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FINANCIAL REPORT

CONSOLIDATED SEWERAGE

DISTRICT NO. 1

PARISH OF JEFFERSON

STATE OF LOUISIANA

DECEMBER 31, 1999

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 JUL 26 2000

FINANCIAL REPORT

CONSOLIDATED SEWERAGE DISTRICT NO. 1

PARISH OF JEFFERSON

STATE OF LOUISIANA

DECEMBER 31, 1999 and 1998

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LUTHER C. SPEIGHT & COMPANY

A Corporation of Certified Public Accountants
and Management Consultants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Parish President and
The Honorable Jefferson Parish Council
Jefferson Parish, Louisiana

We have audited the accompanying financial statements of the Consolidated Sewerage District No. 1 of the Parish of Jefferson, State of Louisiana (the District), as of and for the years ended December 31, 1999 and 1998, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note A, the financial statements present only the Consolidated Sewerage District No. 1 and are not intended to present fairly the financial position of the Parish of Jefferson, State of Louisiana, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of December 31, 1999 and 1998, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated May 10, 2000 on our consideration of the District's internal control structure and its compliance with laws and regulations.

Luther C. Speight & Company
May 10, 2000

COMPONENT UNIT FINANCIAL STATEMENTS

CONSOLIDATED SEWERAGE DISTRICT NO. 1
Jefferson Parish, Louisiana
Balance Sheets

December 31, 1999 and 1998

ASSETS	<u>1999</u>	<u>1998</u>
Current assets		
Cash	\$ 3,175,258	\$ 3,658,953
Share of pooled assets		
Receivables		
Accounts	3,775,167	3,913,837
Ad valorem taxes	5,634,856	5,369,539
Due from other governments	8,773	162,814
Inventory, at average cost	<u>1,871,061</u>	<u>2,184,439</u>
Total current assets	<u>14,465,115</u>	<u>15,289,582</u>
Restricted assets		
Construction fund	<u>24,386,355</u>	<u>24,595,737</u>
Property, plant, and equipment		
Land	11,730,402	11,730,402
Plant and equipment	<u>450,061,386</u>	<u>420,655,267</u>
	461,791,788	432,385,669
Less accumulated depreciation	<u>(98,566,426)</u>	<u>(90,190,357)</u>
	<u>363,225,362</u>	<u>342,195,312</u>
Construction in progress	<u>241,472</u>	<u>17,216,654</u>
Total property, plant, and equipment	<u>363,466,834</u>	<u>359,411,966</u>
TOTAL ASSETS	<u><u>\$ 402,318,304</u></u>	<u><u>\$ 399,297,285</u></u>

[Continued]

CONSOLIDATED SEWERAGE DISTRICT NO. 1
Jefferson Parish, Louisiana
Balance Sheets

December 31, 1999 and 1998

LIABILITIES AND FUND EQUITY	<u>1999</u>	<u>1998</u>
Current liabilities		
Accounts payable	\$ 1,446,005	\$ 685,607
Accrued payroll expenses	1,965,882	1,833,030
Deferred revenue	<u>5,650,527</u>	<u>5,398,286</u>
Total current liabilities	<u>9,062,414</u>	<u>7,916,923</u>
Current liabilities payable from restricted assets		
Contracts payable	384,692	1,099,254
Retainage payable	<u>11,899</u>	<u>859,101</u>
Total current liabilities payable from restricted assets	<u>396,591</u>	<u>1,958,355</u>
Total liabilities	<u>9,459,005</u>	<u>9,875,278</u>
Fund equity		
Contributed capital		
Parish	14,847,472	15,332,179
Subdividers	12,282,111	12,665,540
Citizens	2,953,313	3,030,967
Ad valorem tax bonds	7,818,798	8,049,928
Sales tax bonds	249,634,327	247,355,697
State	80,777	83,359
Federal government	<u>60,840,100</u>	<u>59,249,811</u>
Total contributed capital	<u>348,456,898</u>	<u>345,767,481</u>
Retained earnings		
Reserved for construction	10,660,905	12,037,407
Unreserved	<u>33,741,496</u>	<u>31,617,119</u>
Total retained earnings	<u>44,402,401</u>	<u>43,654,526</u>
Total fund equity	<u>392,859,299</u>	<u>389,422,007</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 402,318,304</u>	<u>\$ 399,297,285</u>

The accompanying notes are an integral part of this statement.

CONSOLIDATED SEWERAGE DISTRICT NO. 1
Jefferson Parish, Louisiana
Statements of Revenues, Expenses and Changes in Retained Earnings

For the Years Ended December 31, 1999 and 1998

	1999	1998
Operating revenues		
Service charges	\$ 12,426,453	\$ 13,900,642
Delinquent charges	335,494	310,196
Sewer connection fees	74,261	74,895
Other service charges	229,265	167,560
	13,065,473	14,453,293
Operating expenses		
Personal services - Salaries & wages	5,979,885	5,684,601
Personal services - Employee benefits	1,260,189	1,230,278
Supplies	2,730,437	2,601,384
Purchased Services - Professional and Technical	6,398,178	6,233,643
Purchased Services - Property	3,085,785	3,176,566
Purchased Services - Other	1,758,348	1,400,101
General	83,573	45,773
Depreciation	8,711,843	8,563,842
	30,008,238	28,936,188
Total operating expenses	30,008,238	28,936,188
Operating income (loss)	(16,942,765)	(14,482,895)
Nonoperating revenues (expenses)		
Taxes	5,277,208	5,104,651
State revenue sharing	293,867	307,778
Intergovernmental revenues	32,282	159,263
Interest income	1,485,240	1,463,970
Insurance proceeds		66,709
Construction sewer availability fees	630,434	566,400
Gain on transfer of fixed assets	6,906	97,937
	7,725,937	7,766,708
Nonoperating revenues (expenses)	7,725,937	7,766,708
Income (loss) before operating transfers	(9,216,828)	(6,716,187)
Operating transfers in/(out)	1,087,358	1,806,262
Net income (loss)	(8,129,470)	(4,909,925)
Add depreciation on property, plant, and equipment acquired by capital contributions that reduces contributed capital	8,456,564	8,303,710
Increase in retained earnings	327,094	3,393,785
Retained earnings, beginning of year	43,654,526	40,260,741
Residual equity transfers	420,781	
Retained earnings, end of year	\$ 44,402,401	\$ 43,654,526

The accompanying notes are an integral part of this statement.

