

**SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
SEPTEMBER 30, 2012**

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
BOARD OF COMMISSIONERS
SEPTEMBER 30, 2012

<u>Commissioners</u>	<u>Office</u>	<u>Year Elected</u>	<u>Term</u>
Dianne Lampman	President	2008	5 yrs.
Robert Marshall	Vice-President	2011	2 yrs.
Geri Alford	Sec./Treasurer	2011	1 yrs.
Rodney DeRouen		2010	2 yrs.
Jeff Webb		2010	2 yrs.

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MANY, LOUISIANA
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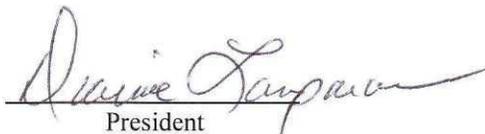
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SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

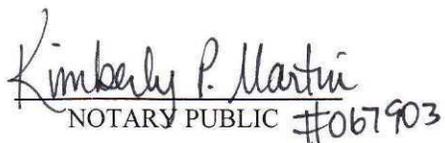
Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, Dianne Lampman, President of the South Toledo Bend Waterworks District, who duly sworn, deposes and says, that the financial statements herewith given presents fairly the financial position of South Toledo Bend Waterworks District at September 30, 2012 and the results of operations for the year then ended in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.


President

Sworn to and subscribed before me, this 15th day of February, 2013.


NOTARY PUBLIC #067903

HINES, SHEFFIELD & SQUYRES, L.L.C.

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
South Toledo Bend Waterworks District
Many, Louisiana 71449

We have audited the accompanying basic 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, 2012, as listed in the table of contents. These basic financial statements are the responsibility of management of the South Toledo Bend Waterworks District. 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 financial statements referred to above present fairly, in all material respects, the financial position of the South Toledo Bend Waterworks District as of September 30, 2012, and the changes in its financial position and its 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 February 15, 2013 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 8 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Toledo Bend Waterworks District's financial statements as a whole. The accompanying information identified in the table of contents as Other Supplementary Information is presented for the purposes of additional analysis and is not a required part of the financial statements. The Other Supplementary Information schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The financial information for the year ended September 30, 2011, which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion dated March 12, 2012, on the basic financial statements of the South Toledo Bend Waterworks District.

Hines, Sheffield & Squyres

Natchitoches, Louisiana
February 15, 2013

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012

The Management's Discussion and Analysis of South Toledo Bend Waterworks District's financial performance presents a narrative overview and analysis of South Toledo Bend Waterworks District's financial activities for the year ended September 30, 2012. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in South Toledo Bend Waterworks District's financial statements, which begin on page 9.

