

SABINE RIVER AUTHORITY
State of Louisiana

Financial Statements
June 30, 2004 and 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 9-15-04

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Founded in 1978

BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Sabine River Authority
State of Louisiana

We have audited the accompanying financial statements of Sabine River Authority, a component unit of the State of Louisiana, as of and for the years ended June 30, 2004 and 2003, as listed in the table of contents. These financial statements are the responsibility of the Authority'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, Government Auditing Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide. 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 audits provide a reasonable basis for our opinion.

Prior to July 1, 1994, the fixed assets of Sabine River Authority, State of Louisiana, were not reported in an enterprise fund. All opening balances of fixed assets could not be verified. See Note 4 for additional information.

In our opinion, except for any errors which might have been disclosed had fixed assets been established and maintained prior to July 1, 1994, the financial statements referred to above present fairly, in all material respects, the financial position of Sabine River Authority, State of Louisiana, as of June 30, 2004 and 2003, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedule and annual fiscal report listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Authority. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

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Board of Commissioners
Sabine River Authority,
State of Louisiana

The Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued a report dated August 24, 2004, on our consideration of Sabine River Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. 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.

Bronson & Company

Lake Charles, Louisiana
August 24, 2004

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004**

The Management's Discussion and Analysis of the Sabine River Authority's (BTA) financial performance presents a narrative overview and analysis of Sabine River Authority's (BTA) financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the Sabine River Authority's (BTA) financial statements.

FINANCIAL HIGHLIGHTS

- ★ The Sabine River Authority's (BTA) assets exceeded its liabilities at the close of fiscal year 2004 by \$50,993,785 which represents a 0.2% decrease from last fiscal year. The net assets decreased by \$116,549 (or 0.2%).
- ★ The Sabine River Authority's (BTA) revenue increased \$331,011 (or 5.7%) and the net results from activities increased by \$532,814. The increase was a result of increased power and water sales and a decrease in operating and maintenance expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.

Management's Discussion and Analysis

Basic Financial Statements

Required supplementary information
(other than MD&A)

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.

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004**

Basic Financial Statements

The basic financial statements present information for the Sabine River Authority (BTA) as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets (pages 8 - 9) presents the current and long term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Sabine River Authority (BTA) is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 10) presents information showing how Sabine River Authority's (BTA) assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statement (pages 11- 12) presents information showing how Sabine River Authority's (BTA) cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided(used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
as of June 30,
(in thousands)

	Total	
	2004	2003
Current and other assets	\$ 5,180	\$ 16,157
Capital assets	63,199	63,701
Total assets	<u>68,379</u>	<u>79,858</u>
Other liabilities	442	2,458
Long-term debt outstanding	16,943	26,290
Total liabilities	<u>17,385</u>	<u>28,748</u>
Net assets:		
Invested in capital assets, net of debt	46,040	45,665
Restricted	21	357
Unrestricted	4,933	5,088
Total net assets	<u>\$ 50,994</u>	<u>\$ 51,110</u>

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004**

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on what these amounts may be used for.

Net assets of Sabine River Authority's (BTA) decreased by \$116,549, or 0.2%, from June 30, 2003 to June 30, 2004. .

**Statement of Revenues, Expenses, and Changes in Fund Net Assets
for the years ended June 30,
(in thousands)**

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Operating revenues	\$ 6,121	\$ 5,790	\$ 5,612
Operating expenses	<u>(5,756)</u>	<u>(6,123)</u>	<u>(5,625)</u>
Operating income(loss)	<u>365</u>	<u>(333)</u>	<u>(13)</u>
Non-operating revenues(expenses)	<u>(482)</u>	<u>(316)</u>	<u>(158)</u>
Income(loss) before transfers	<u>(117)</u>	<u>(649)</u>	<u>(171)</u>
Contributed capital	-	-	538
Net increase(decrease) in net assets	<u>\$ (117)</u>	<u>\$ (649)</u>	<u>\$ 367</u>

The Sabine River Authority's (BTA) total revenues increased by \$331,011 or (5.7%). The total cost of all programs and services decreased by \$367,619 or (6%).

**STATE OF LOUISIANA
 SABINE RIVER AUTHORITY (BTA)
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 AS OF JUNE 30, 2004
 CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets

At the end of 2003, the Sabine River Authority (BTA) had \$63,199,107 invested in a broad range of capital assets, including land, reservoirs and waterways, dams and electric plant, water and pumping plant, recreation site improvements, and equipment. (See Table below). This amount represents a net increase (including additions and deductions) of \$501,769, or less than 1%, over last year.

	Capital Assets at Year-end (Net of Depreciation, in thousands)	
	2004	2003
Land	\$ 1,227	\$ 1,227
Reservoirs and Waterways	9,941	10,238
Dams and Electric Plant	13,564	12,988
Water and Pumping Plant	15,937	15,513
Recreation Site Improvements	2,004	2,076
Equipment	578	715
All Others	19,948	20,943
	Totals \$ 63,199	\$ 63,700

This year's major additions included (in thousands):

- Completion of Ebarb Booster Station \$360.
- SRD Building Improvements \$249

Debt

The Sabine River Authority (BTA) had \$ 7,985 thousand in bonds and notes outstanding at year-end, compared to \$17,020 thousand last year, and a decrease of 53% as shown in the table below.

**STATE OF LOUISIANA
 SABINE RIVER AUTHORITY (BTA)
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 AS OF JUNE 30, 2004**

The Sabine River Authority Bonds are unrated.

Outstanding Debt at Year-end
 (in thousands)

	<u>2004</u>	<u>2003</u>
Revenue Bonds and Notes	\$ <u>7,985</u>	\$ <u>17,020</u>
Totals	\$ <u><u>7,985</u></u>	\$ <u><u>17,020</u></u>

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately \$1.8 million under budget and expenditures were 2.4 million less than budget due in part to less than budgeted revenues and reduced expenditures.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Sabine River Authority's (BTA) budget is completed based on guidelines set by the Division of Administration. Revenues are projected based on historical data. Non-appropriated items are set by the Bond Indentures and the Toledo Bend Project Joint Operations.

The Sabine River Authority (BTA) expects that next year's results will improve slightly based on the fact that both generators are expected to be in service for the fiscal year.

CONTACTING THE SABINE RIVER AUTHORITY'S (BTA) MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Sabine River Authority's (BTA) finances and to show the Sabine River Authority's (BTA) accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jim Pratt, Executive Director.

**SABINE RIVER AUTHORITY,
STATE OF LOUISIANA
Balance Sheets
As of June 30,**

	2004	2003
Assets		
Current Assets:		
Cash and cash equivalents	\$ 2,888,608	\$ 5,573,059
Accounts receivable	1,420,375	880,701
Total Current Assets	4,308,983	6,453,760
Noncurrent Assets:		
Restricted Assets:		
Cash and cash equivalents	749,825	9,568,190
Total Restricted Assets	749,825	9,568,190
Property and Equipment:		
Land	1,227,496	1,227,496
Reservoirs and waterways	18,000,579	18,000,579
Dams and electric plant	22,094,463	21,192,198
Water and pumping plant	24,369,725	23,519,982
Recreation and conference center	13,002,686	12,984,665
Recreational site improvements	5,111,182	5,083,123
Buildings	2,525,274	2,234,126
Roads and parking lots	2,877,068	2,877,068
Fish pavillions	840,742	840,742
Golf course	5,165,539	5,165,539
Equipment	3,686,604	3,812,141
Construction in progress	107,880	660,686
Less accumulated depreciation	(35,810,131)	(33,897,469)
Total Property, Plant and Equipment	63,199,107	63,700,876
Other Assets		
Bond issue costs, net of amortization	71,403	84,655
Deposits	50,000	50,000
Total Other Assets	121,403	134,655
Total Noncurrent Assets	64,070,335	73,403,721
Total Assets	\$ 68,379,318	\$ 79,857,481

The notes to the financial statements are an integral part of this statement.

**SABINE RIVER AUTHORITY,
STATE OF LOUISIANA
Statements of Net Assets (Continued)
As of June 30,**

	2004	2003
Liabilities and Net Assets		
Current Liabilities		
Accounts and retainage payable	\$ 72,715	\$ 2,009,404
Current maturities of long-term debt	630,000	9,035,000
Current portion of contract payable	868,202	563,815
Accrued expenses	270,626	271,989
Interest payable	98,699	176,124
	1,940,242	12,056,332
Long-term Liabilities		
Contract payable	8,090,291	8,705,815
Bonds payable	7,355,000	7,985,000
	15,445,291	16,690,815
Total Liabilities	17,385,533	28,747,147
Net Assets		
Invested in capital assets, net of related debt	46,040,086	45,665,124
Restricted for debt service	21,126	357,068
Unrestricted	4,932,573	5,088,142
	50,993,785	51,110,334
Total Liabilities and Net Assets	\$ 68,379,318	\$ 79,857,481

The notes to the financial statements are an integral part of this statement.