CONSOLIDATED SEWERAGE DISTRICT NO. 1
Jefferson Parish, Louisiana
Statements of Cash Flows

For the Years Ended December 31, 1999 and 1998

	1999	1998
Cash flows from operating activities		
Operating income (loss)	\$ (16,942,765)	\$ (14,482,895)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	8,711,843	8,563,842
Changes in assets and liabilities		
(Increase) decrease in receivables	297,933	(1,084,757)
(Increase) decrease in inventory	313,378	232,694
Increase (decrease) in payables	(861,379)	352,105
Increase (decrease) in accrued liabilities	132,852	203,237
Total adjustments	8,594,627	8,267,121
Net cash provided by (used for) operating activities	(8,348,138)	(6,215,774)
Cash flows from noncapital financing activities		
Taxes	5,258,910	5,093,381
State revenue sharing	293,867	307,778
Intergovernmental revenues	32,282	
Insurance proceeds		66,709
Operating transfers to/from other Jefferson Parish funds	1,087,358	1,806,262
Net cash provided by (used for) noncapital financing activities	6,672,417	7,274,130
Cash flows from capital and related financing activities		
Acquisition of fixed assets	(462,725)	(236,024)
Additions to construction in progress	(3,819,970)	(12,014,755)
Additions from/to Lien Ordinances	(59,543)	6,265
Residual equity transfers	480,324	
Construction sewer availability fees	630,434	566,400
Contributed capital from federal government	5,744,905	6,207,086
Net cash provided by (used for) capital and related financing activities	2,513,425	(5,471,028)

[Continued]

CONSOLIDATED SEWERAGE DISTRICT NO. 1
Jefferson Parish, Louisiana
Statements of Cash Flows (Continued)

For the Years Ended December 31, 1999 and 1998

	1999	1998
Cash flows from investing activities		
Interest on investments	\$ 1,485,240	\$ 1,463,970
Net cash provided by (used for) investing activities	1,485,240	1,463,970
Net increase (decrease) in cash and cash equivalents	2,322,944	(2,948,702)
Cash and cash equivalents, January 1	23,861,802	26,810,504
Cash and cash equivalents, December 31	\$ 26,184,746	\$ 23,861,802
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Contributions of capital	\$ 2,596,928	\$ 10,444,660
Acquisitions of fixed assets with capital contributions	(2,596,928)	(10,444,660)
	\$	\$
 Cash and cash equivalents at December 31 consists of:		
Current assets:		
Cash	\$	\$
Share of pooled assets	3,175,258	3,658,953
	3,175,258	3,658,953
Restricted assets:		
Share of pooled assets	23,009,488	20,202,849
Total	\$ 26,184,746	\$ 23,861,802

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED SEWERAGE DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes to Financial Statements
December 31, 1999 and 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidated Sewerage District No. 1 of the Parish of Jefferson (the District) was created effective January 1, 1992, pursuant to Ordinance #18420, adopted by the Jefferson Parish Council on December 4, 1991, and includes all of the territory within former East Bank Consolidated Sewerage District of Jefferson Parish and West Bank Consolidated Sewerage District of the Parish of Jefferson, Louisiana (which included the former Sewerage District No. 7 of the Parish of Jefferson, State of Louisiana, Sewerage District No. 11 of the Parish of Jefferson, State of Louisiana, Sewerage District No. 12 of the Parish of Jefferson, State of Louisiana and Sewerage District No. 13 of the Parish of Jefferson, State of Louisiana). The District was established for the purpose of providing sewerage services for the residents of the unincorporated areas of Jefferson Parish, Louisiana. The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental 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 District's accounting policies are described below.

1. REPORTING ENTITY

For financial reporting purposes in conformance with Governmental Accounting Standards Board Statement No.1, the District is a component unit of Jefferson Parish, Louisiana, (the Parish), the reporting entity (the Oversight Unit). The accompanying financial statements present information only as to the transactions of the District and are not intended to present fairly the financial position and results of operations of Jefferson Parish, Louisiana.

2. FUND ACCOUNTING

The accounts of the District are organized and operated on a fund basis whereby a separate self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenses is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The District is presented in the accompanying financial statements as follows:

a. Proprietary Fund

- (1) The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

3. BASIS OF ACCOUNTING

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

In accordance with Statement No. 20 of the Governmental Accounting Standards Board (GASB), "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," it is the District's policy to apply all applicable GASB pronouncements as well as all Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The District has not adopted any Financial Accounting Standards Board Statements or Interpretations, Accounting Principles Board Opinions or Accounting Research Bulletins of the Committee on Accounting Procedure issued after November 30, 1989.

