OFFICIAL
FILE COPY
DO NOT SEND OUT
(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

FINANCIAL REPORT

CONSOLIDATED SEWERAGE

DISTRICT NO. 1

PARISH OF JEFFERSON

STATE OF LOUISIANA

DECEMBER 31, 1995

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-24-96

RECEIVED
LEGISLATIVE AUDITOR
96 JUN 28 PM 1:33

FINANCIAL REPORT

CONSOLIDATED SEWERAGE DISTRICT NO. 1

PARISH OF JEFFERSON

STATE OF LOUISIANA

DECEMBER 31, 1995

TABLE OF CONTENTS

Page

FINANCIAL SECTION

SPECIAL REPORTS

FINANCIAL SECTION

DERBES & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

3027 RIDGELAKE DRIVE
POST OFFICE BOX 8176
METAIRIE, LOUISIANA 70011
TELEPHONE: 504/837-2200
TELECOPIER: 504/837-2214

ALBERT J. DERBES, III, C.P.A.
HUGH J. POSNER, C.P.A.*
* A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT AUDITOR'S REPORT

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, 1995 and 1994, 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; and the provisions of Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 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.

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 Consolidated Sewerage District No. 1 of the Parish Jefferson, State of Louisiana, as of December 31, 1995 and 1994 and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

MEMBERS: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

In accordance with **Government Auditing Standards**, we have also issued a report dated April 25, 1996 on our consideration of the District's internal control structure and a report dated April 25, 1996 on its compliance with laws and regulations.

Our audits of the financial statements were conducted for the purpose of forming an opinion on the District's financial statements taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the financial statements of the Consolidated Sewerage District No. 1 of the Parish of Jefferson, State of Louisiana. Such information has been subjected to the auditing procedures applied in the audits of the District's financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Derbes & Company

April 25, 1996

COMPONENT UNIT FINANCIAL STATEMENTS

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

December 31, 1995 and 1994

ASSETS	1995	1994
Current assets		
Cash	$	$ -
Share of pooled assets	1,829,221	2,009,774
Receivables		
Accounts	2,016,454	2,189,371
Ad valorem taxes	4,721,971	4,534,027
Due from other governments	5,787	14,115
Inventory, at average cost	1,435,763	1,283,836
Prepaid expenses	23,270	22,233
Total current assets	10,032,466	10,053,356
Restricted assets		
Construction fund	21,740,787	19,995,116
Property, plant, and equipment		
Land	11,548,811	12,071,548
Plant and equipment	391,756,870	369,722,503
	403,305,681	381,794,051
Less accumulated depreciation	(65,362,869)	(57,211,335)
Total property, plant, and equipment	337,942,812	324,582,716
TOTAL ASSETS	$ 369,716,065	$ 354,631,188

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

December 31, 1995 and 1994

LIABILITIES AND FUND EQUITY	1995	1994
Current liabilities		
Accounts payable	$ 430,443	$ 866,246
Accrued payroll expenses	1,458,769	1,420,759
Accrued claims payable	-	120,000
Deferred revenue	4,840,849	4,631,383
Total current liabilities	6,730,061	7,038,388
Fund equity		
Contributed capital		
Parish	16,930,939	17,266,226
Subdividers	13,815,826	14,199,254
Citizens	3,263,929	3,341,584
Ad valorem tax bonds	8,743,316	8,974,445
Sales tax bonds	235,821,800	220,213,771
State	91,106	93,689
Federal government	52,065,624	53,204,220
Total contributed capital	330,732,540	317,293,189
Retained earnings		
Reserved for construction	21,740,787	19,995,116
Reserved from former Eastbank District	8,157,121	8,157,121
Reserved from former Westbank District	1,041,512	1,041,512
Unreserved	1,314,044	1,105,862
Total retained earnings	32,253,464	30,299,611
Total fund equity	362,986,004	347,592,800
TOTAL LIABILITIES AND FUND EQUITY	$ 369,716,065	$ 354,631,188

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, 1995 and 1994

	1995	1994
Operating revenues		
Service charges	$ 12,790,648	$ 12,920,702
Delinquent charges	348,314	289,306
Sewer connection fees	34,655	54,013
Other service charges	121,019	227,349
Total operating revenues	13,294,636	13,491,370
Operating expenses		
Personnel	6,290,320	6,170,343
Supplies and office expenses	163,003	147,391
Operating supplies and materials	4,423,287	4,579,507
Buildings	121,306	123,379
Outside services	3,467,004	3,525,252
Transportation	603,625	503,481
General	3,646,912	3,783,996
Depreciation	8,396,817	8,122,617
Total operating expenses	27,112,274	26,955,966
Operating income (loss)	(13,817,638)	(13,464,596)
Nonoperating revenues (expenses)		
Taxes	4,568,172	4,469,991
State revenue sharing	323,138	306,471
Federal grants	64,238	9,207
Interest income	1,539,520	1,034,387
Construction sewer availability fees	402,500	433,900
Probable claims	1,668	(12,590)
Gain on transfer of fixed assets	31,405	33,370
Nonoperating revenues (expenses)	6,930,641	6,274,736
Income (loss) before operating transfers	(6,886,997)	(7,189,860)
Operating transfers in	851,059	500,000
Net income (loss)	(6,035,938)	(6,689,860)
Add depreciation on property, plant, and equipment acquired by capital contributions that reduces contributed capital	7,989,791	7,687,518
Increase in retained earnings	1,953,853	997,658
Retained earnings, January 1	30,299,611	29,301,953
Retained earnings, December 31	$ 32,253,464	$ 30,299,611