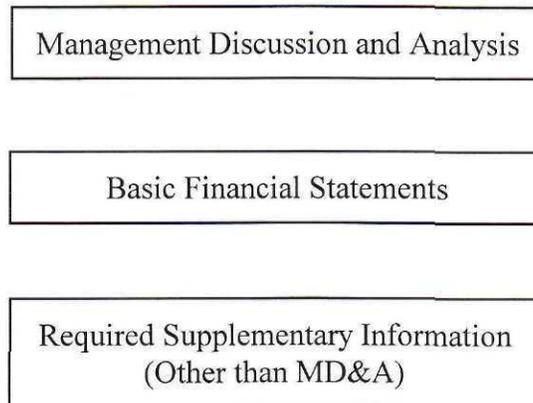
FINANCIAL HIGHLIGHTS

- 1) The South Toledo Bend Waterworks District had cash and cash equivalents of \$703,796 at September 30, 2012 which represents an increase of \$98,057 from prior year end.
- 2) The South Toledo Bend Waterworks District had accounts receivable of \$117,724 at September 30, 2012 which represents a decrease of \$42,933 from prior year end.
- 3) The South Toledo Bend Waterworks District had accounts payable and accruals of \$91,827 at September 30, 2012 which represents a decrease of \$28,657 from prior year end.
- 4) The South Toledo Bend Waterworks District had total operating revenues of \$1,064,957 for the year ended September 30, 2012 which represents a decrease of \$96,683 from prior year.
- 5) The South Toledo Bend Waterworks District had charges for services revenues of \$1,028,985 for the year ended September 30, 2012 which represents a decrease of \$69,490 from prior year.
- 6) The South Toledo Bend Waterworks District had total operating expenses of \$1,017,905 for the year ended September 30, 2012 which represents a decrease of \$5,468 from prior year.
- 7) The South Toledo Bend Waterworks District had salaries and commissioners' fees of \$264,121 for the year ended September 30, 2012 which represents an increase of \$6,469 from prior year.
- 8) The South Toledo Bend Waterworks District had interest expense of \$152,945 for the year ended September 30, 2012 which represents a decrease of \$5,935 from prior year.
- 9) The South Toledo Bend Waterworks District had capital asset purchases of \$52,875 for the year ended September 30, 2012 which represents an increase of \$21,433 from prior year.
- 10) The South Toledo Bend Waterworks District had long-term debt principal payments of \$106,445 for the year ended September 30, 2012 which represents an increase of \$6,941 from prior year.
- 11) The South Toledo Bend Waterworks District had long-term debt of \$3,004,048 for the year ended September 30, 2012 which represents a decrease of \$106,445 from prior year.

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for South Toledo Bend Waterworks District as established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Basic Financial Statements

This annual report consist of a series of financial statements. The Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Fund Net Assets and Cash Flows (on pages 9, 10 and 11) provide information about the activities of South Toledo Bend Waterworks District as a whole and present a longer-term view of the District's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Fund Net Assets report the District's net assets and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the Fund's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating.

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2012

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
As of Year End

	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 872,208	\$ 816,722
Capital assets, net	<u>5,012,808</u>	<u>5,251,962</u>
Total Assets	<u>\$ 5,885,016</u>	<u>\$ 6,068,684</u>
Accounts payable, accruals and other liabilities	\$ 115,604	\$ 144,684
Long-term debt	<u>3,004,048</u>	<u>3,110,493</u>
Total Liabilities	<u>3,119,652</u>	<u>3,255,177</u>
Net assets		
Investment in capital assets, net of related debt	2,008,760	2,141,469
Restricted	7,971	5,207
Unrestricted	<u>748,633</u>	<u>666,831</u>
Total Net Assets	<u>2,765,364</u>	<u>2,813,507</u>
Total Liabilities and Net Assets	<u>\$ 5,885,016</u>	<u>\$ 6,068,684</u>

Net assets of the South Toledo Bend Waterworks District's decreased by \$48,143 or 1.71% from the previous fiscal year. The decrease is the result of operating and nonoperating expenses exceeding operating and nonoperating revenues during the fiscal year ended 2012 (See table below).

Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended

	<u>2012</u>	<u>2011</u>
Operating Revenues	\$ 1,064,957	\$ 1,161,640
Operating Expenses	<u>1,017,905</u>	<u>1,023,373</u>
Operating Income	47,052	138,267
Nonoperating Revenues/(Expenses)	<u>(100,195)</u>	<u>(107,178)</u>
Income/(loss) before contributions	(53,143)	31,089
Capital contributions	<u>5,000</u>	<u>0</u>
Change in net assets	<u>\$ (48,143)</u>	<u>\$ 31,089</u>

The South Toledo Bend Waterworks District's total operating revenues decreased by \$96,683 or 8.32% from the previous year. The total operating expenses decreased by \$5,468 or 0.53% from the previous year.

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2012

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2012, South Toledo Bend Waterworks District had \$5,012,808, net of depreciation, invested in a broad range of capital assets (See table below). This amount represents a net decrease (including additions and deductions) of \$239,154 or 4.55% from the previous year.

Capital Assets at Year End
(Net of Depreciation)

	2012	2011
Land	\$ 72,653	\$ 72,653
Land improvements	5,333	5,999
Distribution system	4,891,453	5,158,330
Furniture, machinery and equipment	43,369	14,980
Total	\$ 5,012,808	\$ 5,251,962

This year's major additions included:

Distribution system	\$	14,584
Furniture, machinery and equipment	\$	38,291

This years's major retirements included:

None.

Debt

South Toledo Bend Waterworks District had \$3,004,048 in long-term debt outstanding at year end compared to \$3,110,493 at the previous year end, a decrease of \$106,445 or 3.42% as shown in the table below.

