**

# HINES, JACKSON & HINES

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NATCHITOCHES, LA 71457

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JAY H. SHEFFIELD, CPA

## INDEPENDENT AUDITORS' REPORT

Mr. Rudolph Greer, President  
and Board of Commissioners  
Sabine Parish Waterworks District No. 1  
P. O. Box 660  
Many, Louisiana 71449

We have audited the accompanying general purpose financial statements of the Sabine Parish Waterworks District No. 1, Many, Louisiana, a component unit of the Sabine Parish Police Jury, as of and for the year ended September 30, 1998, as listed in the table of contents. These financial statements are the responsibility of the Sabine Parish Waterworks District No. 1's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Sabine Parish Waterworks District No. 1, Many, Louisiana, a component unit of the Sabine Parish Police Jury, as of September 30, 1998, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated January 7, 1999, on our consideration of the Sabine Parish Waterworks District No. 1's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Sabine Parish Waterworks District No. 1, Many, Louisiana, a component unit of the Sabine Parish Police Jury, taken as a whole. The accompanying supplementary information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The financial information for the year ended September 30, 1997, which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion dated January 5, 1998, on the general purpose financial statements of the Sabine Parish Waterworks District No. 1.

***Hines, Jackson & Hines***  
Natchitoches, Louisiana  
January 7, 1999

SABINE PARISH WATERWORKS DISTRICT NO. 1  
MANY, LOUISIANA  
COMPARATIVE BALANCE SHEET  
SEPTEMBER 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 219,642	\$ 125,065
Time deposits	100,000	100,000
Accounts receivable, net of allowance for doubtful accounts in 1998 and 1997 of \$3,335 and \$2,147, respectively	41,533	35,207
Accrued interest receivable	178	205
Prepaid expenses	<u>1,013</u>	<u>1,802</u>
Total Current Assets	362,366	262,279
Plant and equipment, net of accumulated depreciation for 1998 and 1997 of \$552,849 and \$528,591, respectively	<u>508,929</u>	<u>533,187</u>
Total Assets	<u>\$ 871,295</u>	<u>\$ 795,466</u>
 <b>LIABILITIES AND FUND EQUITY</b>		
Current Liabilities		
Accounts payable	\$ 33,063	\$ 22,342
Long-term Liabilities		
Relocation Loan - State of Louisiana	<u>18,475</u>	<u>18,475</u>
Total Liabilities	51,538	40,817
Fund equity		
Contributed capital	477,000	477,000
FHA Grant	<u>32,000</u>	<u>32,000</u>
Customers' non-refundable deposits	509,000	509,000
Total Contributed Capital	509,000	509,000
Retained earnings, unreserved	<u>310,757</u>	<u>245,649</u>
Total Fund Equity	<u>819,757</u>	<u>754,649</u>
Total Liabilities and Fund Equity	<u>\$ 871,295</u>	<u>\$ 795,466</u>

The accompanying notes are an integral part of this statement.

SABINE PARISH WATERWORKS DISTRICT NO. 1  
MANY, LOUISIANA  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
FOR THE YEARS ENDED SEPTEMBER 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
Operating Revenues		
Charges for services	\$ 328,254	\$ 277,195
Late payment penalties	10,440	10,296
Tapping, reconnect and other fees	<u>12,613</u>	<u>13,778</u>
Total Operating Revenues	351,307	301,269
Operating Expenses		
Accounting and legal	11,363	6,859
Administrative services	13,200	12,360
Advertising	236	26
Bad debts	1,901	3,854
Computer services	6,075	5,494
Depreciation	24,258	23,991
Insurance and bonds	5,274	5,500
Licenses and fees	0	200
Material and supplies	2,262	2,291
Miscellaneous	220	162
New meter installation	2,145	2,245
Office supplies	298	662
Postage	2,975	2,543
Outside services	844	788
Professional services	2,285	2,100
Repairs and maintenance	26,149	17,403
Relocation	968	18,573
Subcontractor services	853	1,710
Supervisory and maintenance	20,578	18,863
Telephone	1,860	1,652
Utilities	3,543	3,419
Water purchased	<u>169,308</u>	<u>131,262</u>
Total Operating Expenses	<u>296,595</u>	<u>261,957</u>
Operating Income	54,712	39,312
Nonoperating Revenues/(Expenses)		
Interest income	10,461	7,714
Interest expense	<u>(65)</u>	<u>(1,554)</u>
Total Nonoperating Revenues/(Expenses)	\$ 10,396	\$ 6,160

