

**SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
SEPTEMBER 30, 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 4-21-04

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
BOARD OF COMMISSIONERS
SEPTEMBER 30, 2003

<u>Commissioners</u>	<u>Office</u>	<u>Area Represented</u>	<u>Appointed</u>	<u>Term</u>
Olie Forshee, Jr.	President	Forshee Drive	1999	5 yrs.
George Griffin	Vice-President	Peg Leg Lane	2002	5 yrs.
Thomas M. Harless	Sec./Treasurer	Red's Point Road	2001	5 yrs.
Don Kelly		Pisgah Church Loop	2003	5 yrs.
Argus Moore		Lakeside Loop	2000	5 yrs.

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
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SEPTEMBER 30, 2003

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
South Toledo Bend Waterworks District
3260 Little Flock Road
Many, Louisiana 71449

We have audited the accompanying general purpose financial statements of the South Toledo Bend Waterworks District, Many, Louisiana, a component unit of the Sabine Parish Police Jury, as of and for the year ended September 30, 2003, as listed in the table of contents. These financial statements are the responsibility of the South Toledo Bend Waterworks District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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 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 South Toledo Bend Waterworks District, Many, Louisiana, a component unit of the Sabine Parish Police Jury, as of September 30, 2003, and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated March 19, 2004, on our consideration of the South Toledo Bend Waterworks District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the South Toledo Bend Waterworks District, 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, 2002, which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion dated February 11, 2003, on the general purpose financial statements of the South Toledo Bend Waterworks District.

Hines, Jackson & Hines
Natchitoches, Louisiana
March 19, 2004

GENERAL PURPOSE FINANCIAL STATEMENTS

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 2003 AND 2002

	<u>Governmental</u> <u>Fund Type</u>	<u>Proprietary</u> <u>Fund Type</u>	<u>Account</u> <u>Group</u>	<u>Total</u> <u>(Memorandum Only)</u>	
	<u>Debt Service</u> <u>Fund</u>	<u>Enterprise</u> <u>Fund</u>	<u>General</u> <u>Long-Term</u> <u>Debt</u>	<u>2003</u>	<u>2002</u>
Assets					
Cash	\$ 20,014	\$ 254,176	\$ 0	\$ 274,190	\$ 233,821
Account receivable					
Trade	0	86,716	0	86,716	51,684
Other	0	1,962	0	1,962	115
Prepaid insurance	0	11,952	0	11,952	11,155
Utility deposits	0	255	0	255	255
Property, plant and equipment, net	0	5,503,946	0	5,503,946	5,698,376
Construction in Progress	0	0	0	0	12,955
Unamortized bond costs, net	0	38,565	0	38,565	40,612
Amount available in Debt Service	0	0	20,014	20,014	8,296
Amount to be provided for retirement of general long-term debt	<u>0</u>	<u>0</u>	<u>341,986</u>	<u>341,986</u>	<u>379,704</u>
Total Assets	<u>\$ 20,014</u>	<u>\$ 5,897,572</u>	<u>\$ 362,000</u>	<u>\$ 6,279,586</u>	<u>\$ 6,436,973</u>
Liabilities and Fund Equity					
Liabilities					
Accounts payable	\$ 0	\$ 40,883	\$ 0	\$ 40,883	\$ 40,329
Accrued expenses	0	10,835	0	10,835	5,191
Interest payable	14,857	7,014	0	21,871	9,927
Revenue bonds payable	0	3,413,189	0	3,413,189	3,452,330
General obligation bonds payable	<u>0</u>	<u>0</u>	<u>362,000</u>	<u>362,000</u>	<u>388,000</u>
Total Liabilities	14,857	3,471,921	362,000	3,848,778	3,895,777
Fund Equity					
Contributed capital	0	3,481,750	0	3,481,750	3,451,750
Retained earnings					
Unreserved	0	(1,056,099)	0	(1,056,099)	(915,544)
Fund Balance					
Reserved					
Retirement of long-term debt	<u>5,157</u>	<u>0</u>	<u>0</u>	<u>5,157</u>	<u>4,990</u>
Total Fund Equity	<u>5,157</u>	<u>2,425,651</u>	<u>0</u>	<u>2,430,808</u>	<u>2,541,196</u>
Total Liabilities and Fund Equity	<u>\$ 20,014</u>	<u>\$ 5,897,572</u>	<u>\$ 362,000</u>	<u>\$ 6,279,586</u>	<u>\$ 6,436,973</u>

The accompanying notes are an integral part of this statement.