4. CASH, INVESTMENTS AND SHARE OF POOLED ASSETS

The "Share of Pooled Assets" of the District are pooled in the appropriate Jefferson Parish consolidated funds and invested directly by the parish. Interest earned on the pooled investments is allocated to the various funds based on each fund's month-end "Share of Pooled Assets" balance. Pooled assets are carried at cost plus accrued interest.

For purposes of the Statement of Cash Flows, cash and cash equivalents includes all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased.

CONSOLIDATED SEWERAGE DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes to Financial Statements (Continued)
December 31, 1999 and 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. CASH, INVESTMENTS AND SHARE OF POOLED ASSETS (Continued)

Investments are stated at amortized cost, subject to adjustment for market declines judged to be other than temporary. Discounts and premiums on the purchase of investments are amortized over the life of the investment remaining from the date of purchase to the date of maturity.

All of the District's deposits, including cash and certificates of deposit, are carried at cost.

Louisiana statutes permit the District to invest in United States bonds, treasury notes, or certificates, or other obligations of the U.S. Government and agencies of the U.S. Government which are federally sponsored, and certificates of deposit of state banks and national banks having their principal office in the state of Louisiana, or in mutual or trust fund institutions which are registered and which have underlying investments limited to securities of the U.S. Government or its agencies.

5. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The District considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. Uncollectible amounts are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable.

6. INVENTORY

Inventory of materials and supplies in the District is valued at average cost.

7. RESTRICTED ASSETS

Included in restricted assets is the "Construction Fund" account, which is used to segregate those resources accumulated by collection of sewer availability fees to be used for capital improvements and renovations.

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment associated with the activity of the District are recorded as assets of that fund. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Also, assets are capitalized for those acquired through capital contributions.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of these assets is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives may be found in Note D. Depreciation expense applicable to those fixed assets acquired through capital contributions is closed out to the related contributed capital accounts rather than retained earnings. It is considered preferable under the matching concept, as receipts of these fixed assets have been recorded as additions to contributed capital.

Interest is capitalized on assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

9. COMPENSATED ABSENCES

Vacation (annual leave) and sick pay (sick leave) are accrued when incurred in the District.

10. FUND EQUITY

Contributed capital is recorded for assets acquired by contributions from developers, customers or other funds.

A portion of total retained earnings of the District is reserved to indicate that a part of fund equity is legally restricted for a specific future use. Reserves for construction and from former Eastbank and Westbank Districts are provided for in the financial statements.

CONSOLIDATED SEWERAGE DISTRICT NO. 1
 Jefferson Parish, Louisiana
 Notes to Financial Statements (Continued)
 December 31, 1999 and 1998

NOTE B - RECEIVABLES

Receivables consist of the following at December 31:

	1999	1998
Accounts	\$3,775,167	\$3,913,837
Ad Valorem Taxes	5,634,856	5,369,539
Due from Other Governments	8,773	162,814
	\$9,418,796	\$9,446,190

The District considers unbilled receivables at year-end to be those amounts for services received by customers in the current year, but not actually billed by the District until the following year. The unbilled receivable at December 31, 1999 and 1998 is \$1,793,051 and \$1,469,119, respectively.

The District had the following receivables due from other governments as of December 31:

	1999	1998
Due from State of Louisiana	\$ 950	\$ 950
Due from Jefferson Parish Sheriff's Department	7,823	2,602
	\$ 8,773	\$ 3,552

NOTE C - RESTRICTED ASSETS

Restricted assets are comprised of the following:

	1999	1998
	CONSTRUCTION FUNDS	CONSTRUCTION FUNDS
Share of pooled assets	\$ 23,009,488	\$ 20,202,849
Due from other governments	1,376,867	4,392,888
	\$ 24,386,355	\$ 24,595,737

CONSOLIDATED SEWERAGE DISTRICT NO. 1
 Jefferson Parish, Louisiana
 Notes To Financial Statements (Continued)
 December 31, 1999 and 1998

NOTE D - PROPERTY, PLANT, EQUIPMENT, DEPRECIATION AND CONSTRUCTION IN PROGRESS

A summary of changes in property, plant, equipment, depreciation and construction in progress for the year ended December 31, 1999 follows:

	BALANCE DECEMBER 31, 1998	ADDITIONS	COMPLETED CONSTRUCTION IN PROGRESS	NET TRANSFERS (TO) FROM OTHER FUNDS	BALANCE DECEMBER 31, 1999
Buildings	\$ 7,133,900	\$	\$	\$ 1,586,016	\$ 8,719,916
Collection and distribution system	271,453,593		20,855,166	4,677,560	296,986,319
Sewer treatment plants	133,700,920			1,961,387	135,662,307
Improvements	838,034				838,034
Furniture & fixtures	612,985				612,985
Equipment	2,943,021	87,876		153,927	3,184,824
Vehicles	3,972,814	391,573		(307,386)	4,057,001
	<u>420,655,267</u>	<u>479,449</u>	<u>20,855,166</u>	<u>8,071,504</u>	<u>450,061,386</u>
Land	11,730,402				11,730,402
	<u>432,385,669</u>	<u>479,449</u>	<u>20,855,166</u>	<u>8,071,504</u>	<u>461,791,788</u>
Construction in progress	17,216,654	3,879,984	(20,855,166)		241,472
	<u>\$ 449,602,323</u>	<u>\$ 4,359,433</u>	<u>\$</u>	<u>\$ 8,071,504</u>	<u>\$ 462,033,260</u>