**SABINE RIVER AUTHORITY,
STATE OF LOUISIANA
Statements of Revenues, Expenses, and Changes in Net Assets
For The Years Ended June 30,**

	<u>2004</u>	<u>2003</u>
Operating Revenues (substantially all pledged as security for revenue bonds):		
Power sales	\$ 2,124,644	\$ 2,039,394
Water sales	2,744,754	2,610,514
Park site rentals	355,932	334,651
Miscellaneous	895,865	805,625
	<hr/>	<hr/>
Total Operating Revenues	6,121,195	5,790,184
	<hr/>	<hr/>
Operating Expenses:		
Operating and maintenance	3,602,958	4,029,659
Depreciation and amortization	2,152,933	2,093,851
	<hr/>	<hr/>
Total Operating Expenses	5,755,891	6,123,510
	<hr/>	<hr/>
Operating Income (Loss)	365,304	(333,326)
	<hr/>	<hr/>
Nonoperating Revenues (Expenses):		
Investment income	120,791	251,672
Interest expense	(642,840)	(598,670)
Other	40,196	30,961
	<hr/>	<hr/>
Net Nonoperating Revenues (Expenses)	(481,853)	(316,037)
	<hr/>	<hr/>
Change in Net Assets	(116,549)	(649,363)
	<hr/>	<hr/>
Net Assets - Beginning of Year	51,110,334	51,759,697
	<hr/>	<hr/>
Net Assets - End of Year	\$ 50,993,785	\$ 51,110,334
	<hr/> <hr/>	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

**SABINE RIVER AUTHORITY,
STATE OF LOUISIANA
Statements of Cash Flows
For The Years Ended June 30,**

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 4,685,656	\$ 5,030,355
Payments to suppliers	(1,715,587)	(2,008,176)
Payments to employees	(1,980,511)	(1,923,930)
Other	895,865	805,626
Net Cash Provided (Used) by Operating Activities	1,885,423	1,903,875
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Bond proceeds	-	8,590,000
Purchase of capital assets	(3,442,628)	(2,603,045)
Principal paid on capital debt	(9,035,000)	(1,985,000)
Interest paid on capital debt	(720,265)	(502,602)
Net payments on contracts payable	(311,137)	(94,136)
Bond issue costs	-	(88,088)
Net Cash Provided (Used) by Capital And Related Financing Activities	(13,509,030)	3,317,129
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	-	3,528,457
Interest received	120,791	251,673
Net Cash Provided (Used) by Investing Activities	120,791	3,780,130
Net Increase (Decrease) in Cash and Cash Equivalents	(11,502,816)	9,001,134
Cash and Cash Equivalents - Beginning of Year	15,141,249	6,140,115
Cash and Cash Equivalents - End of Year	\$ 3,638,433	\$ 15,141,249
Cash and cash equivalents shown on balance sheet as:		
Current assets: Cash and cash equivalents	\$ 2,888,608	\$ 5,573,059
Restricted assets: Cash and cash equivalents	749,825	9,568,190
	\$ 3,638,433	\$ 15,141,249

The notes to the financial statements are an integral part of this statement.

**SABINE RIVER AUTHORITY,
STATE OF LOUISIANA
Statements of Cash Flows (Continued)
For The Years Ended June 30,**

	<u>2004</u>	<u>2003</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 365,304	\$ (333,327)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and amortization	2,152,933	2,093,852
(Increase) decrease in receivables	(539,674)	45,796
Increase (decrease) in accounts payable	(91,776)	91,375
Increase (decrease) in other accrued expenses	(1,364)	6,179
Total Adjustments	<u>1,520,119</u>	<u>2,237,202</u>
Net Cash Provided by Operating Activities	<u>\$ 1,885,423</u>	<u>\$ 1,903,875</u>

The notes to the financial statements are an integral part of this statement.

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements (Continued)
Year Ended June 30, 2004 and 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Sabine River Authority, State of Louisiana, have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

The Office of Statewide Reporting and Accounting Policy is requiring all component units of the state to implement GASB Statement No. 34, "Basis Financial Statements - and Management's Discussion and Analysis - for State and Local Governments".

Reporting Entity

Sabine River Authority, a component unit of the State of Louisiana, was created under Title 38, Chapter 2, of the Louisiana Revised Statutes of 1950, comprised of R. S. 38:2321 through 38:2337. The Authority is charged with the development of the Sabine River Basin within the State of Louisiana. The Authority derives its revenue from the sale of hydroelectric power from the Toledo Bend Dam, water sales from the Toledo Bend Reservoir and Sabine River Diversion Canal, permit and recreation area fees and other miscellaneous revenue. At the 1991 Session of the Louisiana Legislature, Act 272 transferred the Authority to the Louisiana Department of Transportation and Development.

The Authority is an autonomous self-supporting governmental unit with no taxing powers covering all or a portion of six parishes in the Sabine Basin and is administered by a thirteen-member Board of Directors appointed by the Governor to four-year terms which are concurrent with the Governor.

Fund Accounting

In prior years, the Authority, for financial reporting purposes, consisted of a general fund, debt service fund and account groups. These funds and groups were designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

For the 1994-95 fiscal year, the Legislative Auditor determined the Authority's accounting system should consist of an enterprise fund (proprietary fund type). This enterprise fund accounts for the acquisition, operation, and maintenance of Authority facilities and services. All enterprise funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

Proprietary funds are reported in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting. This standard requires that all applicable GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements (Continued)
Year Ended June 30, 2004 and 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

(APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989 be applied to proprietary activities unless they (FASB Statements and Interpretations, APB Opinions, and ARBs) conflict with or contradict GASB pronouncements.

GASB Statement No. 20 also states that for proprietary activities, management may elect to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Proprietary activities under the control of the Authority will not elect to apply FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by GASB.

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

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

Compensated Absences

Classified employees of the Sabine River Authority accumulate annual and sick leave at various rates depending on their years of service. These employees may accumulate unlimited amounts of annual and sick leave. Upon termination or death, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of Statement of Financial Accounting Standards No. 16, Accounting for Compensated Absences, (GASB Code Sec. C60) no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Cash and Cash Equivalents

Cash and cash equivalents are short-term liquid investments that are readily convertible to known amounts of cash and so near maturity that there is no significant risk of changes in value due to changes in interest rates.

Investments

All investments meet the requirements of GASB Statement No. 31 and are stated at fair value.

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements (Continued)
Year Ended June 30, 2004 and 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

The Authority considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become un-collectible, they will be charged to operating expenses when that determination is made.

Property, Plant and Equipment

Property, plant and equipment are stated at historical costs. Depreciation has been provided using the straight-line method at annual rates as follows:

Dams and electric plants	1.50%
Water and pumping plant	1.50% - 5.00%
Buildings	2.00% - 5.00%
Equipment	4.00% - 20.00%
Roads and parking lots	3.33% - 5.00%
Golf course	2.00%

Budgets and Budgetary Accounting

The Authority prepares a budget for use in planning and controlling costs. The budget and any changes are approved by the Board of Commissioners.

Restricted Assets

The restricted assets consist of a bond reserve fund, bond operating reserve funds, and contingency and replacement reserve funds on revenue bonds that are specially restricted by the Board of Commissioners. The bond operating reserve, and contingency and replacement reserve funds are segregated as required by the bond indentures.

Rates and Regulations

The Louisiana Public Service Commission (LPSC) has original jurisdiction over the electric rates charged by the Authority. In 1992, the LPSC granted a rate increase. The rate of 2.0¢ per KWH was for five years with an increase to 2.1¢ thereafter. The power companies affected by this increase have agreed to the rate increase. Water rates are established by the Authority's Board of Commissioners.

Risk Management

The Authority is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements (Continued)
Year Ended June 30, 2004 and 2003**

NOTE 2 - LEGAL COMPLIANCE – BUDGETS

The Authority operates as an enterprise fund. Normally, enterprise funds are not subject to operating budgets. However, a modified accrual basis budget for Sabine River Authority Appropriations, a portion of the enterprise fund, is formally adopted by the State Legislature and the Governor prior to the beginning of the fiscal year. After its adoption, adjustments to the budget must be approved by the Joint Legislative Committee, a committee of the Louisiana Legislature; however, the Commissioner of Administration may approve line item transfers within a budgetary unit subject to the statutory limitations. Appropriations for operating expenditures lapse at fiscal year-end; capital appropriations lapse upon completion of the Project, purchase of the capital item designated in the appropriation, or abandonment. Interim emergency appropriations may be granted by the Interim Emergency Board.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits

At year end, the carrying amount of the Authority's demand deposits was \$251,662 and the bank balance was \$267,410. Of the bank balance, \$243,333 was covered by federal depository insurance. Of the remaining balance \$24,077 was covered by collateral held by a third party in the name of Toledo Bend Joint Operations.

	Fair Value
Cash and equivalents categorized:	\$ 251,662
Cash and equivalents not categorized:	
Money Market Funds*	2,422,913
Cash in State Treasury	963,856
Total	\$3,638,431

*The underlying investments consist solely of and are limited to securities of the United States government or its agencies.

NOTE 4 - FIXED ASSETS

Balances of fixed assets acquired through the Joint Operation between Sabine River Authority, State of Louisiana and Sabine River Authority of Texas in the amount of \$41,024,598 were obtained from audited financial statements. Other fixed asset balances were obtained from sources that could not be audited. Unaudited fixed assets totaled \$13,336,818, net of accumulated depreciation of \$8,672,315. Depreciation expense for the year ended June 30, 2004 was \$2,152,933. Fixed assets as of June 30, 2004 were as follows:

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements (Continued)
Year Ended June 30, 2004 and 2003**

NOTE 4 - FIXED ASSETS (CONTINUED)

	<u>Land</u>	<u>Reservoirs and Waterways</u>	<u>Dams and Electric Plant</u>	<u>Water and Pumping Plant</u>	<u>Recreation Site Improvements</u>	<u>Equipment</u>	<u>All Others</u>
Balance, June 30, 2003	\$ 1,227,496	\$ 18,000,580	\$ 21,192,198	\$ 23,519,982	\$ 5,083,124	\$ 3,898,650	\$ 24,369,041
Additions			902,265	849,744	28,059	50,822	42,265
Deletions						(30,997)	
Accumulated depreciation		(8,059,198)	(8,530,616)	(8,433,214)	(3,107,340)	(3,109,071)	(4,570,692)
Construction in progress							107,880
Balance, June 30, 2004	<u>\$ 1,227,496</u>	<u>\$ 9,941,382</u>	<u>\$ 13,563,847</u>	<u>\$ 15,936,512</u>	<u>\$ 2,003,843</u>	<u>\$ 577,533</u>	<u>\$ 19,948,494</u>

NOTE 5 - CONSTRUCTION IN PROGRESS

The Authority has various construction projects in progress as of June 30, 2003. The following is a schedule of the most significant of these projects:

	<u>Estimated Total Cost</u>	<u>Cost Incurred to Date</u>	<u>Estimated Completion Date</u>
Cypress Bend Pavilion	\$50,000	\$44,118	August, 2004
Cabin Renovations Phase I	\$105,000	\$63,762	December, 2006

NOTE 6 - LONG-TERM DEBT

Outstanding long-term debt of Sabine River Authority, State of Louisiana for the year ended June 30, 2003 consist of the following:

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Original Amount (000's)</u>
Taxable Revenue Bonds:				
Series 2003	2003	2014	3.34%	\$ 2,825
Revenue Refunding Bonds:				
Series 2003	2003	2014	3.89%	\$ 5,765

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements (Continued)
Year Ended June 30, 2004 and 2003**

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The bonds are secured by the Authority's net cash flows.