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, 1995 and 1994

	1995	1994
Cash flows from operating activities		
Operating income (loss)	$ (13,817,638)	$ (13,464,596)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	8,396,817	8,122,617
Changes in assets and liabilities		
(Increase) decrease in receivables	172,917	130,665
(Increase) decrease in inventory	(151,927)	(25,222)
(Increase) decrease in prepaid expenses	(1,037)	(1,585)
Increase (decrease) in payables	(435,803)	198,666
Increase (decrease) in accrued liabilities	38,010	117,145
Total adjustments	8,018,977	8,542,286
Net cash provided by (used for) operating activities	(5,798,661)	(4,922,310)
Cash flows from noncapital financing activities		
Taxes	4,598,022	4,472,930
State revenue sharing	323,138	306,471
Federal grants	64,238	9,207
Probable claims	(118,332)	(12,590)
Operating transfers from other Jefferson Parish funds	851,059	500,000
Net cash provided by (used for) noncapital financing activities	5,718,125	5,276,018
Cash flows from capital and related financing activities		
Acquisition of fixed assets	(295,816)	(259,658)
Addition from Lien Ordinance 1019	-	829
Construction sewer availability fees	402,500	433,900
Net cash provided by (used for) capital and related financing activities	106,684	175,071

[Continued]

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

For the Years Ended December 31, 1995 and 1994

	1995	1994
Cash flows from investing activities		
Interest on investments	$ 1,539,520	$ 1,034,387
Net cash provided by (used for) investing activities	1,539,520	1,034,387
Net increase (decrease) in cash and cash equivalents	1,565,668	1,563,166
Cash and cash equivalents, January 1	22,004,340	20,441,174
Cash and cash equivalents, December 31	$ 23,570,008	$ 22,004,340
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Contributions of capital	$ 21,429,142	$ 5,072,132
Acquisitions of fixed assets with capital contributions	(21,429,142)	(5,072,132)
Change in estimate of accrued claims payable	(120,000)	-
Effect on net income for change in estimate of accrued claims payable	120,000	-
	$ -	$ -
Cash and cash equivalents at December 31 consists of:		
Current assets:		
Cash	$	$ -
Share of pooled assets	1,829,221	2,009,774
	1,829,221	2,009,774
Restricted assets:		
Share of pooled assets	21,740,787	19,994,566
Total	$ 23,570,008	$ 22,004,340

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

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.

   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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. COMPARATIVE DATA
Certain items in the District's financial statements have been reclassified from amounts previously reported for comparison purposes.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. NEW ACCOUNTING STANDARDS
For the year ended December 31, 1995, the District has implemented GASB Statement 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues." The new standard requires a liability for claims be reported if information prior to issuance of the financial statements indicated that it is probable that a liability has been incurred at the date of the financial statements. The required disclosure can be found in Note L.

NOTE B - RECEIVABLES

Receivables consist of the following at December 31:

	1995	1994
Accounts	$2,016,454	$2,189,371
Ad Valorem Taxes	4,721,971	4,534,027
Due from Other Governments	5,787	14,115
	$6,744,212	$6,737,513

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. This receivable amounts to $802,015 for 1995 as compared to $900,068 for 1994. This amount is included in the accounts receivable shown above.

The District had the following receivables due from other governments as of December 31, 1995:

Due from State of Louisiana	$ 950
Due from Jefferson Parish Sheriff's Department	4,837
	$ 5,787

NOTE C - RESTRICTED ASSETS

Restricted assets are comprised of the following at December 31, 1995:

	CONSTRUCTION FUNDS
Share of pooled assets	$ 21,740,787

CONSOLIDATED SEWERAGE DISTRICT NO. 1
JEFFERSON PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 1995

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, 1995 follows:

	BALANCE DECEMBER 31, 1994	ADDITIONS	NET TRANSFERS (TO) FROM OTHER FUNDS	BALANCE DECEMBER 31, 1995
Buildings	$ -	$ -	$ 4,700,192	$ 4,700,192
Collection and distribution system	232,651,643	14,203	14,718,440	$ 247,384,286
Sewer treatment plants	128,888,370	22,989	2,140,744	131,052,103
Improvements	831,135	-	6,899	838,034
Furniture & fixtures	750,679	87	2,912	753,678
Equipment	2,654,108	242,675	217,723	3,114,506
Vehicles	3,946,568	48,408	(80,905)	3,914,071
	369,722,503	328,362	21,706,005	391,756,870
Land	12,071,548	-	(522,737)	11,548,811
	$ 381,794,051	$ 328,362	$ 21,183,268	$ 403,305,681