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
FOR THE YEARS ENDED SEPTEMBER 30, 2003 AND 2002

	<u>Debt Service Fund</u>	Total (Memorandum Only)	
		<u>2003</u>	<u>2002</u>
Revenues			
Taxes - ad valorem	\$ 50,081	50,081	\$ 49,077
Interest income	254	254	209
Other	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	50,335	50,335	49,286
Expenditures			
Principal retirement	26,000	26,000	23,000
Interest and other charges	<u>24,168</u>	<u>24,168</u>	<u>25,699</u>
Total Expenditures	<u>50,168</u>	<u>50,168</u>	<u>48,669</u>
Excess of Revenues Over/(Under) Expenditures	167	167	617
FUND BALANCE, Beginning of year	<u>4,990</u>	<u>4,990</u>	<u>4,373</u>
FUND BALANCE, End of year	<u>\$ 5,157</u>	<u>\$ 5,157</u>	<u>\$ 4,990</u>

The accompanying notes are an integral part of this statement.

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS - PROPRIETARY FUND TYPE
FOR THE YEARS ENDED SEPTEMBER 30, 2003 AND 2002

	<u>Enterprise Fund</u>	
	<u>2003</u>	<u>2002</u>
Operating Revenues		
Charges for services	\$ 626,649	\$ 632,090
Other	<u>33,338</u>	<u>20,304</u>
Total Operating Revenues	659,987	652,397
Operating Expenses		
Advertising	417	245
Amortization	2,047	2,047
Automobile	10,816	9,915
Chemicals	56,312	66,452
Collection services	9,021	8,798
Commissioners' fees	4,260	3,600
Computer services	8,836	8,702
Depreciation	240,117	239,168
Dues and subscriptions	150	150
Employee benefits	393	0
Insurance	15,117	9,837
Legal and accounting	11,876	9,285
Licenses and fees	345	994
Materials and supplies	12,964	2,716
Meter installation costs	15,270	8,325
Meter reading services	16,587	15,837
Office and other expense	7,161	5,937
Payroll taxes	1,912	1,845
Rent	4,200	4,200
Repair and maintenance	44,940	30,682
Retirement	7,074	6,495
Salaries	91,277	83,812
Secretary services	3,600	3,600
Telephone	2,627	2,217
Training	745	495
Travel	1,077	1,023
Utilities	39,258	42,212
Water purchased	<u>22,013</u>	<u>22,393</u>
Total Operating Expenses	<u>630,412</u>	<u>590,982</u>
Operating Income/(Loss)	\$ 29,575	\$ 61,415

The accompanying notes are an integral part of this statement.

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS - PROPRIETARY FUND TYPE (CONTINUED)
FOR THE YEARS ENDED SEPTEMBER 30, 2003 AND 2002

	<u>Enterprise Fund</u>	
	<u>2003</u>	<u>2002</u>
Nonoperating Revenues/(Expenses)		
Grants	\$ 30,000	\$ 0
Interest income	1,506	1,747
Interest expense	(171,636)	(173,506)
Loss on disposition of assets	<u>0</u>	<u>(10,806)</u>
Total Nonoperating Revenue/(Expense)	<u>(140,130)</u>	<u>(182,565)</u>
Net Income	(110,555)	(121,150)
(Increase)/Decrease in Contributed Capital	<u>(30,000)</u>	<u>0</u>
Net Change in Unreserved Retained Earnings for the Year	(140,555)	(121,150)
RETAINED EARNINGS - Unreserved, Beginning of year	<u>(915,544)</u>	<u>(794,394)</u>
RETAINED EARNINGS - Unreserved, End of year	<u>\$ (1,056,099)</u>	<u>\$ (915,544)</u>