	Outstanding 06/30/03 (000's)	Added	Retired	Outstanding 06/30/04 (000's)
Public Improvement				
Revenue Bonds:				
Series 1999	8,430	-0-	8,430	-0-
Taxable Revenue Bonds				
Series 2003	2,825	-0-	185	2,640
Revenue Refunding				
Bonds:				
Series 2003	5,765	-0-	420	5,345
Total long-term debt	<u>\$ 17,020</u>	<u>\$ -0-</u>	<u>\$ 9,035</u>	<u>\$ 7,985</u>

The annual debt service requirements to maturity of all bonds outstanding at June 30, 2004 follows:

	Principal	Interest	Total
2005	\$ 630,000	\$ 296,097	\$ 926,097
2006	660,000	272,690	932,690
2007	695,000	248,171	943,171
2008	730,000	222,373	952,373
2009	765,000	518,057	5,023,057
2010 - 2014	4,505,000	195,296	960,296
	<u>\$ 7,985,000</u>	<u>\$ 1,752,684</u>	<u>\$ 9,737,681</u>

The Authority issued the Taxable Revenue Bonds, Series 2003 and the Revenue Refunding Bonds, Series 2003 to refund the Series 1964 and Series 1999 Revenue Bonds. The refunding was undertaken to reduce total future debt service payments. The reacquisition price was equal to the net carrying amount of the old debt, therefore no deferred gain or loss has been recorded.

The total cash required to service the refunded debt would have been \$11,070,240. The cash flow to service the new bond issues will be \$7,214,220. Reserve funds of \$3,006,386 were used in addition to the Series 2003 bonds in order to completely retire all outstanding principal and interest of the bonds mentioned above. The transaction resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$96,161 after being discounted at the effective interest rate.

The Series 1999 Revenue Bonds were defeased March 2004. \$8,733,984 had been placed in escrow to service to defease this debt.

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements (Continued)
Year Ended June 30, 2004 and 2003**

NOTE 7 - STATE OF LOUISIANA GENERAL OBLIGATION BONDS

The State of Louisiana issued general obligation bonds to provide funds for the construction of a major capital facility, the Sabine River Diversion Canal.

By contract with the State Bond Commission dated September 4, 1975, the Department of Public Works agreed to service \$10,000,000 of State of Louisiana General Obligation Bonds through any excess revenues derived from the sale of water from the Diversion Canal with first call on revenues to pay for maintenance and operational costs. Subsequently, by act R.S. 38:2325 the operation of the Sabine River Diversion Canal System was transferred to the Sabine River Authority. Excess funds derived from the sale of water from the Sabine River Diversion Canal System must be used to retire \$10,000,000 of general obligation bonds.

The \$10,000,000 general obligation bonds are dated September 1, 1975 and sold as part of \$22,000,000 State of Louisiana, General Obligation Bonds, Series 1975-B (with interest rates ranging from 6.30% to 6.50%). The bonds mature serially on September 1 of each year with interest payable semi-annually on March 1 and September 1 of each year commencing March 1, 1976.

The total un-reimbursed principal and interest at June 30, 2004 is \$8,958,493 and \$9,269,630 at June 30, 2003. The liability is included in the liability section of the balance sheet as contract payable.

NOTE 8 - REVENUES

Under the terms of the Indenture of Trust, revenue from power sales to electric companies is paid directly to the Trustee on the first day of each August, November, February, and May. The money is administered by the Trustee as follows:

From the power payments received in February and August, the Trustee deposits into the Bond Fund an amount sufficient for payment of the principal and interest due on the next succeeding interest payment date. The Bond Fund is used solely for the purpose of paying the principal and interest on the bonds as such payments become due.

The power payments received in May and November are deposited in the Revenue Fund. The money in the Revenue Fund is applied to any deficiencies existing in the Bond Fund, Operating Reserve Fund, and the Contingency and Replacement Reserve Fund, in that order. The Operating Reserve Fund is to be maintained at \$50,000, to be used to prevent a pending or threatened default in the payment of bonds or the related interest coupons. The contingency and Reserve Replacement Fund was established with an initial deposit of \$250,000 by the Trustee, with a provision for an additional deposit not to exceed \$500,000. Under the terms of the power agreement, the total of \$750,000 represents the Authority's one-half of the aggregate amount to be held in the Contingency and Reserve Replacement Fund to be used for extraordinary repairs and replacements of the Project as outlined in the power sales agreement.

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements (Continued)
Year Ended June 30, 2004 and 2003**

NOTE 8 - REVENUES (CONTINUED)

After all deficiencies have been remedied and the required payments made, all money remaining in the Revenue Fund on or after each March 2 and September 2 are to be applied by the Trustee, at the request of the Authority, for any one or more of the following purposes, at the discretion of the Authority with such priority as the Authority may determine:

1. Accelerated payments to the Companies to repay advance payments for power.
2. The retirement of bonds in advance of maturity.
3. The payment of principal and interest, or both, on any subordinate bonds which may have been issued by the Authority.
4. The accumulation of money in the Operating Reserve Fund – Louisiana Account and the Contingency and Replacement Reserve Fund – Louisiana Account.
5. To the Authority for any other lawful purpose of the Authority.

In the absence of any such request of the Authority to the Trustee with respect to such remaining money, the money shall remain in the Revenue Fund.

NOTE 9 - PER DIEM PAID COMMISSION MEMBERS

The Authority is comprised of thirteen members who are appointed by the Governor. Per diem payments to members for the year ended June 30, 2004 were as follows:

Norman Arbuckel	\$ 300
Oscar Alfred	500
Daniel Cupit	900
John A. DeBarge, Sr.	500
Kermie Valentine	400
Donnie Sebren	500
Joseph R. Palermo	50
Thurmon Nash	650
Aubrey Temple	300
Carlton Gibson	450
Gordon Russell	350
Estella Scott	150
Ronald Steed	800
Stanley Vidrine	800
Bob Thrasher	250
Donald Lemieux	300
	<u>\$ 7,200</u>

NOTE 10 - EMPLOYEE RETIREMENT SYSTEM

Plan Description

Substantially all employees of Sabine River Authority, State of Louisiana participate in the Louisiana State Employee's Retirement System (LASERS), a multiple-employer, cost-sharing pension plan established by the Louisiana Legislature. All employees who work at least 28 hours a week and are under 60 years of age are members of the plan. Members of the plan may retire with

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements (Continued)
Year Ended June 30, 2004 and 2003**

NOTE 10 -EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Plan Description (Continued)

thirty years of creditable service regardless of age, with twenty-five years of service at age 55, and with ten years of service at age 60. The retirement allowance is equal to 2.5% of the member's average annual earned compensation for the thirty-six highest months of successive employment multiplied by his years of creditable service plus \$300, with certain provisions made for those employees who were members of the supplemental pay plan prior to its revision date. Their retirement allowance may not exceed the greater of 100% of a member's final salary or compensation. The System also provides disability and survivor benefits. Benefits are established by State statute. LASERS issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Louisiana State Employees' Retirement System, P.O. Box 44213, Baton Rouge, Louisiana 70804.

Funding Policy

Plan members are required to contribute 7.5% of their earnings to the plan and the Authority is required to contribute at an actuarially determined rate. The Authority contributed 12.3% of the employees' annual covered payroll through June 30, 2000. Beginning July 1, 2000, the contribution rate increased to 13.0%. Effective July 1, 2003, the contribution rate increased to 14.1%. Effective July 1, 2004, the contribution rate increased to 17.8%. The contribution requirements of plan members and the Authority are established by statute. The Authority's contribution to LASERS for the years ended June 30, 2004, 2003, and 2002 were \$225,900, \$198,569, and \$178,116, respectively, equal to the required contributions.

NOTE 11 - POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The State of Louisiana provides certain continuing health care and life insurance benefits for Sabine River Authority's retired employees. Substantially, all of the Authority's employees become eligible for these benefits if they reach normal retirement age while working for the Authority. Those benefits for retirees are provided through Group Benefits whose monthly premiums are paid jointly by the employee and the State. The cost of providing these benefits is reflected as an expenditure in the year it is paid. For the year ended June 30, 2003, there were eighteen retirees and the costs of their benefits totaled \$132,329.

NOTE 12 - LITIGATION

The Authority is involved (along with the State of Texas) in litigation in which the plaintiffs have been awarded a judgment of over \$2 million. The Authority would be liable for 50% of the judgment. However, management plans to vigorously appeal the judgment and believes the loss, if any, resulting from the appeal will not have a material impact on the Authority's financial statements.

The Authority is subject to various claims and lawsuits which may arise in the ordinary course of business. After consulting with counsel representing the Authority in connection with such claims and lawsuits, it is the opinion of management and counsel that the disposition or ultimate determination of such claims and lawsuits will not have a material effect on the financial position of the Authority.