	LIFE	ACCUMULATED DEPRECIATION DECEMBER 31, 1998	1999 DEPRECIATION	NET TRANSFERS (TO) FROM OTHER FUNDS	ACCUMULATED DEPRECIATION DECEMBER 31, 1999
Buildings	50	\$ 379,048	\$ 146,403	\$	\$ 525,451
Collection and distribution system	50	54,608,506	5,475,847		60,084,353
Sewer treatment plants	10 - 50	28,481,193	2,694,024		31,175,217
Improvements	10	543,403	77,937		621,340
Furniture & fixtures	5 - 10	571,318			571,318
Equipment	5 - 10	2,198,070	135,887	11,350	2,345,307
Vehicles	5	3,408,819	181,745	(347,124)	3,243,440
		<u>\$ 90,190,357</u>	<u>\$ 8,711,843</u>	<u>\$ (335,774)</u>	<u>\$ 98,566,426</u>

Construction in progress is comprised of the following at December 31, 1999:

	PROJECT AUTHORIZATION	EXPENDED TO DECEMBER 31, 1999	COMMITTED	REQUIRED FUTURE FINANCING
Plant improvements	\$ 679,004	\$ 241,472	\$ 437,532	NONE

CONSOLIDATED SEWERAGE DISTRICT NO. 1
 Jefferson Parish, Louisiana
 Notes To Financial Statements (Continued)
 December 31, 1999 and 1998

NOTE D - PROPERTY, PLANT, EQUIPMENT, DEPRECIATION AND CONSTRUCTION IN PROGRESS

A summary of changes in property, plant, equipment, depreciation and construction in progress for the year ended December 31, 1998 follows:

	BALANCE DECEMBER 31, 1997	ADDITIONS	COMPLETED CONSTRUCTION IN PROGRESS	NET TRANSFERS (TO) FROM OTHER FUNDS	BALANCE DECEMBER 31, 1998
Buildings	\$ 6,056,415	\$	\$	\$ 1,077,485	\$ 7,133,900
Collection and distribution system	264,269,651			7,183,942	271,453,593
Sewer treatment plants	131,588,661			2,112,259	133,700,920
Improvements	838,034				838,034
Furniture & fixtures	612,985				612,985
Equipment	3,098,783	44,888		(200,650)	2,943,021
Vehicles	3,905,140	263,399		(195,725)	3,972,814
	<u>410,369,669</u>	<u>308,287</u>		<u>9,977,311</u>	<u>420,655,267</u>
Land	11,730,402				11,730,402
	<u>422,100,071</u>	<u>308,287</u>		<u>9,977,311</u>	<u>432,385,669</u>
Construction in progress	4,158,027	13,058,627			17,216,654
	<u>\$ 426,258,098</u>	<u>\$ 13,366,914</u>	<u>\$</u>	<u>\$ 9,977,311</u>	<u>\$ 449,602,323</u>

	LIFE	ACCUMULATED DEPRECIATION DECEMBER 31, 1997	1998 DEPRECIATION	NET TRANSFERS (TO) FROM OTHER FUNDS	ACCUMULATED DEPRECIATION DECEMBER 31, 1998
Buildings	50	\$ 259,279	\$ 119,769	\$	\$ 379,048
Collection and distribution system	50	49,251,274	5,357,232		54,608,506
Sewer treatment plants	10 - 50	25,827,905	2,653,288		28,481,193
Improvements	10	459,600	83,803		543,403
Furniture & fixtures	5 - 10	571,318			571,318
Equipment	5 - 10	2,213,258	172,830	(188,018)	2,198,070
Vehicles	5	3,449,742	176,920	(217,843)	3,408,819
		<u>\$ 82,032,376</u>	<u>\$ 8,563,842</u>	<u>\$ (405,861)</u>	<u>\$ 90,190,357</u>

Construction in progress is comprised of the following at December 31, 1998:

	PROJECT AUTHORIZATION	EXPENDED TO DECEMBER 31, 1998	COMMITTED	REQUIRED FUTURE FINANCING
Plant and line improvements	<u>\$ 21,049,367</u>	<u>\$ 17,216,654</u>	<u>\$ 3,832,713</u>	NONE

CONSOLIDATED SEWERAGE DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes to Financial Statements (Continued)
December 31, 1999 and 1998

NOTE D - PROPERTY, PLANT, EQUIPMENT, DEPRECIATION, AND CONSTRUCTION IN PROGRESS (Continued)

Increases of \$8,417,096 in property, plant, and equipment are the result of the capitalization of those assets constructed in Capital Project Funds. Those funds are reported in the Parish's Comprehensive Annual Financial Report. The Capital Project Funds are funded primarily by a parishwide dedicated sales tax to construct and improve the sewer plants and sewer lines of the parish.

As of December 31, 1991, the costs of fifteen decommissioned plants and their related contributed capital accounts have been removed from property, plant and equipment. Current and future costs of demolition are added to remaining land values. Management is not aware of any potential future liabilities which might arise from regulatory or environmental concerns in regard to final disposition of these plants.

During the year ended December 31, 1995, land and the associated decommissioning costs totaling \$877,146 of the former Helois Treatment Plant were transferred to the General Fixed Assets Account Group of the Parish of Jefferson.

Total cost paid by the Sewer Capital Construction Fund for the purchase of and improvements to the Rheem building located on Jefferson Highway prior to 1999 were \$6,166,512. The Consolidated Sewerage District capitalized these costs. Several parish departments use this facility and a reimbursement program was established in 1998 to recover \$4,733,878 in costs that were attributed to the other departments. As of December 31, 1999, \$1,886,496 has been reimbursed to the Sewer Capital Construction Fund. Total costs incurred and capitalized in the Phase 2 of the property renovation is \$1,586,016, in 1999. These costs are attributed directly to the Consolidated Sewerage Districts portion of the property.