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
COMPARATIVE STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEARS ENDED SEPTEMBER 30, 2003 AND 2002

	<u>Enterprise Fund</u>	
	<u>2003</u>	<u>2002</u>
Cash Flows From Operating Activities		
Operating income	\$ 29,575	\$ 61,415
Adjustments to reconcile operating loss to net cash provided from operating activities		
Depreciation	240,117	239,168
Amortization	2,047	2,047
(Increase)/decrease in operating assets		
Accounts receivable		
Trade	(35,032)	4,152
Other	(1,847)	3,383
Prepaid insurance	(797)	(5,202)
Increase/(decrease) in operating liabilities		
Accounts payable	554	5,868
Accrued expenses	5,644	73
	<u>240,261</u>	<u>310,904</u>
Net Cash From Operating Activities	240,261	310,904
Cash Flows From Capital and Related Financing Activities		
Proceeds from disposition of assets	0	23,500
Grant proceeds	30,000	0
Purchase of distribution system	(29,989)	(23,977)
Purchase of machinery and equipment	(2,743)	0
Purchase of furniture and fixtures	0	(300)
Purchase of construction in progress	0	(12,955)
Principal payments on bonds	(39,141)	(37,287)
Interest paid	(171,243)	(173,097)
	<u>(213,116)</u>	<u>(224,116)</u>
Net Cash From Capital and Related Financing Activities	(213,116)	(224,116)
Cash Flows From Investing Activities		
Receipts of interest income	1,506	1,747
	<u>1,506</u>	<u>1,747</u>
Net Cash From Investing Activities	1,506	1,747
Net Increase/(Decrease) in Cash and Cash Equivalents	28,651	88,535
CASH AND CASH EQUIVALENTS, Beginning of year	<u>225,525</u>	<u>136,990</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 254,176</u>	<u>\$ 225,525</u>

The accompanying notes are an integral part of this statement.

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The South Toledo Bend Waterworks District, a political subdivision of the Sabine Parish Police Jury, was formed December 21, 1988. The District's purpose is to provide water service to any user within the geographical bounds of the district. It is operated by a board which consists of five commissioners appointed by the Police Jury to serve terms varying from one to five years.

The accounting and reporting policies of the South Toledo Bend Waterworks District 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 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 basis 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 or burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority, but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints the board of commissioners, the Waterworks District was determined to be a component unit of the Sabine Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Waterworks District and do not present information on the police jury, the general government service provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2003

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting

The accounts of the South Toledo Bend Waterworks District 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 expenditures, or expenses, as appropriate. 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 various funds are grouped, in the financial statements in this report, into two generic fund types and two broad fund categories as follows:

Governmental Fund Types - Funds through which most governmental functions are typically financed. The funds included in this category are as follows:

Debt Service Fund - Accumulates resources for the payment of interest and principal on long-term general obligation debt other than those payable from enterprise funds or special assessment funds.

Proprietary Fund Types - 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 no 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 - Account for operations a) that are financed and operated in a manner similar to private business enterprise - 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. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Account Groups - An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net expendable available financial resources.

General fixed assets account group - This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes and excludes fixed assets in the Enterprise Fund. The South Toledo Bend Waterworks District has no general fixed assets at September 30, 2003.

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2003

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fixed Assets and Long-Term Liabilities (Continued)

General long-term debt account group - This is not a fund but rather an account group that is used to account for the outstanding principal balances of general obligation bonds and other long-term debt not reported in the proprietary funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Property, plant, and equipment acquired for proprietary funds are capitalized in their respective funds.