The accompanying notes are an integral part of this statement.

SABINE PARISH WATERWORKS DISTRICT NO. 1  
MANY, LOUISIANA  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS - (CONTINUED)  
FOR THE YEARS ENDED SEPTEMBER 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
Net Income	\$ 65,108	\$ 45,472
(Increase)/decrease in retained earnings reserved for revenue bond and interest sinking fund	0	84,890
(Increase)/decrease in retained earnings reserved for revenue bond reserve fund	0	33,959
(Increase)/decrease in retained earnings reserved for depreciation and contingency fund	<u>0</u>	<u>27,092</u>
Net change in unreserved retained earnings for year	65,108	191,413
RETAINED EARNINGS, Unreserved, Beginning of year	<u>245,649</u>	<u>54,236</u>
RETAINED EARNINGS, Unreserved, End of year	<u>\$ 310,757</u>	<u>\$ 245,649</u>

The accompanying notes are an integral part of this statement.



SABINE PARISH WATERWORKS DISTRICT NO. 1  
MANY, LOUISIANA  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
Cash Flows From Operating Activities		
Net income	\$ 65,108	\$ 45,472
Adjustments to reconcile net income to net cash from operating activities		
Depreciation	24,258	23,991
Allowance for doubtful accounts	1,188	2,147
(Increase)/decrease in operating assets		
Accounts receivable	(7,514)	(5,076)
Accrued interest receivable	27	0
Prepaid expenses	789	905
Increase/(decrease) in operating liabilities		
Accounts payable	10,721	1,644
Accrued payables	<u>0</u>	<u>(2,439)</u>
Net Cash Provided by Operating Activities	94,577	66,644
Cash Flows From Capital and Related Financing Activities		
Repayments on long-term bonds	<u>0</u>	<u>(51,000)</u>
Net Cash Used in Capital and Related Financing Activities	0	(51,000)
Cash Flows From Investing Activities		
Purchase of machinery and equipment	<u>0</u>	<u>(12,581)</u>
Net Cash Used in Investing Activities	<u>0</u>	<u>(12,581)</u>
Net Increase In cash and cash equivalents	94,577	3,063
Cash and cash equivalents, Beginning of year	<u>225,065</u>	<u>222,002</u>
Cash and cash equivalents, End of year	<u>\$ 319,642</u>	<u>\$ 225,065</u>

Supplemental Disclosures

Cash payments for interest expense for the years ended September 30, 1998 and 1997, were \$65 and \$1,554, respectively.

SABINE PARISH WATERWORKS DISTRICT NO. 1  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 1998

**NOTE 1            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Sabine Parish Waterworks District No. 1, a political subdivision of the Sabine Parish Police Jury, was formed July 17, 1978, to purchase treated water from the Town of Many and distribute it to the rural areas surrounding Many and Florien. It is operated by a board which consists of nine commissioners appointed by the Police Jury to serve five year terms. The commissioners receive no compensation for their services.