Outstanding Debt at Year End

	2012	2011
Revenue bonds	\$ 2,966,048	\$ 3,026,493
General obligation bonds	38,000	84,000
Totals	\$ 3,004,048	\$ 3,110,493

New debt during the year included:

None.

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2012

ECONOMIC FACTORS AND NEXT YEAR'S RATES AND FEES

Management of South Toledo Bend Waterworks District consider the following factors and indicators when setting next year's rates and fees. These factors and indicators include:

- 1) Long-term debt
- 2) Cost of operations
- 3) Number of customers
- 4) State and federal grants

The South Toledo Bend Waterworks District's management does not expect any significant changes in next year's results as compared to the current year.

CONTACTING SOUTH TOLEDO BEND WATERWORKS DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the South Toledo Bend Waterworks District's finances and to show South Toledo Bend Waterworks District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dianne Lampman, President, 3260 Little Flock Road, Many, Louisiana 71449.

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012 AND 2011

	2012	2011
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 695,536	\$ 599,694
Accounts receivable	117,724	160,657
Inventory	3,050	3,050
Prepaid expenses	<u>25,672</u>	<u>23,752</u>
Total Current Assets	841,982	787,153
Noncurrent Assets		
Restricted assets	8,260	6,045
Capital assets, net	5,012,808	5,251,962
Unamortized bond costs, net	21,711	23,269
Deposits	<u>255</u>	<u>255</u>
Total Assets	<u>\$ 5,885,016</u>	<u>\$ 6,068,684</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Current portion of long-term debt	\$ 70,349	\$ 107,217
Accounts payable and accruals	<u>91,827</u>	<u>120,484</u>
Total Current Liabilities	162,176	227,701
Noncurrent Liabilities		
Long-term debt, net of current portion	2,933,699	3,003,276
Customer deposits	<u>23,777</u>	<u>24,200</u>
Total Liabilities	3,119,652	3,255,177
 NET ASSETS		
Investment in capital assets, net of related debt	2,008,760	2,141,469
Restricted		
Retirement of long-term debt	7,971	5,207
Unrestricted	<u>748,633</u>	<u>666,831</u>
Total Net Assets	<u>2,765,364</u>	<u>2,813,507</u>
Total Liabilities and Net Assets	<u>\$ 5,885,016</u>	<u>\$ 6,068,684</u>

The accompanying notes are an integral part of this statement.

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES		
Charges for services	\$ 1,028,985	\$ 1,098,475
Connection fees	15,700	34,250
Late fees	9,537	10,137
Miscellaneous	<u>10,735</u>	<u>18,778</u>
Total Operating Revenues	1,064,957	1,161,640
OPERATING EXPENSES		
Amortization	1,558	1,706
Automobile expense	20,006	13,108
Bad debt expense	1,348	300
Chemicals	82,774	108,382
Collection expense	9,390	9,325
Commissioners' fees	3,960	3,660
Computer services	12,784	12,460
Depreciation	292,029	291,288
Employee benefits	29,551	12,674
Insurance	34,022	23,785
Legal and accounting	23,168	14,585
Licenses and permits	5,957	5,813
Materials and supplies	20,667	8,435
Meter installation costs	2,550	26,700
Miscellaneous	7,663	5,290
Office and other expenses	13,730	12,678
Payroll taxes	4,306	4,153
Rental	1,810	4,520
Repairs and maintenance	45,230	54,717
Retirement	40,098	39,473
Salaries	260,161	253,992
Secretary services	7,200	7,200
Telephone	3,889	3,597
Utilities	61,176	68,402
Water purchases	<u>32,878</u>	<u>37,130</u>
Total Operating Expenses	<u>1,017,905</u>	<u>1,023,373</u>
Operating Income/(Loss)	47,052	138,267
Nonoperating Revenues/(Expenses)		
Taxes - ad valorem	50,684	48,690
Interest income	2,066	3,012
Interest expense	<u>(152,945)</u>	<u>(158,880)</u>
Total Nonoperating Revenues/(Expenses)	<u>(100,195)</u>	<u>(107,178)</u>
Income/(loss) before contributions	(53,143)	31,089
Capital contributions	<u>5,000</u>	<u>0</u>
Change in Net Assets	(48,143)	31,089
Net Assets, Beginning of year	2,813,507	2,782,418
Net Assets, End of year	<u>\$ 2,765,364</u>	<u>\$ 2,813,507</u>

The accompanying notes are an integral part of this statement.