During the year ended December 31, 1994, land and the associated decommissioning costs totaling \$897,258 of the former West Napoleon Sewage Treatment Plant were transferred to the Library District of the Parish of Jefferson.

NOTE E - COMPENSATED ABSENCES

All full-time classified employees of the Parish hired prior to April 26, 1986, are permitted to accumulate and carry forward from one calendar year to the next a maximum of 90 days of accrued vacation (annual leave) and an unlimited number of days of accrued sick leave. Upon termination of employment, an employee is paid for his accumulated annual leave and, after 10 years of employment, has the option of receiving retirement credits (if eligible) or cash payment for one-half of his accumulated sick leave. Any employee who has a current balance of 90 or more days of annual leave may be reimbursed for any number up to, but not in excess of, 30 days. For budgetary purposes, requests for reimbursement must be submitted to the Finance Department in writing not later than October 1 of the year proceeding the year in which reimbursement is to be made. At December 31, 1999 and 1998 the accrued annual and sick leave, and salary-related costs was \$1,808,148 and \$1,630,270, respectively.

Full-time classified employees hired after April 26, 1986, are permitted to carry forward no more than 20 days of accrued vacation (annual leave) and an unlimited number of days of accrued sick leave. Upon termination of employment an employee is paid for his accumulated annual leave and after 10 years of employment (vested) is paid up to 40 days of accrued sick leave.

Salary related costs (i.e., Medicare, Social Security, etc.) have been accrued as of December 31, 1999 and 1998 in accordance with GASB Statement #16 for those employees hired after April 1, 1986.

CONSOLIDATED SEWERAGE DISTRICT NO. 1
JEFFERSON PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 1999 and 1998

NOTE F - CHANGES IN CONTRIBUTED CAPITAL

A summary of changes in the District's contributed capital accounts for the year ended December 31, 1999 and 1998 are as follows:

December 31, 1999						
	Beginning Balance	Transfer in of fixed assets at cost con- structed with funds provided by Parish Sales Tax Bonds	Additions from Closed out Lien Ordinances/ Federal Government	Transfer of fixed assets to other Jefferson Parish Funds	Depreciation expense for the year	Total
Parish	\$ 15,332,179	\$	\$	\$	\$ (484,707)	\$ 14,847,472
Subdividers	12,665,540				(383,429)	12,282,111
Citizens	3,030,967				(77,654)	2,953,313
Ad valorem tax bonds	8,049,928				(231,130)	7,818,798
Parish sales tax bonds	247,355,697	8,417,097			(6,138,467)	249,634,327
State	83,359				(2,582)	80,777
Federal government	59,249,811		2,728,884		(1,138,595)	60,840,100
	<u>\$ 345,767,481</u>	<u>\$ 8,417,097</u>	<u>\$ 2,728,884</u>	<u>\$</u>	<u>\$ (8,456,564)</u>	<u>\$ 348,456,898</u>

December 31, 1998						
	Beginning Balance	Transfer in of fixed assets at cost con- structed with funds provided by Parish Sales Tax Bonds	Additions from Closed out Lien Ordinances/ Federal Government	Transfer of fixed assets to other Jefferson Parish Funds	Depreciation expense for the year	Total
Parish	\$ 15,912,646	\$	\$ 6,265	\$ (102,024)	\$ (484,708)	\$ 15,332,179
Subdividers	13,048,968				(383,428)	12,665,540
Citizens	3,108,621				(77,654)	3,030,967
Ad valorem tax bonds	8,281,057				(231,129)	8,049,928
Parish sales tax bonds	242,881,789	10,444,660			(5,970,752)	247,355,697
State	85,942				(2,583)	83,359
Federal government	49,788,432		10,599,974		(1,138,595)	59,249,811
	<u>\$ 333,107,455</u>	<u>\$ 10,444,660</u>	<u>\$ 10,606,239</u>	<u>\$ (102,024)</u>	<u>\$ (8,288,849)</u>	<u>\$ 345,767,481</u>

CONSOLIDATED SEWERAGE DISTRICT NO. 1
 Jefferson Parish, Louisiana
 Notes to Financial Statements (Continued)
 December 31, 1999 and 1987

NOTE G - RETAINED EARNINGS RESERVES

Retained earnings reserved for construction are as follows:

	<u>1999</u>	<u>1998</u>
Balance at January 1	\$ 12,037,407	\$ 23,338,010
Plant Investment Fees	532,205	566,400
Interest earned	1,178,397	1,191,624
Construction cost incurred	(3,879,984)	(13,058,627)
Miscellaneous Income	6,643	
General expense incurred	(20,245)	
Transfers In(Out)	<u>806,482</u>	
Balance at December 31	<u>\$ 10,660,905</u>	<u>\$ 12,037,407</u>

NOTE H - SEWERAGE SERVICE RATES

Pursuant to ordinance #18457, adopted by the Jefferson Parish Council on February 9, 1992 amending monthly sewer service charges, the following sewerage service rates were applied to billings for all users of the System effective February 15, 1992:

MONTHLY SERVICE CHARGE BILLINGS

METER SIZE (INCHES)

5/8 or 3/4	\$.90
1	1.10
2	2.36
3	5.15
4	8.57
6	16.22
8	25.72
10	35.15
12	41.15

BI - MONTHLY SERVICE CHARGE BILLINGS

METER SIZE (INCHES)

5/8 or 3/4	\$ 1.80
1	2.19
2	4.71
3	10.29
4	17.14
6	33.43
8	51.43
10	70.29
12	82.29

Additionally, sewerage usage rates for residential customers were amended to provide for a volume charge which applies to 85% of total water consumption minus six thousand gallons times the volume rate charge of \$1.00 per thousand gallons plus a minimum charge of \$1.50 for monthly accounts and \$3.00 for bi-monthly accounts.