The accounting and reporting policies of the Sabine Parish Waterworks District No. 1 conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the guides set forth in the Louisiana Governmental Audit Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

**A.            Financial Reporting Entity**

As the governing authority of the parish, for reporting purposes, the Sabine Parish Police Jury is the financial reporting entity for Sabine 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 Sabine 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 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 Sabine Parish Police Jury appoints the governing board of the Sabine Parish Waterworks District No. 1, the district was determined to be a component unit of the Sabine Parish Police Jury, the governing body of the Parish and the governmental body with oversight responsibility. The accompanying financial statements present information only on the funds maintained by the Sabine Parish Waterworks District No. 1 and do not present information on the Sabine Parish Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

SABINE PARISH WATERWORKS DISTRICT NO. 1  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 1998

**NOTE 1            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B.            Fund Accounting**

The accounts of the Sabine Parish Waterworks District No. 1 are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. The District now consists of only one broad fund accounting category and generic fund type as follows:

**Proprietary Fund Type** - account for activities similar to those found in the private sector, where the determination of net income is necessary for sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**Enterprise Fund**

The enterprise fund is used to account for operations a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**C.            Basis of accounting**

The proprietary fund of the District is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

**D.            Cash and Cash Equivalents**

Consistent with GASB Statement 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting", the Sabine Parish Waterworks District No. 1 defines cash and cash equivalents as follows:

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty. State law authorizes the District to deposit funds in interest bearing accounts, certificates of deposit or other investments as permitted by law with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Cash equivalents - all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

SABINE PARISH WATERWORKS DISTRICT NO. 1  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 1998

**NOTE 1          SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E.          Receivables**

All receivables are reported at their gross value and, where applicable are reduced by the estimated portion that is expected to be uncollectible.

**F.          Bad Debts**

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At September 30, 1998, \$3,335 were considered to be uncollectible.

**G.          Interest Receivable**

Interest on investments and certain receivables are recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

**H.          Fixed Assets and Long-Term Liabilities**

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with its activities are included on its balance sheet.

Depreciation of all exhaustible fixed assets used by the District is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized. The estimated useful lives are as follows:

Water system:	
Distribution system	40 years
Pump stations and other equipment	10 years

**I.          Prepaid Expenses**

Payments made to vendors for services that will benefit periods beyond September 30, 1998, are recorded as prepaid expenses.

**J.          Fund Equity**

The unreserved retained earnings for the proprietary fund represents the net assets available for future operations or distribution. Reserved retained earnings represents the net assets that have been legally identified for specific purposes.

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 amortized based on the depreciation recognized on that portion of the assets acquired from such contributions.

SABINE PARISH WATERWORKS DISTRICT NO. 1  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 1998

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K.      Comparative Data**

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Certain amounts from prior year financial statements have been reclassified to conform with current classifications.

**L.      Accumulated Unpaid Vacation**

The Sabine Parish Waterworks District has no full-time employees and therefore has no liability for accumulated unpaid vacation at September 30, 1998.

**M.      Estimates**

The presentation 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.

**N.      Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District.

**NOTE 2      CASH AND CASH EQUIVALENTS AND TIME DEPOSITS**

At September 30, 1998, the District had cash totaling \$319,642, as follows:

Demand deposit accounts	\$	219,642
Time deposits		<u>100,000</u>
Total		<u>\$ 319,642</u>

Under state law, these deposits 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 bank. 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. As of September 30, 1998, the District had \$318,198 in bank deposits. These deposits were secured from risk by \$202,968 of federal deposit insurance and \$155,000 (par value) of pledged securities held by the custodial banks in the name of the fiscal agent (GASB category 3).

Even though the pledged securities are considered collateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

SABINE PARISH WATERWORKS DISTRICT NO. 1  
MANY, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 1998

**NOTE 3 PLANT AND EQUIPMENT**

A summary of changes in plant and equipment for the year ended September 30, 1998, follows:

	Balance October 1, 1997	Additions	Deletions	Balance September 30, 1998
Land	\$ 11,355	\$ 0	\$ 0	\$ 11,355
Distribution systems	1,043,942	0	0	1,043,942
Building and improvements	3,167	0	0	3,167
Machinery and equipment	2,151	0	0	2,151
Office furniture and equipment	1,163	0	0	1,163
Less: Accumulated depreciation	<u>(528,591)</u>	<u>(24,258)</u>	<u>0</u>	<u>(552,849)</u>
Totals	<u>\$ 533,187</u>	<u>\$ (24,258)</u>	<u>\$ 0</u>	<u>\$ 508,929</u>

**NOTE 4 OBLIGATIONS UNDER LEASE AGREEMENTS**

The Sabine Parish Waterworks District was not obligated under any capital or operating lease commitments at September 30, 1998.