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities		
Receipts from customers	\$ 1,094,254	\$ 1,095,023
Cash payments to suppliers for goods and services	(488,266)	(509,586)
Cash payments to employees and board members for services	(263,663)	(268,147)
Other operating revenues/(expenses)	<u>10,880</u>	<u>19,033</u>
Net Cash From Operating Activities	353,205	336,323
Cash Flows From Capital and Related Financing Activities		
Cash receipts of taxes	50,637	48,690
Capital contributions	5,000	0
Principal payments on general obligation bonds	(46,000)	(42,000)
Principal payments on revenue bonds	(60,445)	(57,504)
Acquisition/construction of capital assets	(52,875)	(31,442)
Interest paid	<u>(153,531)</u>	<u>(159,412)</u>
Net Cash From Capital and Related Financing Activities	(257,214)	(241,668)
Cash Flows From Investing Activities		
Interest income	<u>2,066</u>	<u>3,012</u>
Cash Flows From Investing Activities	<u>2,066</u>	<u>3,012</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	98,057	97,667
Cash and Cash Equivalents, Beginning of year	<u>605,739</u>	<u>508,072</u>
Cash and Cash Equivalents, End of year	<u>\$ 703,796</u>	<u>\$ 605,739</u>
	<u>2012</u>	<u>2011</u>
Reconciliation of Operating Income to Net Cash From Operating Activities		
Operating income/(loss)	\$ 47,052	\$ 138,267
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation expense	292,029	291,288
Amortization	1,558	1,706
Bad debt expense	1,348	300
(Increase)/decrease in operating assets		
Accounts receivable	41,632	(48,984)
Prepaid expenses	(1,920)	(23,752)
Increase/(decrease) in operating liabilities		
Accounts payable and accruals	(28,071)	(23,602)
Customer deposits	<u>(423)</u>	<u>1,100</u>
Net Cash Flows From Operating Activities	<u>\$ 353,205</u>	<u>\$ 336,323</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, 2012

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This Codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles. The accompanying financial statements of South Toledo Bend Waterworks District present information only as to the transactions of the programs of the District as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accounts of the District are maintained in accordance with applicable statutory provisions:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. Cash and Cash Equivalents

For the purpose of consistent with GASB Statement 9, the District 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 - includes 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.

C. Receivables

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

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Bad Debts

Uncollectible accounts receivable 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, 2012, \$8,185 were considered to be uncollectible.

E. Capital Assets

Capital assets are carried at historical costs. Depreciation of all exhaustible capital assets used by South Toledo Bend Waterworks District are charged as an expense against operations in the Statement of Revenues, Expenses, and Changes in Fund Net Assets. Capital assets net of accumulated depreciation are reported on the Statement of Net Assets. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and building improvements, 7 to 40 years for the distribution system, 5 years for automobiles and 5 to 10 years for machinery and equipment. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

F. Compensated Absences

All full time employees of South Toledo Bend Waterworks District are entitled to one week of vacation each year. Vacation time may not be carried over from one year to the next and does not vest or accumulate. Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

G. Restricted Net Assets

In the government-wide statements, equity is classified as net assets and displayed in three components:

1. Investment in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvement of those assets.
2. Restricted net assets - consists of net assets with constraints placed on the use either by a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or b) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets - all other net assets.

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Unamortized Bond Costs

Bond issue costs and bond discounts are capitalized and amortized over the terms of the respective bonds using a method which approximates the effective interest method. Total bond issue costs and bond discounts (deferred debt expense) paid by South Toledo Bend Waterworks District, was \$51,713. The amortization expense related to deferred debt expense was \$1,558 for the year ended September 30, 2012.