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements (Continued)
Year Ended June 30, 2004 and 2003**

NOTE 13 - CONTINGENT LIABILITIES

Public law 98-571 directed the Federal Energy Regulatory Commission (FERC) to waive annual administration charges for the use of United States lands during the remaining term of the license to operate the Toledo Bend Joint Project (Project). The license expires fifty years from October 1, 1963. The waiver is contingent upon FERC determining that the power from the Project is sold to the public without profit. All exemptions applied for through June 30, 2004 have been approved.

NOTE 14 - LEASE OF RECREATIONAL FACILITY

The Authority leased property and facilities, including the conference center, golf course, club house, cart storage building, service center buildings, pavilion complex at parksite 11, restaurants, stores, tennis courts, activity center, pool, and other commercial property, if and when constructed on the leased property for 75 years beginning on May 1, 2000 to ALH Properties No. Five, Inc. ALH will pay rent to the Authority as follows:

Opening date through December 31, 2001 - 1% of annual gross revenue.

Calendar year 2002 through 2004 - 1.5% of annual gross revenue.

Calendar year 2005 and thereafter - 2.0% of annual gross revenue up to \$5,000,000, 4.0% of annual gross revenue \$5,000,000 and \$6,000,000, 5.0% of annual gross revenue between \$6,000,000 and \$7,000,000, 5.5% of annual gross revenue between \$7,000,000 and \$8,000,000, 6.0% of annual gross revenue between \$8,000,000 and \$9,000,000, 6.5% of annual gross revenue between \$9,000,000 and \$10,000,000, and 7.0% of annual gross revenue over \$10,000,000.

The cost for leased property is \$20,767,410 and the amount of accumulated depreciation as of June 30, 2004 was \$3,285,788. Contingent rentals received from the year end June 30, 2004 was \$97,655.

SRA has entered into an Agreement (the "Agreement") with Sabine State Bank & Trust Company ("Bank"). It provides for SRA to subordinate any and all liens, privileges, pledges or other rights granted to SRA by Louisiana Civil code Article 2705, et seq., or Louisiana Civil Code Article 3218, et seq., with respect to all of ALH's inventory, goods, equipment, and other movable property ("Collateral") situated on property SRA leased to ALH to the rights of Bank. SRA also agreed that in the event of any foreclosure, sale or other disposition of any of the Collateral, the rights of Bank in said Collateral shall in all respects prime those of SRA and Bank shall be paid by preference and priority to and over any claim of SRA.

NOTE 15 - RECLASSIFICATIONS

Certain reclassifications may have been made to the June 30, 2003 financial statements in order for them to be better compared to the June 30, 2004 financial statements.



Founded in 1978

BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

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

To the Board of Commissioners
Sabine River Authority
State of Louisiana

We have audited the financial statements of Sabine River Authority, a component unit of the State of Louisiana, as of and for the year ended June 30, 2004, and have issued our report thereon dated August 24, 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 Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority'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 inter 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.

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Board of Commissioners
Sabine River Authority
Page 2

This report is intended solely for the information of management of Sabine River Authority and the 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.

Broussard & Company

Lake Charles, LA
August 24, 2004

SUPPLEMENTAL INFORMATION

**SABINE RIVER AUTHORITY,
State of Louisiana
Schedule of Findings and Questioned Costs
Year Ended June 30, 2004**

We have audited the financial statements of Sabine River Authority, State of Louisiana, as of and for the year ended June 30, 2004, and have issued our report thereon dated August 24, 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. Our audit of the financial statements as of June 30, 2004 resulted in a qualified opinion.

Section I – Summary of Auditor’s Reports

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

1. Internal Control

Material Weaknesses	<u> </u> Yes	<u> X </u> No
Reportable Conditions	<u> </u> Yes	<u> X </u> No

Compliance

Compliance Material to Financial Statements	<u> </u> Yes	<u> X </u> No
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2. Federal Awards – not applicable

Section II – Financial Statement Findings

Not applicable

Section III – Federal Award Findings and Questioned Costs

Not applicable

SABINE RIVER AUTHORITY,
State of Louisiana
Schedule of Prior Year Findings
Year Ended June 30, 2003

Section I – Internal Control and Compliance Material to the Financial Statements – none.

Section II – Internal Control and Compliance Material to Federal Awards- Not applicable.

Section III – Management Letter. The prior year report did not include a management letter.

Section IV – Legislative Auditor's Report (dated 3/19/03)

Finding No. 1 – Noncompliance with the requirement selection of professional services for public contracts.

Management Response – SRA disagrees with Finding No. 1. The fact that Sabine River Authority sought to obtain an opinion before undertaking any professional contracts with the engineering firm is indicative of its due diligence and responsible action at the time.

Finding No. 2 – The Sabine River Authority purchased Furniture, fixtures, and equipment without following a bid process.

Management Response – SRA disagrees with Finding No. 2. The above referenced purchases were procured in a cost effective manner consistent with applicable procurement requirements, including the Public Bid Law.

Finding No. 3 – The Sabine River Authority made payments improperly from capital outlay appropriation.

Management Response – SRA disagrees with Finding No. 3. The finding did not indicate a specific violation of any statute or constitutional provision.

Finding No. 4 – The Sabine River Authority made concessions to ALH for late completion of Conference Center without approval of the Attorney General.

Management Response – SRA disagrees with Finding No. 4. The finding did not indicate a specific violation of any statute or constitutional provision.

Finding No. 5 – High cost to construct golf course restroom facilities.

Management Response – SRA disagrees with Finding No. 5. The two golf course restroom facilities were let in accordance with the public bid law.

Finding No. 6 – SRA paid ALH to operate the golf course on terms that insured ALH incurred no losses and advanced funds which may violate state law.

Management Response – SRA disagrees with Finding No. 6. The finding did not indicate a specific violation of any statute or constitutional provision.

Finding No. 7 – ALH was compensated for marketing services before on-site team was established.

Management Response – SRA disagrees with Finding No. 7. The payments referred to in Finding No. 7 were a result of a competitive negotiation process.

Finding No. 8 – Sale of State land may not be in the best interest of Sabine River Authority.

Management Response – SRA disagrees with Finding No. 8. The finding did not indicate a specific violation of any statute.

Finding No. 9 – The 75-year lease with ALH is exceptionally long, relative to the 40-year limit imposed on most lease by State law.

Management Response - SRA disagrees with Finding No. 9.

Finding No. 10 – Sabine River Authority made an improper payment to the former Executive Director.

Management Response – SRA disagrees with Finding No. 10. The payment was made in exchange for valuable consideration and was not a loan, pledge or donation of state property.

**SABINE RIVER AUTHORITY,
STATE OF LOUISIANA**
**Schedule of Revenues and Expenditures
as Appropriated by State of Louisiana -
Budget (Non-GAAP Basis) and Actual
For The Year Ended June 30, 2004**
(With Comparative Actual Totals for June 30, 2003)

	2004			2003 Actual
	Budget	Actual	Variance - Favorable (Unfavorable)	
Revenues:				
Water sales	\$ 2,938,205	\$ 1,859,921	\$ (1,078,284)	\$ 1,724,065
Interest	-	3,034	3,034	5,527
Appropriation from debt service funds	3,000,000	2,252,679	(747,321)	1,800,000
Miscellaneous	-	2,359	2,359	18,652
Total Revenues	5,938,205	4,117,993	(1,820,212)	3,548,244
Expenditures:				
Current - general government:				
Salaries	1,845,307	1,613,385	231,922	1,607,430
Board compensation	16,900	7,200	9,700	5,500
Employee benefits	472,547	358,562	113,985	322,679
Travel	23,619	11,284	12,335	9,207
Operating services	653,881	751,183	(97,302)	688,141
Supplies	298,281	150,636	147,645	123,300
Professional services	346,724	116,927	229,797	179,312
Other charges	1,168,692	248,304	920,388	412,478
Major repairs	952,254	15,541	936,713	120,186
Capital outlay	160,000	196,385	(36,385)	196,385
Total Expenditures	5,938,205	3,469,407	2,468,798	3,664,618
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ 648,586	\$ 648,586	\$ (116,374)

The notes to the financial statements are an integral part of this statement.

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 2004

SABINE RIVER AUTHORITY

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

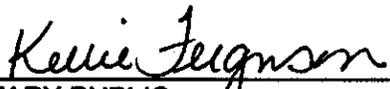
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, James W. Pratt, Executive Director of Sabine River Authority who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of Sabine River Authority at June 30, 2004 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 20th day of August, 2004.



Signature of Agency Official



NOTARY PUBLIC

Prepared by: Kellie Ferguson
Title: Administrative Manager 4
Telephone No.: (318) 256-4112
Date: August 20, 2004

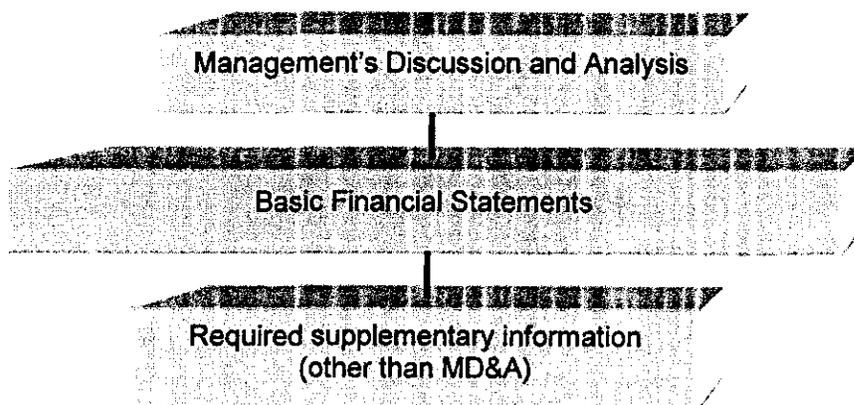
**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004**

FINANCIAL HIGHLIGHTS

- ★ The Sabine River Authority's (BTA) assets exceeded its liabilities at the close of fiscal year 2004 by \$50,993,785 which represents a 0.2% decrease from last fiscal year. The net assets decreased by \$116,549 (or 0.2%).
- ★ The Sabine River Authority's (BTA) revenue increased \$331,011 (or 5.7%) and the net results from activities increased by \$532,814. The increase was a result of increase power and water sales and a decrease in operating and maintenance expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities 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

The basic financial statements present information for the Sabine River Authority (BTA) as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance sheet; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004**

The Balance Sheet (pages 8 - 9) presents the current and long term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Sabine River Authority (BTA) is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 10) presents information showing how Sabine River Authority's (BTA) assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statement (pages 11 -12) presents information showing how Sabine River Authority's (BTA) cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided(used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

	Total	
	2004	2003
Current and other assets	\$ 5,180	\$ 16,157
Capital assets	63,199	63,701
Total assets	68,379	79,858
Other liabilities	442	2,458
Long-term debt outstanding	16,943	26,290
Total liabilities	17,385	28,748
Net assets:		
Invested in capital assets, net of debt	46,040	45,665
Restricted	21	357
Unrestricted	4,933	5,088
Total net assets	\$ 50,994	\$ 51,110

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Net assets of Sabine River Authority's (BTA) decreased by \$116,549, or 0.2%, from June 30, 2003 to June 30, 2004.