CONSOLIDATED SEWERAGE DISTRICT NO. 1
 Jefferson Parish, Louisiana
 Notes to Financial Statements (Continued)
 December 31, 1999 and 1998

NOTE I - AD VALOREM TAX

The Parish levies an ad valorem tax on property as of November 15 of each year to finance the budget for the following year. The tax is due and becomes an enforceable lien on the property on the first day of the month following the filing of the tax rolls by the assessor with the Louisiana Tax Commission (usually December 1). The tax is delinquent 30 days after its due date. Taxes are levied based on property values determined by the Jefferson Parish Assessor's office. All land and residential improvements are assessed at 10 percent of fair market value, and other property at 15 percent of fair market value. Taxes are billed and collected by the Jefferson Parish Sheriff's Department which receives a certain millage for its services. The taxes remitted by the Sheriff's Department to the Parish are net of assessor's commission and pension fund contribution. Ad valorem taxes are recorded as revenue of the period for which levied, thus the 1998 property tax which was levied to finance the budget for 1999 was recorded as revenue for the year 1999. The 1999 property tax which was levied to finance the budget for 2000 is recorded as deferred revenue at December 31, 1999.

For the year ended December 31, ad valorem taxes were levied on behalf of the District as follows:

<u>PURPOSE</u>	<u>1999</u>	<u>MILLAGE</u>	<u>1998</u>
Maintenance and operations:			
Consolidated Sewerage District No. 1	4.66		4.66

NOTE J - INTEREST COST

No interest cost was capitalized during the years ended December 31, 1999 and 1998.

NOTE K - OPERATING TRANSFERS

The District had the following operating transfers:

<u>FUND TRANSFERRED TO OR FROM</u>	<u>1999</u>	<u>1998</u>
	<u>OPERATING</u>	<u>OPERATING</u>
	<u>TRANSFERS</u>	<u>TRANSFERS</u>
	<u>IN/OUT</u>	<u>IN/OUT</u>
Community Services	\$ 1,823	\$
Off Track Betting	114,864	
Video Poker	10,803	
West Bank Tourism	57,966	
West Bank Riverboat Gaming	621,026	
Drainage Capital Program		12,788
Sewer Capital Program	<u>280,876</u>	<u>1,793,434</u>
	<u>\$ 1,087,358</u>	<u>\$ 1,806,262</u>

CONSOLIDATED SEWERAGE DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes to Financial Statements (Continued)
December 31, 1999 and 1998

NOTE L - RISK MANAGEMENT

GENERAL LIABILITY

The Parish is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To account for and finance its uninsured risks of loss, the Parish has established a General Liability Fund (an internal service fund). Under this program, the General Liability Fund provides coverage for up to a maximum of \$500,000 for each worker's compensation claim, \$500,000 for each general liability claim, and \$500,000 for each automobile claim. The parish also purchases commercial insurance for claims in excess of coverage provided by the fund.

The District makes payments to the fund based on management's estimates of the amounts needed to pay prior and current year claims. These interfund "premiums" are reported as quasi-external transactions. The District's premiums were \$658,592 and \$497,181 for 1999 and 1998, respectively.

At December 31, 1999 and 1998 the total outstanding claims liability of the General Liability Fund was \$26,583,522 and \$20,041,039, respectively. The claim liability includes an estimated liability for incurred but not reported claims of \$10,323,471 and \$5,683,734 for 1999 and 1998, respectively. The estimated claim liability is determined by the third-party administrator based on historical information and anticipated payments. These liabilities are based on the requirements of GASB Statement 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable and the amount of the loss can be reasonably estimated. Claims liability is not available by individual fund.

HEALTH INSURANCE

The Parish provides health and accident insurance to its employees exclusively through health-maintenance organizations (HMO's) and point of service organizations (POS). Under these types of programs, the District pays initial premiums based on the level of the employee's participation and has no further liabilities on any claims.

The total amount of contributions by the District for health insurance was \$429,612 and \$413,447 for 1999 and 1998, respectively.

UNEMPLOYMENT COMPENSATION

The Parish is self-insured for unemployment claims filed with the state. To account for and finance these claims, the Parish has established a Self-Insurance Fund (an internal service fund) whereby each fund contributes .45 percent of its annual payroll into the fund. In 1996, the contribution was temporarily suspended until such time as additional funding is needed to cover outstanding claims. The interfund "premiums" are reported as quasi-external transactions.

NOTE M - COMMITMENTS AND CONTINGENCIES

MANAGEMENT CONTRACT

During 1987, the former Eastbank Consolidated Sewerage District entered into a professional service agreement with Parsons Corporation Inc. to provide operation and maintenance services for the East Bank Wastewater Treatment Plant. The agreement is for a period of five years and at the District's discretion may be renewed for five consecutive two-year terms. In 1999, the contract was amended to transfer and assign the professional service agreement to Severn Trent, Inc. The contract was extended to September 2000 with a sixty-day cancellation provision. Payments include all operational costs which include professional services and personnel, and also administrative and maintenance expenses consistent with the proper operation, maintenance and management of a wastewater treatment facility in accordance with the operating budget submitted to the District's management annually.

Additional payments required under this agreement include 1) management fee of \$100,000 annually; 2) cost incentive fee equal to 25 percent of any underrun in total operations and maintenance costs paid annually up to \$100,000; 3) performance incentive fee based on mathematical computation as provided in the agreement up to \$100,000.