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. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. Depreciation of all exhaustible fixed assets used by the District is charged as an expense against its operations. Depreciation will be provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water system	
Distribution system	40 years
Machinery and equipment	7 years
Furniture and fixtures	5 - 7 years

All fixed assets will be stated at historical cost.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. Ad valorem taxes are recorded as revenue when levied because they are considered to be both measurable and available even though a portion of the taxes are collected in subsequent years.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that principal and interest on general long-term debt is recognized when due. Purchase of various operating supplies are regarded as expenditures at the time purchased.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when earned, and their expenses are recognized when incurred.

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2003

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sales of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources or uses. These other financing sources or uses are recognized at the time the underlying events occur.

E. 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 district attorney 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.

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.

F. Accounts Receivable

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

G. Interest Receivable

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

H. 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, 2003 and 2002, \$3,533 and \$3,279 respectively, were considered to be uncollectible.

I. Prepaid Expenses

Payments to vendors for services that will benefit periods beyond September 30, 2003, are recorded as prepaid expenses.

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2003

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Equity

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distribution.

Contributed capital is recorded in the Enterprise Fund for capital grants restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

Designated fund balances represent tentative plans for future use of financial resources.

K. Total Columns on Combined Statements

Total columns on the general purpose financial statements are captioned "(Memorandum Only)" because the total columns do not represent consolidated financial information and are present only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in accordance with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

L. 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 South Toledo Bend Waterworks 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.*

M. Accumulated unpaid vacation

The South Toledo Bend Waterworks District had no liability for accumulated unpaid vacation at September 30, 2003.

N. 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.

O. 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 South Toledo Bend Waterworks District.

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2003

NOTE 2 CASH

At September 30, 2003, the South Toledo Bend Waterworks District had cash totaling \$274,190, as follows:

Demand deposit accounts	\$	7,120
Interest bearing demand deposit accounts		<u>267,070</u>
Total		<u>\$ 274,190</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, 2003, the District had \$293,685 in bank deposits. These deposits were secured from risk by \$125,196 of federal deposit insurance and \$208,689 (market 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.

NOTE 3 CHANGES IN PROPERTY, PLANT AND EQUIPMENT

A summary of changes in property, plant and equipment for the year ended September 30, 2003, follows:

	Balance Oct. 1, 2002	Additions	Deletions	Balance Sept. 30, 2003
Land	\$ 57,389	\$ 0	\$ 0	\$ 57,389
Distribution system	6,637,181	42,944	0	6,680,125
Machinery and equipment	12,343	2,743	0	15,086
Furniture & fixtures	8,169	0	0	8,169
Less: Accumulated depreciation	<u>(1,016,706)</u>	<u>(240,117)</u>	<u>0</u>	<u>(1,256,823)</u>
Total	<u>\$ 5,698,376</u>	<u>\$ (194,430)</u>	<u>\$ 0</u>	<u>\$ 5,503,946</u>

NOTE 4 AD VALOREM TAXES

The ad valorem taxes are dedicated solely for the payment of general obligation bonds and the interest thereon.

Ad valorem taxes are assessed on a calendar year basis, become due on October 31 of each year, and become delinquent on January 1. All ad valorem tax revenues are recognized in compliance with NCGA Interpretation 3 and GASB Codification P70 (Revenue Recognition - Property Taxes) which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due, and receivable within the current period and collected no longer than 60 days after the close of the current period.

For the 2002 tax year, taxes of 9.25 mills were levied on property within its boundaries with assessed valuation of \$8,055,560 and a taxable value of \$5,629,960 and were dedicated solely for the payment of general obligation bonds and interest thereon. Total taxes levied were \$52,081. Taxes receivable at September 30, 2003 were \$0.