**STATE OF LOUISIANA
 SABINE RIVER AUTHORITY (BTA)
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 AS OF JUNE 30, 2004**

**Statement of Revenues, Expenses, and Changes in Fund Net Assets
 for the years ended June 30,
 (in thousands)**

	Total	
	2004	2003
Operating revenues	\$ 6,121	\$ 5,790
Operating expenses	(5,756)	(6,123)
Operating income(loss)	365	(333)
Non-operating revenues(expenses)	(482)	(316)
Net increase(decrease) in net assets	\$ (117)	\$ (649)

The Sabine River Authority's (BTA) total revenues increased by \$ 331,011 or (5.7%). The total cost of all programs and services decreased by \$367,619 or 6%.

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004**

STATEMENT OF CASH FLOWS

Another way to assess the financial health of BTA is to look at the Statement of Cash Flows. The Statement of Cash Flows assists readers of this statement to assess:

- The ability to generate future cash flows
- The ability to meet obligations as they come due
- A need for external financing

**Statement of Cash Flows
(in thousands)**

	<u>2004</u>	<u>2003</u>
Cash and cash equivalents provided used by:		
Operating activities	\$ 1,885	\$ 1,904
Capital Financial Activities	_(13,509)	3,317
Non-capital financing activities		
Investing activities	_ 121	_ 3,780
Net increase in cash and cash equivalents	_(11,503)	_ 9,001
Cash and cash equivalents		
Beginning of year	_ 15,141	_ 6,140
End of year	<u>\$ 3,638</u>	<u>\$ 15,141</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2004, the Sabine River Authority (BTA) had \$63,199,107 invested in a broad range of capital assets, including land, reservoirs and waterways, dams and electric plant, water and pumping plant, recreation site improvements, and equipment. (See Table below)

This amount represents a net decrease (including additions and deductions) of \$501,769, or 0.7%, over last year.

**Capital Assets at Year-end
(Net of Depreciation, in thousands)**

	<u>2004</u>	<u>2003</u>
Land	\$ 1,227	\$ 1,227
Reservoirs and Waterways	9,941	10,238
Dams and Electric Plant	13,564	12,988
Water and Pumping Plant	15,937	15,513
Recreation Site Improvements	2,004	2,076
Equipment	578	715
All Others	19,948	20,943
Totals \$ \$	<u>63,199</u>	<u>\$ \$ 63,700</u>

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004**

This year's major additions included (in thousands):

- Ebarb Booster Station \$360,374
- SRD Building Improvements \$248,880

Debt

The Sabine River Authority (BTA) had \$ 7,985 thousand in bonds and notes outstanding at year-end, compared to \$17,020 thousand last year, an decrease of 53 % as shown in the table below.

Outstanding Debt at Year-end
(in thousands)

	<u>2004</u>	<u>2003</u>
Revenue Bonds and Notes	<u>7,985</u>	<u>17,020</u>
Totals \$ \$	<u><u>7,985</u></u>	<u><u>17,020</u></u>

The Sabine River Authority (BTA)'s bonds are unrated.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately \$1.8 million under budget and expenditures were more less than budget due in part to reduced expenditures.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Sabine River Authority's (BTA) budget is completed based on guidelines set by the Division of Administration. Revenues are projected based on historical data. Non appropriated items are set by the Bond Indentures, Power Sales Agreement and the Toledo Bend Project Joint Operations.

The Sabine River Authority (BTA) expects that next year's results will improve slightly based on the fact that both generators are expected to be in service for the fiscal year.

CONTACTING THE SABINE RIVER AUTHORITY'S (BTA) MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Sabine River Authority's (BTA) finances and to show the Sabine River Authority's (BTA) accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jim Pratt, Executive Director.

STATE OF LOUISIANA
 SABINE RIVER AUTHORITY (BTA)
 BALANCE SHEET
 AS OF JUNE 30, 2004

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (Note C1)	\$	<u>2,888,608</u>
Investments (Note C2)		
Receivables (net of allowance for doubtful accounts)(Note U)		<u>1,420,375</u>
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		
Notes receivable		
Other current assets		
Total current assets		<u>4,308,983</u>

NONCURRENT ASSETS:

Restricted assets (Note F):		
Cash		<u>749,825</u>
Investments		
Receivables		
Notes receivable		
Capital assets (net of depreciation)(Note D)		
Land		<u>1,227,496</u>
Depreciable land improvements		<u>24,354,377</u>
Buildings and improvements		<u>13,416,597</u>
Machinery and equipment		<u>342,797</u>
Infrastructure		<u>23,739,959</u>
Construction in progress		<u>107,881</u>
Other noncurrent assets		<u>121,403</u>
Total noncurrent assets		<u>64,070,335</u>
Total assets	\$	<u>68,379,318</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$	<u>442,039</u>
Other current liabilities		
Current portion of long-term liabilities:		
Contracts payable		<u>868,202</u>
Reimbursement contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations - (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		<u>630,000</u>
Other long-term liabilities		
Total current liabilities		<u>1,940,241</u>

NON-CURRENT LIABILITIES:

Contracts payable		<u>8,090,291</u>
Reimbursement contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		<u>7,355,000</u>
Other long-term liabilities		
Total long-term liabilities		<u>15,445,291</u>
Total liabilities		<u>17,385,532</u>

NET ASSETS

Invested in capital assets, net of related debt		<u>46,040,086</u>
Restricted for:		
Capital projects		
Debt service		<u>21,126</u>
Unemployment compensation		
Other specific purposes		
Unrestricted		<u>4,932,574</u>
Total net assets		<u>50,993,786</u>
Total liabilities and net assets	\$	<u>68,379,318</u>

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

Statement A

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2004**

OPERATING REVENUES	
Sales of commodities and services	\$ <u>5,225,330</u>
Assessments	<u> </u>
Use of money and property	<u> </u>
Licenses, permits, and fees	<u> </u>
Other	<u>895,865</u>
Total operating revenues	<u>6,121,195</u>
OPERATING EXPENSES	
Cost of sales and services	<u>3,602,958</u>
Administrative	<u> </u>
Depreciation	<u>2,152,933</u>
Amortization	<u> </u>
Total operating expenses	<u>5,755,891</u>
Operating income(loss)	<u>365,304</u>
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	<u> </u>
Intergovernmental revenues (expenses)	<u> </u>
Taxes	<u> </u>
Investment income	<u>120,791</u>
Gain (loss) on disposal of fixed assets	<u> </u>
Federal grants	<u> </u>
Interest expense	<u>(642,840)</u>
Other	<u>40,196</u>
Total non-operating revenues(expenses)	<u>(481,853)</u>
Income(loss) before contributions and transfers	<u>(116,549)</u>
Capital contributions	<u> </u>
Transfers in	<u> </u>
Transfers out	<u> </u>
Change in net assets	<u>(116,549)</u>
Total net assets – beginning as restated	<u>51,110,334</u>
Total net assets – ending	\$ <u><u>50,993,785</u></u>

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

Statement B

STATE OF LOUISIANA
 SABINE RIVER AUTHORITY (BTA)
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2004

	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Assets
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Entity	\$ <u>6,398,731</u>	\$ <u>6,121,195</u>	\$ _____	\$ <u>(277,536)</u>
General revenues:				
Taxes				_____
State appropriations				_____
Grants and contributions not restricted to specific programs				_____
Interest				<u>120,791</u>
Miscellaneous				<u>40,196</u>
Special items				_____
Transfers				_____
Total general revenues, special items, and transfers				<u>160,987</u>
Change in net assets				<u>(116,549)</u>
Net assets - beginning				<u>51,110,334</u>
Net assets - ending				\$ <u><u>50,993,785</u></u>

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE , 2004**

Cash payments to suppliers for goods and services	(1,715,587)	
Cash payments to employees for services	(1,980,511)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)	895,865	
Net cash provided(used) by operating activities		<u>1,885,423</u>
Cash flows from non-capital financing activities		
State appropriations		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Other		
Transfers In		
Transfers Out		
Net cash provided(used) by non-capital financing activities		<u>-</u>
Cash flows from capital and related financing		
Proceeds from sale of bonds		
Principal paid on bonds	(9,035,000)	
Interest paid on bond maturities	(720,265)	
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets	(3,442,628)	
Proceeds from sale of capital assets		
Capital contributions		
Other	(311,137)	
Net cash provided(used) by capital and related financing activities		<u>(13,509,030)</u>
Cash flows from investing activities		
Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	120,791	
Net cash provided(used) by investing activities		<u>120,791</u>
Net increase(decrease) in cash and cash equivalents		<u>(11,502,816)</u>
Cash and cash equivalents at beginning of year		<u>15,141,249</u>
Cash and cash equivalents at end of year		<u>\$ 3,638,433</u>

The accompanying notes are an integral part of this statement.