Payments under this agreement totaled \$1,954,880 and \$2,111,787 for 1999 and 1998, respectively.

CONSOLIDATED SEWERAGE DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes to Financial Statements (Continued)
December 31, 1999 and 1998

NOTE M - COMMITMENTS AND CONTINGENCIES (Continued)

LITIGATION

The District is a defendant in a number of claims and lawsuits resulting principally from personal injury, property damage, and construction claims. The Parish Attorney and the outside administrator of the Parish's Risk Management Fund have reviewed these claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the District and to arrive at an estimate, if any, of the amount or range of potential loss to the District. As a result of such review, the various claims and lawsuits have been categorized into "probable", "reasonably possible" and "remote" contingencies, as defined in National Council on Governmental Accounting Statement No. 4 for claims and judgements. Loss contingencies estimated at \$ -0- categorized as "probable" have been accrued as other liabilities of the District at December 31, 1999. The District's "reasonably possible" loss contingencies at December 31, 1999, for which an amount of liability can be estimated, approximates \$ -0-.

NOTE N - PENSION PLANS

The District's employees participate in the retirement systems described below. The pension expense recorded by the District for contributions to the retirement systems for the year ended December 31, 1998 and 1997 were \$534,072 and \$496,443, respectively.

Actuarial data and other information of the two plans, as it relates to the District, is unattainable for the separate component units of the Parish.

PLAN MEMBERSHIP

Substantially all of the Parish's full-time employees, except the firemen, are participants in The Employees' Retirement System of Jefferson Parish (the Parish Plan), a single-employer defined benefit pension plan, and the Parochial Employees' Retirement System of Louisiana (the State Plan), a cost-sharing multiple-employer defined benefit plan.

The Parish Plan covers employees who were hired prior to December 15, 1979. As of that date, the Parish Plan was merged with the State Plan and members of the Parish Plan also became members of the State Plan. Employees hired subsequent to the merger of the two systems may participate only in the State Plan.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH (The Parish Plan)

Plan Description

The Employees' Retirement System of Jefferson Parish Board of Trustees (The Board) administers The Employees' Retirement System of Jefferson Parish (the Parish Plan), a single-employer defined benefit pension plan created by Jefferson Parish Ordinance 11027. The Parish Plan covers employees who were hired prior to December 15, 1979. As of that date, the Parish Plan became a closed plan and was merged with the Parochial Employees' Retirement System of Louisiana (The State Plan) whereby members of the Parish Plan continued to be members of the State Plan.

The Board issues a publicly available financial report that includes financial statements and required supplementary information for the Parish Plan. The financial report for year ended December 31, 1998 may be obtained by writing to: The Employees' Retirement System of Jefferson Parish, 3331 Metairie Road, Metairie, LA 70001 or by calling 504-831-4040.

Employees who are members of the Parish Plan only receive benefits equal to one percent of the highest three-year average annual compensation plus two percent of the first \$1,200 of average compensation for each year of service. The benefits for employees who are members of the Parish Plan only, with less than 20 years of service, are reduced by three percent per year for each year participants receive benefits below the age of 62. Parish Plan participants who are also members of the State Plan receive benefits equal to three percent of the highest three-year average annual compensation for each year of service reduced by any amounts paid by the State Plan. The total combined payments of both plans may not exceed 100 percent of the member's final average compensation. Retirement benefits are payable monthly for the life of the retiree. Under certain conditions, upon the retiree's death, benefits are payable by the Parish Plan to the retiree's surviving spouse and minor children.

CONSOLIDATED SEWERAGE DISTRICT NO. 1
 Jefferson Parish, Louisiana
 Notes to Financial Statements (Continued)
 December 31, 1999 and 1998

NOTE N - PENSION PLANS(Continued)

Summary of Significant Accounting Policies

Basis of Accounting – The financial statements of the Parish Plan are prepared using the accrual basis of accounting. Contributions from employees are recognized as revenue in the period in which employees provide services. Contributions made by Jefferson Parish, the employer, are recognized when due and the employer has made a formal commitment to provide the contributions. Pension benefits and refunds of employee contributions are recognized when due and payable in accordance with the terms of the Parish Plan. Investment income is recognized as earned by the Parish Plan.

Method Used to Value Investments – All investments of the Parish Plan are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates.

Concentrations of Credit Risk – The Parish Plan had 49.4% of plan net assets invested in one mutual fund. Other than this mutual fund, no investment in any one organization, other than the U. S. Government, represented 5% or more of plan net assets.

Funding Policy – The Parish Council requires that the Parish Plan be funded on an actuarially sound basis. The funding policy provides for contributions from employee and employer which are actuarially determined. In 1999 employees made contributions of 6.05% of gross earnings and employer contributions were 7.48% of annual covered payroll.

Annual Pension Cost – The annual pension cost of the Parish Plan for the current year was \$1,363,846 and the employer contributions were \$1,454,279. The annual required contribution for the current year was determined as part of the December 31, 1999 actuarial valuation using the Entry Age Normal Cost Method with Unfunded Actuarial Accrued Liability.

This method compares the theoretical reserve for service prior to the valuation date to plan assets. With this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over both the earnings and service of the individual between entry age (date of membership in the system) and assumed exit age.

Significant actuarial assumptions used in the valuation include: 1) a rate of return on the investment of present and future assets of 8.0% per year, compounded annually; 2) projected salary increases of 6.0% per year compounded annually, attributable to inflation of 3.25% and merit of 2.75%. The actuarial value of assets is set equal to market value of assets adjusted to defer one half of all realized and unrealized capital gains (losses) accrued during the year for one year. This technique smoothes the volatility of market values for investments. The unfunded actuarial accrued liability is being amortized over a 40 year period beginning on January 1, 1980 using a level dollar amortization method on an open basis.