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2003

NOTE 5 LONG-TERM DEBT

The following is a summary of the long-term debt for the year ended September 30, 2003:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
General obligation bonds, series 1992	6.27%	2012	\$ 455,000	\$ 280,000
General obligation bonds, series 1999	5.25%	2018	95,000	82,000
Revenue bonds #1	5.00%	2037	2,999,000	2,843,376
Revenue bonds #2	5.00%	2037	601,000	569,813
Total			<u>\$ 4,150,000</u>	<u>\$ 3,775,189</u>

The annual requirements to amortize all debt outstanding as of September 30, 2003, including interest payments are as follows:

<u>Year Ended September 30,</u>	<u>Series 1999 Bonds</u>	<u>Series 1992 Bonds</u>	<u>Revenue Bonds #1</u>	<u>Revenue Bonds #2</u>	<u>Total</u>
2004	\$ 7,212	\$ 43,451	\$ 175,262	\$ 35,122	\$ 261,047
2005	8,043	41,739	175,262	35,122	260,166
2006	8,811	40,026	175,262	35,122	259,221
2007	7,575	43,143	175,262	35,122	261,102
2008	8,335	41,088	175,262	35,122	259,807
Thereafter	<u>78,124</u>	<u>165,667</u>	<u>5,082,598</u>	<u>1,018,538</u>	<u>6,344,927</u>
Total	<u>\$ 118,100</u>	<u>\$ 375,114</u>	<u>\$ 5,958,908</u>	<u>\$ 1,194,148</u>	<u>\$ 7,646,270</u>

NOTE 6 OBLIGATIONS UNDER CAPITAL LEASES

The South Toledo Bend Waterworks District was not obligated under any capital or operating lease commitments at September 30, 2003.

NOTE 7 RETIREMENT COMMITMENTS

Substantially all employees of the South Toledo Bend Waterworks District are members of the Parochial Employees' Retirement System of Louisiana (System), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A and Plan B, employees who retire after 30 years of creditable service regardless of age, 25 years of creditable service and at least 55 years of age, or 10 years of creditable service and at least 60 years of age are entitled to a retirement benefit, payable monthly for life, equal to 3% of their average compensation for any 36 months of consecutive service in which their compensation was highest, multiplied by their years of creditable service. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2003

NOTE 7 RETIREMENT COMMITMENTS (CONTINUED)

Contributions to the System include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. State statute requires covered employees to contribute a percentage of their salaries to the System.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Parochial Employees' Retirement System of Louisiana, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

Plan members are required by state statute to contribute 9.50 percent of their annual covered salary and the South Toledo Bend Waterworks District is required to contribute at an actuarially determined rate. The current rate is 7.75 percent of annual covered payroll. The contribution requirements for plan members and the South Toledo Bend Waterworks District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The South Toledo Bend Waterworks District contributions to the System for the years ended September 30, 2003, 2002 and 2001, were \$7,074, \$6,495 and \$6,252, respectively, equal to the required contributions for each year.

NOTE 8 PENDING LITIGATION

There was no outstanding litigation against the South Toledo Bend Waterworks District at September 30, 2003.

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE 1

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO BOARD OF COMMISSIONERS
YEAR ENDED SEPTEMBER 30, 2003

<u>Members</u>	<u>Meetings Attended</u>	<u>Compensation Amount</u>
Olie Forshee, Jr.	14	\$ 840
George Griffin	13	780
Thomas M. Harless	15	900
Don Kelly	15	900
Argus Moore	14	<u>840</u>
		<u>\$ 4,260</u>

HINES, JACKSON & HINES, L.L.C.

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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

Board of Commissioners
South Toledo Bend Waterworks District
3260 Little Flock Road
Many, LA 71449

We have audited the component unit financial statements of South Toledo Bend Waterworks District, Many, Louisiana, a component unit of the Sabine Parish Police Jury, as of and for the year ended September 30, 2003, and have issued our report thereon dated March 19, 2004. We conducted our 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.

Compliance

As part of obtaining reasonable assurance about whether the South Toledo Bend Waterworks District'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 South Toledo Bend Waterworks District'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 operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management of the South Toledo Bend Waterworks District and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Hines, Jackson & Hines

Natchitoches, Louisiana
March 19, 2004

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

<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.

SCHEDULE 3

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

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