Statement D

**STATE OF LOUISIANA
 SABINE RIVER AUTHORITY (BTA)
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2004**

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		\$ <u>365,304</u>
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	<u>2,152,933</u>	
Provision for uncollectible accounts	<u> </u>	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	<u>(539,674)</u>	
(Increase)decrease in due from other funds	<u> </u>	
(Increase)decrease in prepayments	<u> </u>	
(Increase)decrease in inventories	<u> </u>	
(Increase)decrease in other assets	<u> </u>	
Increase(decrease) in accounts payable and accruals	<u>(91,776)</u>	
Increase(decrease) in accrued payroll and related benefits	<u>(1,364)</u>	
Increase(decrease) in compensated absences payable	<u> </u>	
Increase(decrease) in due to other funds	<u> </u>	
Increase(decrease) in deferred revenues	<u> </u>	
Increase(decrease) in other liabilities	<u> </u>	
 Net cash provided(used) by operating activities		 \$ <u><u>1,885,423</u></u>

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease	<u> </u>
Contributions of fixed assets	<u> </u>
Purchases of equipment on account	<u> </u>
Asset trade-ins	<u> </u>
Other (specify)	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
Total noncash investing, capital, and financing activities:	<u><u> </u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

Statement D

STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2004___

INTRODUCTION

The Sabine River Authority (BTA) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:2321-2337. The following is a brief description of the operations of Sabine River Authority (BTA) which includes the parish/parishes in which the (BTA) is located:

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. 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 Sabine River Authority present information only as to the transactions of the programs of the Sabine River Authority 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 Sabine River Authority are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

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. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the Sabine River Authority (BTA) are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements include the original appropriation plus subsequent amendments as follows:

STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2004_____

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>5,938,205</u>
Amendments:	_____

Final approved budget	\$ <u><u>5,938,205</u></u>

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.)

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Sabine River Authority (BTA) may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the (BTA) 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.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

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. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

Following the issuance of GASB Statement 3, deposits were classified into three categories of custodial credit risk depending on whether they were insured or collateralized, and who held the collateral and how it was held.

Category 1 – Deposits that are covered by insurance (FDIC) or collateralized with securities that are held by the entity in the entity's name or registered in the entity's name. **(separate disclosure no longer required)**

Category 2 – Deposits that are not insured but are collateralized with securities that are held by the financial institution's trust department or agent and are in the entity's name. **(separate disclosure no longer required)**

Category 3 – Deposits that are not covered by insurance and also are not collateralized. Not collateralized includes when the securities (collateral) are held by the financial institution's trust department or agent and they are not in the entity's name. **(separate disclosure still required)**

GASB Statement 40 only requires any category 3 deposits to be disclosed in the custodial credit risk section of Note C. If an entity has deposits exposed to custodial credit risk category 3, it should disclose the amount of those balances, the fact that they are uninsured, and whether the balances are either uncollateralized, collateralized with securities held by the pledging financial

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement**

As of and for the year ended June 30, 2004

institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2004, consisted of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Deposits in bank accounts per balance sheet	\$ 251,662	\$ _____	\$ _____	\$ 251,662
Bank balances (category 3 only, if any) Identify amounts reported as category 3 by the descriptions below:				
a. Uninsured and uncollateralized	\$ _____	\$ _____	\$ _____	\$ -
b. Uninsured and collateralized with securities held by the pledging institution	_____	_____	_____	-
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the entity's name	24,077	_____	_____	24,077
Total category 3 bank balances	\$ 24,077	\$ -	\$ -	\$ 24,077
Total bank balances (All categories including category 3 reported above)	\$ 243,333	\$ _____	\$ _____	\$ 243,333

NOTE: The "Total Bank Balances" will not necessarily equal the "Deposits in Bank Account per Balance Sheet".

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

<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1. Sabine State Bank	Appropriations	\$ 131,748
2. FNB - DeRidder	Joint Operations	119,914
3. _____	_____	_____
4. _____	_____	_____
Total		\$ 251,662

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	\$ 963,856
Money market funds	\$ 2,422,913

2. INVESTMENTS

The Sabine River Authority (BTA) does/does not maintain investment accounts as authorized by Sabine River Authority (Note legal provisions authorizing investments by (BTA)).

Investments can be classified according to the level of risk to the entity. Using the following categories, list each type of investment disclosing the carrying amount, market value, and applicable category of risk.

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)**

Notes to the Financial Statement

As of and for the year ended June 30, 2004 _____

3. Other Disclosures Required for Investments

- a. Investments in pools managed by other governments or mutual funds _____

- b. Securities underlying reverse repurchase agreements _____

- c. Unrealized investment losses _____

- d. Commitments as of _____ (fiscal close), to resell securities under yield maintenance repurchase agreements:
 - 1. Carrying amount and market value at June 30 of securities to be resold _____
 - 2. Description of the terms of the agreement _____

- e. Losses during the year due to default by counterparties to deposit or investment transactions _____

- f. Amounts recovered from prior-period losses which are not shown separately on the balance sheet _____

Legal or Contractual Provisions for Reverse Repurchase Agreements

- g. Source of legal or contractual authorization for use of reverse repurchase agreements _____

- h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year _____

Reverse Repurchase Agreements as of Year-End

- i. Credit risk related to the reverse repurchase agreements outstanding at year end, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest _____
- j. Commitments on _____ (fiscal close), to repurchase securities under yield maintenance agreements _____
- k. Market value on _____ (fiscal close), of the securities to be repurchased _____

- l. Description of the terms of the agreements to repurchase _____

- m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements _____

- n. Amounts recovered from prior-period losses which are not separately shown on the operating statement _____

STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2004 _____
Fair Value Disclosures

- o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices _____

- p. Basis for determining which investments, if any, are reported at amortized cost _____

- q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool _____

- r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares _____

- s. Any involuntary participation in an external investment pool _____

- t. Whether you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining that fair value and the reasons for having had to make such an estimate _____

- u. Any income from investments associated with one fund that is assigned to another fund _____

Credit Risk, Concentration of Credit Risk, Interest Rate Risk, and Foreign Currency Risk Disclosures

- v. Briefly describe the deposit and /or investment policies related to the custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.

- w. List, by amount and issuer (not including U.S. government securities, mutual funds, and investment pools), investments in any one issuer that represents 5% or more of total investments _____

- x. List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (eg. coupon multipliers, reset dates, etc.) _____

- y. Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are unrated, disclose that amount).

- z. Disclose the interest rate risk of debt investments by listing the investment type and the method that is used to identify and manage the interest rate risk of those investments (by, using one of the following 5 methods that is used to identify and manage interest rate risk: a) segmented time distribution, b) specific identification, c) weighted average maturity, d) duration, or e) simulation model.) _____

STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2004

- aa. Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies). List by currency denomination and investment type, if applicable.

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASES ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity are charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets.

	Year ended June 30, 2004						Balance 6/30/2004
	Balance 6/30/2003	Prior Period Adjustment	Adjusted Balance 7/1/2003	Additions	Transfers*	Retirements	
Capital assets not being depreciated and							
on-depreciable land improvements	1,227,496	--	1,227,496	--	--	--	1,227,496
capitalized collections	--	--	--	--	--	--	--
construction in progress	660,686	--	660,686	468,255	(1,021,060)	--	107,881
Total capital assets not being depreciated	1,888,182	--	1,888,182	468,255	(1,021,060)	--	1,335,377
Other capital assets							
urniture, fixtures, and equipment	3,918,475	(1,078,571)	2,839,904	213,067	--	(295,927)	2,757,044
Less accumulated depreciation	(3,203,525)	745,329	(2,458,196)	(191,744)	--	235,693	(2,414,247)
Total furniture, fixtures, and equipment	714,950	(333,242)	381,708	21,323	--	(60,234)	342,797
uildings and improvements	16,116,500	(56,967)	16,059,533	320,765	--	(11,597)	16,368,701
Less accumulated depreciation	(2,470,839)	51,900	(2,418,939)	(537,759)	--	4,594	(2,952,104)
Total buildings and improvements	13,645,661	(5,067)	13,640,594	(216,994)	--	(7,003)	13,416,597
epreciable land improvements	36,588,746	56,965	36,645,711	--	877,803	--	37,523,514
Less accumulated depreciation	(12,362,963)	(51,898)	(12,414,861)	(744,276)	--	--	(13,159,137)
Total depreciable land improvements	24,225,783	5,067	24,230,850	(744,276)	877,803	--	24,364,377
nfrastructure	39,086,445	1,078,571	40,165,016	716,325	143,257	--	41,024,598
Less accumulated depreciation	(15,860,142)	(745,343)	(16,605,485)	(679,154)	--	--	(17,284,639)
Total infrastructure	23,226,303	333,228	23,559,531	37,171	143,257	--	23,739,959
Total other capital assets	61,812,697	(14)	61,812,683	(902,776)	1,021,060	(67,237)	61,863,730
Capital Asset Summary:							
Capital assets not being depreciated	1,888,182	--	1,888,182	468,255	(1,021,060)	--	1,335,377
Other capital assets, at cost	95,710,166	(2)	95,710,164	1,250,157	1,021,060	(307,524)	97,673,857
Total cost of capital assets	97,598,348	(2)	97,598,346	1,718,412	--	(307,524)	99,009,234
Less accumulated depreciation	(33,897,469)	(12)	(33,897,481)	(2,152,933)	--	240,287	(35,810,127)
Capital assets, net	63,700,879	(14)	63,700,865	(434,521)	--	(67,237)	63,199,107

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2004 _____

E. INVENTORIES

The unit's inventories are valued at cost. These are perpetual inventories and are expensed when used.