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions including savings, demand deposits, time deposits, and certificates of deposit. Under state law South Toledo Bend Waterworks District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further the Fund may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. 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 pledged 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. The deposits at September 30, 2012 were secured as follows:

	Cash	Certificates of Deposit	Total
Deposits in bank accounts per balance sheet	\$ 703,796	\$ 0	\$ 703,796
	Cash	Certificates of Deposit	Total
Bank Balances (Category 3 Only, If Any)			
a. Uninsured and uncollateralized	\$ 0	\$ 0	\$ 0
b. Uninsured and uncollateralized with securities held by the pledging institution	0	0	0
c. Uninsured and uncollateralized with securities held by the pledging institution's trust department or agent but not in the entity's name	0	0	0
Total Category 3 Bank Balances	\$ 0	\$ 0	\$ 0
Total Bank Balances (All Categories Including Category 3 Reported Above)	\$ 722,870	\$ 0	\$ 722,870

The following is a breakdown by banking institution and amount of the balances shown above:

Banking Institution	Amount
Sabine State Bank & Trust Company	\$ 722,870
Total	\$ 722,870

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)

B. Investments

At September 30, 2012, South Toledo Bend Waterworks District had investments of \$0.

NOTE 3 RESTRICTED ASSETS

At September 30, 2012, South Toledo Bend Waterworks District had the following restricted assets:

Cash and cash equivalents	\$ 8,260
Total	<u>\$ 8,260</u>

NOTE 4 ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at September 30, 2012:

<u>Class of Receivable</u>	
Charges for services	\$ 117,254
Other	470
Total	<u>\$ 117,724</u>

NOTE 5 CAPITAL ASSETS

A summary of South Toledo Bend Waterworks District's capital assets at September 30, 2012 follows:

	Balance September 30, 2011	Additions	Retirements	Balance September 30, 2012
Capital Assets, not being depreciated				
Land	\$ 72,653	\$ 0	\$ 0	\$ 72,653
Total Capital Assets, not being depreciated	72,653	0	0	72,653
Capital Assets, being depreciated				
Land improvements	9,999	0	0	9,999
Less accumulated depreciation	<u>(4,000)</u>	<u>(666)</u>	<u>0</u>	<u>(4,666)</u>
Total Land Improvements	5,999	(666)	0	5,333
Distribution system	8,406,413	14,584	0	8,420,997
Less accumulated depreciation	<u>(3,248,083)</u>	<u>(281,461)</u>	<u>0</u>	<u>(3,529,544)</u>
Total Distribution System	5,158,330	(266,877)	0	4,891,453
Furniture, machinery and equipment	72,903	38,291	0	111,194
Less accumulated depreciation	<u>(57,923)</u>	<u>(9,902)</u>	<u>0</u>	<u>(67,825)</u>
Total Furniture, machinery and Equipment	14,980	28,389	0	43,369
Total Capital Assets, being depreciated	<u>5,179,309</u>	<u>(239,154)</u>	<u>0</u>	<u>4,940,155</u>
Total Capital Assets, net	<u>\$ 5,251,962</u>	<u>\$ (239,154)</u>	<u>\$ 0</u>	<u>\$ 5,012,808</u>

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE 6 ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable at September 30, 2012:

<u>Class of Payable</u>	
Vendor	\$ 17,163
Salaries and related benefits	32,439
Interest	4,398
Other	37,827
Total	<u>\$ 91,827</u>

NOTE 7 LONG TERM-DEBT

The following is a summary of debt transactions of South Toledo Bend Waterworks District for the year ended September 30, 2012:

	Balance			Balance		Current Amounts
	Sept. 30, 2011	Additions	Deletions	Sept. 30, 2012		
General obligation bonds, series 1992	\$ 40,000	\$ 0	\$ 40,000	\$ 0	\$ 0	
General obligation bonds, series 1998	44,000	0	6,000	38,000	6,000	
Revenue bonds #1	2,521,237	0	50,354	2,470,883	53,623	
Revenue bonds #2	505,256	0	10,091	495,165	10,726	
Total	<u>\$ 3,110,493</u>	<u>\$ 0</u>	<u>\$ 106,445</u>	<u>\$ 3,004,048</u>	<u>\$ 70,349</u>	

The terms of the individual debt issues of the District are as follows:

	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
General obligation bonds, series 1998	5.25%	2018	\$ 95,000	\$ 38,000
Revenue bonds #1	5.00%	2037	2,999,000	2,470,883
Revenue bonds #2	5.00%	2037	601,000	495,165
Total			<u>\$ 3,695,000</u>	<u>\$ 3,004,048</u>

The annual requirements to amortize all debt outstanding as of September 30, 2012, are as follows:

Year Ending September 30	GO Bonds Principal	GO Bonds Interest	Revenue Bonds Principal	Revenue Bonds Interest	Total
2013	\$ 6,000	\$ 1,887	\$ 64,349	\$ 146,060	\$ 218,296
2014	6,000	1,573	67,642	142,768	217,983
2015	6,000	1,257	71,103	139,308	217,668
2016	6,000	935	74,741	135,670	217,346
2017	7,000	578	78,565	131,846	217,989
2018-2022	7,000	193	457,390	594,665	1,059,248
2023-2027	0	0	586,996	465,058	1,052,054
2028-2032	0	0	753,329	298,727	1,052,056
2033-2037	0	0	811,933	88,509	900,442
Total	<u>\$ 38,000</u>	<u>\$ 6,423</u>	<u>\$ 2,966,048</u>	<u>\$ 2,142,611</u>	<u>\$ 5,153,082</u>

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE 8 LEASES

The South Toledo Bend Waterworks District was not obligated under any noncancellable capital or operating lease commitments at September 30, 2012.

NOTE 9 LITIGATION

There was no outstanding litigation against South Toledo Bend Waterworks District at September 30, 2012.

NOTE 10 RETIREMENT

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.

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% of their annual covered salary and the South Toledo Bend Waterworks District is required to contribute at an actuarially determined rate. The rate for the year ended September 30, 2012 was 15.75% 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, 2012, 2011 and 2010, were \$40,098, \$39,473 and \$34,178, respectively, equal to the required contributions for each year.

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE 11 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 2011 tax year, taxes of 5.80 mills were levied on property within its boundaries with assessed valuation of \$12,050,210 and a taxable value of \$9,107,199 and were dedicated solely for the payment of general obligation bonds and interest thereon. Total taxes levied were \$52,819. Taxes receivable at September 30, 2012 were \$47.

2011 was the last year of this millage.

NOTE 12 SUBSEQUENT EVENTS

Pinder Properties, LLC donated water distribution improvements valued at \$26,146 to the District on April 10, 2012, which was accepted, with contingencies, that are expected to be completed by April 10, 2013. The District will take possession of the water distribution improvements at that time.

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE 1

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
SEPTEMBER 30, 2012

<u>Members</u>	<u>Meetings</u>	<u>Amount</u>
Dianne Lampman	15	\$ 900
Geri Alford	14	840
Jeff Webb	14	840
Robert Marshall	10	600
Rodney DeRouen	13	<u>780</u>
Total		<u>\$ 3,960</u>

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

SECTION #1

SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

- | | | |
|----|--|---------------|
| 1. | Type of auditors' report issued. | Unqualified |
| 2. | Internal control over financial reporting: | |
| | a) Material weakness(es) identified? | No |
| | b) Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 3. | Noncompliance material to financial statements noted? | No |

SECTION #2

FINANCIAL STATEMENT FINDINGS

None reported.

HINES, SHEFFIELD & SQUYRES, L.L.C.

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JAMES S. SHEFFIELD, CPA

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

Board of Commissioners
South Toledo Bend Waterworks District
Many, Louisiana 71449

We have audited the basic financial statements of the South Toledo Bend Waterworks District, Many, Louisiana, a component unit of Sabine Parish Police Jury, as of and for the year ended September 30, 2012, and have issued our report thereon dated February 15, 2013. 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.

Internal Control Over Financial Reporting

Management of the South Toledo Bend Waterworks District is responsible for establishing and maintaining effective 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the South Toledo Bend Waterworks District's internal control over financial reporting.

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, or 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Page #2

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

Hines, Sheffield & Squyres

Natchitoches, Louisiana

February 15, 2013

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

<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.

SOUTH TOLEDO BEND WATERWORKS DISTRICT
MANY, LOUISIANA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective 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.