**NOTE 5 RETIREMENT COMMITMENTS**

The Sabine Parish Waterworks District does not have any employees and does not participate in any retirement systems.

**NOTE 6 LONG-TERM DEBT**

At September 30, 1998, the Sabine Parish Waterworks District did not have any outstanding long-term debt.

**NOTE 7 PENDING LITIGATION**

The Sabine Parish Waterworks District was not involved in any litigation at September 30, 1998.

**NOTE 8 RELOCATION LOAN - STATE OF LOUISIANA**

The Sabine Parish Waterworks District was authorized to receive an estimated amount of \$19,000 from the Department of Transportation and Development for the relocation of utility lines on State Project Number 25-03-22. Act 319 of 1981 contains the following sentence: "If the Office of Highways provides for the removal or relocation, the municipality, parish or special district shall henceforth be prohibited from locating a utility installation in any state owned right of way until the municipality, parish or special district reimburses the state for the cost of the removal or relocation." The acceptance of the above dollars may create a contingency should the public unit accepting the reimbursement ever decide to locate a utility installation on any state owned right of way. Since the District plans to expand in the future, a liability in the amount of \$18,475 has been recorded.

**OTHER SUPPLEMENTARY INFORMATION**

SCHEDULE 1

SABINE PARISH WATERWORKS DISTRICT NO. 1  
MANY, LOUISIANA  
SCHEDULE OF COMPENSATION PAID TO BOARD OF COMMISSIONERS  
YEAR ENDED SEPTEMBER 30, 1998

<u>Members</u>	<u>Meetings Attended</u>	<u>Compensation Amount</u>
Benny Funderburk	4	\$ 0
Rudolph Greer	9	0
L. R. Hopkins	2	0
Donnie Paul Lewing	2	0
Tim Lyddy	6	0
Walter L. Mains	6	0
Brad E. Williams	8	0
Truett Williams	6	0
Reo Wright	6	\$ 0



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LEWIS C. HINES, CPA  
E. MERLIN SQUYRES, CPA  
JAY H. SHEFFIELD, CPA

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

Mr. Rudolph Greer, President  
and Board of Commissioners  
Sabine Parish Waterworks District No. 1  
P. O. Box 660  
Many, Louisiana 71449

We have audited the general purpose financial statements of Sabine Parish Waterworks District No.1, Many, Louisiana, a component unit of the Sabine Parish Police Jury, as of and for the year ended September 30, 1998, and have issued our report thereon dated January 7, 1999. 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 Sabine Parish Waterworks District No.1's financial 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 statements 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 Sabine Parish Waterworks District No. 1's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 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 operations that we consider to be material weaknesses.

This report is intended for the information of the management of the Sabine Parish Waterworks District No.1 and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

### ***Hines, Jackson & Hines***

Natchitoches, Louisiana  
January 7, 1999

SABINE PARISH WATERWORKS DISTRICT NO.1  
MANY, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED  
SEPTEMBER 30, 1998

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
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Nothing came to our attention that would require disclosure under Government Auditing Standards.

SABINE PARISH WATERWORKS DISTRICT NO.1  
MANY, LOUISIANA  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED  
SEPTEMBER 30, 1998

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Correct Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
-----------------	-----------------------------------	-------------------------------	---	--

Nothing came to our attention that would require disclosure under Government Auditing Standards.