F. RESTRICTED ASSETS

Restricted assets in the Sabine River Authority (BTA) at June 30, 2004, reflected at \$ 749,825 in the non-current assets section on Statement A, consist of \$749,825 in cash with fiscal agent, \$ -0- _____ in receivables, and \$ -0- _____ investment in _____ (identify the type investments held.) State the purpose of the restrictions debt service.

G. LEAVE

1. COMPENSATED ABSENCES

The Sabine River Authority (BTA) has the following policy on annual and sick leave: (Describe leave policy.)

An example disclosure follows:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned.

H. RETIREMENT SYSTEM

Substantially all of the employees of the (BTA) are members of the La. State Employees Retirement System, a cost sharing multiple-employer, defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time (BTA) employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service.

Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Employees

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)**

Notes to the Financial Statement

As of and for the year ended June 30, 2004

Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the (BTA) is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2004, increased to 14.1% of annual covered payroll from the 13.0% and 12.3% required in fiscal years ended June 30, 2003 and 2002, respectively. The (BTA) contributions to the System for the years ending June 30, 2004, 2003, and 2002, were \$225,900, \$198,569, and \$178,116, respectively, equal to the required contributions for each year.

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The State of Louisiana provides certain continuing health care and life insurance benefits to Sabine River Authority's retired employees. Substantially, all of the Authority's employees become eligible for these benefits if they reach normal retirement age while working for the Authority. Those benefits for retirees are provided through Group Benefits whose monthly premiums are paid jointly by the employee and the State. The cost of providing these benefits is reflected as an expenditure in the year it is paid. For the year ended June 30, 2004 there were eighteen retirees and the costs of their benefits totaled \$132,329.

J. LEASES

1. OPERATING LEASES

The total payments for operating leases during fiscal year _____ amounted to \$ _____. A schedule of payments for operating leases follows:

Nature of lease	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010-2014	FY2015-2019
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
	_____	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

2. CAPITAL LEASES

Capital leases are (are not) recognized in the accompanying financial statements. The amounts to be accrued for capital leases and the disclosures required for capital and operating leases by National Council on Governmental Accounting (NCGA) Statement No. 5, as adopted by the Governmental Accounting Standards Board, and FASB 13 should be reported on the following schedules:

Capital leases are defined as an arrangement in which any one of the following conditions apply: (1) ownership transfers by the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life or, (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2004_____

SCHEDULE A – TOTAL AGENCY CAPITAL LEASES EXCEPT LEAF

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

<u>Year ending June 30 :</u>	<u>Total</u>
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____
Net minimum lease payments	_____ -
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ -

STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2004 _____

SCHEDULE B – NEW AGENCY CAPITAL LEASES EXCEPT LEAF

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

<u>Year ending June 30:</u>	<u>Total</u>
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____ -
Net minimum lease payments	_____ -
Less amounts representing interest	_____ -
Present value of net minimum lease payments	\$ _____ -

STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2004 _____

SCHEDULE C – LEAF CAPITAL LEASES

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

<u>Year ending June 30:</u>	<u>Total</u>
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total minimum lease payments	_____
Less amounts representing executory costs	_____
Net minimum lease payments	_____
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____

3. LESSOR DIRECT FINANCING LEASES

A lease is classified as a direct financing lease (1) when any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) when both the following criteria are satisfied:

- Collectibility of the minimum lease payments is reasonably predictable.
- No important uncertainties surround the amount of the unreimbursable costs yet to be incurred by the lessor under the lease.

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)**

Notes to the Financial Statement

As of and for the year ended June 30, 2004 _____

Provide a general description of the direct financing agreement, and complete the chart below:

<u>Composition of lease</u>	<u>Date of lease</u>	<u>Minimum lease payment receivable</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Buildings and improvements	_____	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____	_____
c. Land	_____	_____	_____	_____
Less amounts representing executory costs		_____		
Minimum lease payment receivable		-		
Less allowance for doubtful accounts		_____		
Net minimum lease payments receivable		-		
Less estimated residual value of leased property		_____		
Less unearned income		_____		
Net investment in direct financing lease		\$ _____		

Minimum lease payments do not include contingent rentals which may be received as stipulated in the lease contracts. Contingent rental payments occur if, for example, the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2004 were \$ _____ for office space, \$ _____ for equipment, and \$ _____ for land.

The following is a schedule by year of minimum leases receivable for the remaining fiscal years of the lease as of _____ (the last day of your fiscal year):

Year ending _____:	
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total	\$ _____

4. LESSOR – OPERATING LEASE

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

Provide the cost and carrying amount, if different, of property on lease or held for lease organized by major class of property and the amount of accumulated depreciation as of _____ 20 ____:

	<u>Cost</u>	<u>Accumulated depreciation</u>
a. Buildings and improvements	\$ 14,365,951	\$ 2,125,431
b. Equipment	400,086	311,392
c. Land and improvements	6,001,373	848,965
Total	\$ 20,767,410	\$ 3,285,788

STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2004

The following is a schedule by years of minimum future rentals on non-cancelable operating lease(s) as of _____ (the last day of your fiscal year):

Year Ended June 30,	Office Space	Equipment	Land	Other	Total
2005	\$ -	\$ -	\$ -	\$ -	\$ -
2006					-
2007					-
2008					-
2009					-
2010-2014					-
2015-2019					-
Total	\$ -	\$ -	\$ -	\$ -	\$ -

Current year lease revenues received in fiscal year _____ totaled \$ _____.

Contingent rentals received from operating leases received for your fiscal year was \$55,315 for Cypress Bend.

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2004:

	Balance June 30, 2003	Year ended June 30, 2004		Balance June 30, 2004	Amounts due within one year
		Additions	Reductions		
Bonds and notes payable:					
Notes payable	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursement contracts payable					--
Bonds payable	17,020,000		9,035,000	7,985,000	630,0
Total notes and bonds	17,020,000	--	9,035,000	7,985,000	630,0
Other liabilities:					
Contracts payable	9,269,630		311,137	8,958,493	868,2
Compensated absences payable					--
Capital lease obligations					--
Liabilities payable from restricted assets					--
Claims and litigation					--
Other long-term liabilities					--
Total other liabilities	9,269,630	--	311,137	8,958,493	868,2
Total long-term liabilities	26,289,630	--	9,346,137	16,943,493	1,498,2

A detailed summary, by issues, of all debt outstanding at June 30, 2004, including outstanding interest of \$1,752,684 is shown on schedule 4. Schedule 5 is an amortization schedule of the outstanding debt.

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)**

Notes to the Financial Statement

As of and for the year ended June 30, 2004 _____

L. LITIGATION

1. The Sabine River Authority (BTA) is a defendant in litigation seeking damages as follows:

<u>Date of Action</u>	<u>Description of Litigation and Probable outcome (Remote, reasonably possible, or probable)</u>	<u>Primary Attorney</u>	<u>Damages Claimed</u>	<u>Insurance Coverage</u>
03/01/01	Wrongful Death State of Texas (SRA)	McDermott	\$ 1,200,000	\$ _____
03/01/01	Taking of Property	McDermott	_____	_____
Totals			\$ 1,200,000	\$ _____ -

The Sabine River Authority (BTA)'s legal advisor estimates that potential claims not covered by insurance would not materially affect the financial statements or is unable to estimate the effect on the financial statement.

M. RELATED PARTY TRANSACTIONS

(FASB 57 requires disclosure of the description of the relationship, the transaction(s), the dollar amount of the transaction(s) and any amounts due to or from which result from related party transactions. List all related party transactions). _____

N. ACCOUNTING CHANGES

Accounting changes made during the year involved a change in accounting _____ (principle, estimate, error or entity). The effect of the change is being shown in _____.

O. IN-KIND CONTRIBUTIONS

(List all in-kind contributions that are not included in the accompanying financial statements.)

<u>In-Kind Contributions</u>	<u>Cost/Estimated Cost/Fair Market Value/As Determined by the Grantor</u>
_____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
Total	\$ _____ -

**STATE OF LOUISIANA
 SABINE RIVER AUTHORITY (BTA)
 Notes to the Financial Statement
 As of and for the year ended June 30, 2004**

P. DEFEASED ISSUES

In _____, 20____, the _____ (BTA), issued \$ _____ of taxable bonds. The purpose of the issue was to provide monies to advance refund portions of _____ bonds. In order to refund the bonds, portions of the proceeds of the new issue \$ _____, plus an additional \$ _____ of sinking fund monies together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated _____ between the (BTA) and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. The refunding resulted in reducing the total debt service payments by almost \$ _____ and gave the (BTA) an economic gain (difference between the present values of the debt service payments on the old and new debt)of \$ _____.

Q. COOPERATIVE ENDEAVORS

LRS 33:9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state.

Some cooperative endeavor contracts are not coded with a document type of "COP" on the Contract Financial Management Subsystem (CFMS), but are considered cooperative endeavors. Include these below with your cooperative endeavor contracts coded with a document type of "COP". Examples of contracts that are considered cooperative endeavors, but are not coded with a document type of "COP" include contracts that fall under delegated authority, Facility Planning and Control "CEA" contracts, certain federal government contracts, contracts that legislative auditors may have designated as such within your agency, work incumbent programs, etc. In prior years, this information was requested as supplemental documentation after the AFRs were submitted, usually in October or November.

The liability outstanding as of June 30, 2004, by funding source, is as follows:

<u>Funding Source</u>	<u>Balance June 30, 2004</u>
State General Fund	\$ _____
Self-generated revenue	_____
Statutorily dedicated revenue	_____
General obligation bonds	_____
Federal funds	_____
Interagency transfers	_____
Other funds/combination	_____

NOTE: Amounts in excess of contract limits cannot be used to reduce the outstanding contract balance at June 30, 2004. For example, if a contract specifies a percentage of usage for each month (25%) and usage exceeds that percentage (75%), you cannot claim actual usage that exceeds contract requirements (50%).