Annual Pension Cost and Net Pension Obligation:

Annual required contribution	\$ 1,384,585
Adjustment to annual required contribution	<u>(20,739)</u>
Annual pension cost	1,363,846
Contribution made	<u>(1,511,331)</u>
Increase in net pension obligation	(147,485)
Net pension obligation beginning of year	<u>5,372,493</u>
Net pension obligation end of year	<u>\$ 5,225,008</u>

The liability amount is not available by individual fund and the full amount is recorded in the General Long-Term Debt Account Group of the Parish.

Schedule of Employer Contributions

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
12/31/99	\$1,363,846	110.81%
12/31/98	1,450,326	94.61%
12/31/97	1,444,467	77.86%

CONSOLIDATED SEWERAGE DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes to Financial Statements (Continued)
December 31, 1999 and 1998

NOTE N - PENSION PLANS(Continued)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio Percentage	Covered Payroll	UAAL as % of Covered Payroll
1999	\$24,158,811	\$34,070,857	\$ 9,912,046	70.91%	\$20,109,775	49.29%
1998	21,623,582	33,508,491	11,884,909	64.53%	20,617,755	57.64%
1997	20,043,556	32,946,135	12,902,579	60.84%	21,170,519	60.95%

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA (The State Plan)

Plan Description

The Parochial Employees' Retirement System Board of Trustees (The Board) administers the Parochial Employees' Retirement System (the State Plan), a cost-sharing multiple-employer defined benefit plan established by the Louisiana legislature as of January 1, 1953, by Act 205 of 1952. The State Plan was revised by Act No. 765 of 1979, effective January 1, 1980, to create the Plan A and Plan B fund to replace the "regular plan" and the "supplemental plan". Plan B Fund replaced the "regular plan". The State Plan is operating pursuant to LSA-R.S. 11:1901 through 11:2015. The State Plan covers employees who were hired subsequent to December 15, 1979.

Under the State Plan, a member is eligible for normal retirement if the participant has at least 30 years of creditable service regardless of age, or 25 years of creditable service and is at least 55 years old, or 10 years of creditable service and is at least 60 years old. The monthly retirement benefit is equal to three percent of the member's average monthly compensation for any 36 months of consecutive service in which compensation was highest, multiplied by years of creditable service, not to exceed 100 percent of the member's final compensation. Retirement benefits are payable monthly for the life of the retiree. Under certain conditions, upon the retiree's death, benefits are payable to the retiree's surviving spouse and minor children.

The State Plan issues a publicly available financial report that includes financial statements and required supplementary information. The financial report for the year ended December 31, 1998 may be obtained by writing to: The Parochial Employees' Retirement System, P. O. Box 14619, Baton Rouge, La 70898.

Summary of Significant Accounting Policies

Basis of Accounting – The financial statements are prepared on the accrual basis of accounting. Contributions from employers and employees are recognized as revenue in the period in which employees provide services to the employers benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments – Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rates.

Concentrations of Credit Risk – No investment in any one organization represents 5% or more of the net assets available for pension benefits.

Funding Policy – Member contributions, established by Statute at 9.5% of total compensation for Plan A and 2% of total compensation less \$100 per month for Plan B, are deducted from the members salary and remitted by the participating employers. Employer contributions are actuarially determined every fiscal year according to statutory process. The unfunded actuarial accrued liability is being amortized over a 30 year period under a frozen unfunded accrued liability method, assuming an investment rate of return of 8% and projected salary increases of 5.5%. Written notice of these rates is provided to employers annually. In 1998, these employer rates were 7.75% for Plan A and 2.50% for Plan B.

CONSOLIDATED SEWERAGE DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes to Financial Statements (Continued)
December 31, 1999 and 1998

NOTE N - PENSION PLANS(Continued)

Schedule of Employer Contributions

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
1998	\$24,904,461	100%
1997	22,284,111	100%
1996	20,399,933	100%

NOTE O - DEFERRED COMPENSATION PLAN

The Parish offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Parish employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

In 1996, the U. S. Congress passed the Small Business Job Protection Act of 1996, which requires that employer governments place all amounts deferred under IRC Section 457 into a trust for the exclusive benefit of participants and their beneficiaries. This change was allowed as early as January 1, 1997, but must be done by January 1, 1999. In prior years, these assets were solely the property of the Parish and subject to claims of general creditors, and were reported in the Jefferson Parish financial statements. During the year ended December 31, 1998, the Parish amended its Plan to comply with the requirements of the Act. Thus, the Parish no longer has ownership of the Plan assets and they are no longer reported in the financial statements

NOTE P - BOARD COMPENSATION

The District has no board compensation, as its governing authority is the Jefferson Parish Council whose compensation is disclosed in the Parish's Comprehensive Annual Financial Report.

SUPPLEMENTARY INFORMATION

**SPECIAL REPORTS OF CERTIFIED
PUBLIC ACCOUNTANTS**



LUTHER C. SPEIGHT & COMPANY

A Corporation of Certified Public Accountants
and Management Consultants

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 Honorable Parish President and
The Honorable Jefferson Parish Council
Jefferson Parish, Louisiana

We have audited the general purpose financial statements of Consolidated Sewerage District No.1 of the Parish of Jefferson, State of Louisiana (the District), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 10, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial 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 District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Jefferson Parish Council, the U.S. Department of Health and Human Services (the cognizant agency), and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in cursive script that reads "Luther C. Speight & Co".

Luther C. Speight & Company

May 10, 2000