NOTE: In order to compute your ending balances by funding source, you should begin with your balances at June 30, 2003. These amounts will be increased by amounts for new contracts and amendments and decreased for payments as well as for liquidations.

STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2004 _____

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 20__, were as follows:

Activity	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Gross receivables	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Less allowance for uncollectible accounts	_____	_____	_____	_____	_____
Receivables, net	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Amounts not scheduled for collection during the subsequent year	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 20__, were as follows:

Activity	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Total payables	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

W. SUBSEQUENT EVENTS

[Disclose any material event(s) affecting the (BTA) occurring between the close of the fiscal period and issuance of the financial statement.] _____

X. SEGMENT INFORMATION

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. For purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or an other stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. This requirement for separate accounting applies if imposed by an external party, such as accounting and reporting requirements set forth in bond indentures. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial statements in the notes, including the elements in A through C below (GASB 34, paragraph 122, as modified by GASB 37, paragraph 17.)

STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2004_____

Type of goods or services provided by the segment _____.

A. Condensed balance sheet:

- (1) Total assets – distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or BTA's should be reported separately.
- (2) Total liabilities – distinguishing between current and long-term amounts. Amounts payable to other funds or BTA's should be reported separately.
- (3) Total net assets – distinguishing among restricted (separately reporting expendable and nonexpendable components); unrestricted; and amounts invested in capital assets, net of related debt.

Condensed Balance sheet:

	<u>Segment #1</u>	<u>Segment #2</u>
Current assets	\$ _____	\$ _____
Due from other funds	_____	_____
Capital assets	_____	_____
Other assets	_____	_____
Current liabilities	_____	_____
Due to other funds	_____	_____
Long-term liabilities	_____	_____
Restricted net assets	_____	_____
Unrestricted net assets	_____	_____
Invested in capital assets, net of related debt	_____	_____

B. Condensed statement of revenues, expenses, and changes in net assets:

- (1) Operating revenues (by major source).
- (2) Operating expenses. Depreciation (including any amortization) should be identified separately.
- (3) Operating income (loss).
- (4) Nonoperating revenues (expenses) – with separate reporting of major revenues and expenses.
- (5) Capital contributions and additions to permanent and term endowments.
- (6) Special and extraordinary items.
- (7) Transfers
- (8) Change in net assets.
- (9) Beginning net assets.
- (10) Ending net assets.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:

**STATE OF LOUISIANA
 SABINE RIVER AUTHORITY (BTA)
 Notes to the Financial Statement
 As of and for the year ended June 30, 2004**

	<u>Segment #1</u>	<u>Segment #2</u>
Operating revenues	\$ _____	\$ _____
Operating expenses	_____	_____
Depreciation and amortization	_____	_____
Operating income (loss)	_____	_____
Nonoperating revenues (expenses)	_____	_____
Capital contributions/additions to permanent and term endowments	_____	_____
Special and extraordinary items	_____	_____
Transfers in	_____	_____
Transfers out	_____	_____
Change in net assets	_____	_____
Beginning net assets	_____	_____
Ending net assets	_____	_____

C. Condensed statement of cash flows:

- (1) Net cash provided (used) by:
 - (a) Operating activities
 - (b) Noncapital financing activities
 - (c) Capital and related financing activities
 - (d) Investing activities
- (2) Beginning cash and cash equivalent balances
- (3) Ending cash and cash equivalent balances

Condensed Statement of Cash Flows:

	<u>Segment #1</u>	<u>Segment #2</u>
Net cash provided (used) by operating activities	\$ _____	\$ _____
Net cash provided (used) by noncapital financing activities	_____	_____
Net cash provided (used) by capital and related financing activities	_____	_____
Net cash provided (used) by investing activities	_____	_____
Beginning cash and cash equivalent balances	_____	_____
Ending cash and cash equivalent balances	_____	_____

Y. DUE TO/DUE FROM AND TRANSFERS

1. List by fund type the amounts **due from other funds** detailed by individual fund at your fiscal year end:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total due from other funds		\$ _____

2. List by fund type the amounts **due to other funds** detailed by individual fund at fiscal year end:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total due to other funds		\$ _____

**STATE OF LOUISIANA
 SABINE RIVER AUTHORITY (BTA)
 Notes to the Financial Statement
 As of and for the year ended June 30, 2004**

3. List by fund type all transfers from other funds for the fiscal year:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers from other funds		\$ _____

4. List by fund type all transfers to other funds for the fiscal year:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers to other funds		\$ _____

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Liabilities payable from restricted assets in the _____ (BTA) at _____ (fiscal year end), reflected at \$ _____ in the current liabilities section on Statement A, consist of \$ _____ in accounts payable, \$ _____ in notes payable, and \$ _____ in _____.

Liabilities payable from restricted assets in the _____ (BTA) at _____ (fiscal year end), reflected at \$ _____ in the non-current liabilities section on Statement A, consist of \$ _____ in accounts payable, \$ _____ in notes payable, and \$ _____ in _____.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

The following adjustments were made to restate beginning net assets for June 30, 20__.

<u>Ending net assets</u> <u>July 1, 2003,</u> <u>previously reported</u>	<u>Adjustments</u> <u>+ or (-)</u>	<u>Beginning net</u> <u>assets, July 1, 2003,</u> <u>As restated</u>
_____	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Each adjustment must be explained in detail on a separate sheet.

(NOTE: Net Assets at July 1, 20__, previously reported, must correspond to Net Assets at June 30, 20__, per the information received from OSRAP.)

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended June 30, 2004**

<u>Name</u>	<u>Amount</u>
<u>Norman Arbuckel</u>	\$ <u>300</u>
<u>Stanley Vidrine</u>	<u>800</u>
<u>Oscar Alfred</u>	<u>500</u>
<u>Bob Thrasher</u>	<u>250</u>
<u>Daniel Cupit</u>	<u>900</u>
<u>Donald Lemieux</u>	<u>300</u>
<u>John A. DeBarge, Sr.</u>	<u>500</u>
<u>Kermie Valentine</u>	<u>400</u>
<u>Donnie Sebren</u>	<u>500</u>
<u>Joseph R. Palermo</u>	<u>50</u>
<u>Thurmon Nash</u>	<u>650</u>
<u>Aubrey Temple</u>	<u>300</u>
<u>Carlton Gibson</u>	<u>450</u>
<u>Gordon Russell</u>	<u>350</u>
<u>Estella Scott</u>	<u>150</u>
<u>Ronald Steed</u>	<u>800</u>
	\$ <u><u>7,200</u></u>

STATE OF LOUISIANA
_____(BTA)
SCHEDULE OF STATE FUNDING
For the Year Ended _____
(Fiscal Close)

<u>Description of Funding</u>	<u>Amount</u>
1. _____	\$ _____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____
10. _____	_____
Total	\$ _____

SCHEDULE 3-C

STATE OF LOUISIANA

(BTA)

SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION

For The Year Ended

(Fiscal Close)

Fiscal Year
Ending:

Principal

Interest

2005

\$ _____

\$ _____

2006

2007

2008

2009

2010

2011

2012

2013

2014

2015

2016

2017

2018

2019

2020

2021

2022

2023

2024

2025

2026

2027

2028

2029

2029

Total

\$ _____

\$ _____

SCHEDULE 4-A

STATE OF LOUISIANA

(BTA)

SCHEDULE OF CAPITAL LEASE AMORTIZATION

For The Year Ended June 30, 20__

Fiscal Year Ending:	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2005	\$ _____	\$ _____	\$ _____	\$ _____ --
2006	_____	_____	_____	_____ --
2007	_____	_____	_____	_____ --
2008	_____	_____	_____	_____ --
2009	_____	_____	_____	_____ --
2010-2014	_____	_____	_____	_____ --
2015-2019	_____	_____	_____	_____ --
2020-2024	_____	_____	_____	_____ --
2025-2029	_____	_____	_____	_____ --
Total	\$ _____ --	\$ _____ --	_____ --	_____ --

SCHEDULE 4-C

STATE OF LOUISIANA
 SABINE RIVER AUTHORITY (BTA)
 SCHEDULE OF BONDS PAYABLE AMORTIZATION
 For The Year Ended June 30, 2004

Fiscal Year Ending:	Principal	Interest
2005	\$ 630,000.00	\$ 296,097.00
2006	660,000.00	272,690.00
2007	695,000.00	248,171.00
2008	730,000.00	222,373.00
2009	765,000.00	195,296.00
2010	810,000.00	166,912.00
2011	855,000.00	136,888.00
2012	895,000.00	105,196.00
2013	945,000.00	72,031.00
2014	1,000,000.00	37,030.00
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
Total	\$ 7,985,000.00	\$ 1,752,684.00

SCHEDULE 4-D

STATE OF LOUISIANA

_____ (BTA)

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the state and reason for the changes in the budget, please complete the schedule below. If the change is greater than 10%, explain the reason for the change.

	<u>2004</u>	<u>2003</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ _____	\$ _____	\$ _____ -	\$ _____
Expenses	_____	_____	_____ -	_____
2) Capital assets	_____	_____	_____ -	_____
Long-term debt	_____	_____	_____ -	_____
Net Assets	_____	_____	_____ -	_____
Explanation for change:	_____			

3)	<u>2004 Original Budget</u>	<u>2004 Final Budget</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	\$ _____	\$ _____	\$ _____ -	\$ _____
Expenditures	_____	_____	_____ -	_____
Explanation of change:	_____			

	<u>2004 Final Budget</u>	<u>2004 Actual Budget</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	_____	_____	_____	_____
Expenditures	_____	_____	_____	_____
Explanation of change:	_____			