	LIFE	ACCUMULATED DEPRECIATION DECEMBER 31, 1994	1995 DEPRECIATION	NET TRANSFERS (TO) FROM OTHER FUNDS	ACCUMULATED DEPRECIATION DECEMBER 31, 1995
Buildings	20	$ -	$ 47,002	$ -	$ 47,002
Collection and distribution system	50	34,166,998	4,800,359	-	38,967,357
Sewer treatment plants	50	17,973,101	2,599,866	-	20,572,967
Improvements	10	208,625	83,459	-	292,084
Furniture & fixtures	10	557,135	57,264	-	614,399
Equipment	10	1,517,310	342,629	(164,378)	1,695,561
Vehicles	5	2,788,166	466,238	(80,905)	3,173,499
		$ 57,211,335	$ 8,396,817	$ (245,283)	$ 65,362,869

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

Increases of $22,145,415 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 totalling $877,146 of the former Helois Treatment Plant were transferred to the General Fixed Assets Account Group of the Parish of Jefferson.

During the year ended December 31, 1995, improvements to the Rheem property located on Jefferson Highway were completed and the property was put into use by the Sewerage District and the Drainage and Central Garage Departments. Costs associated with the property totalling $4,700,192 were paid by the Sewer Capital Construction Fund and were capitalized during 1995. An agreement to reimburse the Sewer Capital Construction Fund for the costs associated with facilities used by the Drainage and Central Garage Departments will be reached under a reimbursement program beginning in 1997.

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

Construction in progress is comprised of the following at December 31, 1995:

	PROJECT AUTHORIZATION	EXPENDED TO DECEMBER 31, 1995	COMMITTED	REQUIRED FUTURE FINANCING
Plant and line improvements	$ -0-	$ -0-	$ -0-	NONE

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 preceding the year in which reimbursement is to be made. At December 31, 1995 the amount of accrued annual and sick leave, and salary-related costs was $1,351,806 as compared to $1,314,545 at December 31, 1994.

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, 1995 in accordance with GASB Statement #16 for those employees hired after April 1, 1986. Restatement of prior periods was not considered necessary because the amounts were immaterial.

CONSOLIDATED SEWERAGE DISTRICT NO. 1
JEFFERSON PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 1995

NOTE F - CHANGES IN CONTRIBUTED CAPITAL

A summary of changes in the District's contributed capital accounts for the year ended December 31, 1995 follows:

	PARISH	SUBDIVIDERS	CITIZENS	AD VALOREM TAX BONDS	PARISH SALES TAX BONDS	STATE	FEDERAL GOVERNMENT	TOTAL
Balances at 12/31/94	$ 17,266,226	$ 14,199,254	$ 3,341,584	$ 8,974,445	$ 220,213,771	$ 93,689	$ 53,204,220	$ 317,293,189
Transfer in of fixed assets at cost constructed with funds provided by Parish Sales Tax Bond proceeds	-	-	-	-	22,145,415	-	-	22,145,415
Transfer in of fixed assets from other Jefferson Parish funds	160,873	-	-	-	-	-	-	160,873
Transfer out of land and decommissioning costs of the former Helois Sewage Treatment Plant to Streets District	-	-	-	-	(877,146)	-	-	(877,146)
Depreciation expense for the year ended 12/31/95 on fixed assets acquired through capital contributions	(496,160)	(383,428)	(77,655)	(231,129)	(5,660,240)	(2,583)	(1,138,596)	(7,989,791)
Balances at 12/31/95	$ 16,930,939	$ 13,815,826	$ 3,263,929	$ 8,743,316	$ 235,821,800	$ 91,106	$ 52,065,624	$ 330,732,540

NOTE G - RETAINED EARNINGS RESERVES

Retained earnings reserved for construction that were remaining at December 31, 1994 for the former East Bank Consolidated Sewerage District and West Bank Consolidated Sewerage District have been segregated for capital projects according to their former designations as follows:

	(FORMER) EAST BANK CONSOLIDATED SEWERAGE DISTRICT	(FORMER) WEST BANK CONSOLIDATED SEWERAGE DISTRICT	TOTAL
Balance, 12/31/94	$ 13,972,239	$ 6,022,877	$19,995,116
Plant Investment Fees	164,500	231,750	396,250
Interest Earned	938,511	410,910	1,349,421
Transfers Out	(-0-)	(-0-)	(-0-)
Balance, 12/31/95	$ 15,075,250	$ 6,665,537	$21,740,787

Unreserved retained earnings that were remaining at December 31, 1994 for the former East Bank Consolidated Sewerage District and West Bank Consolidated Sewerage District have been segregated for future use according to their former designations as follows:

	(FORMER) EAST BANK CONSOLIDATED SEWERAGE DISTRICT	(FORMER) WEST BANK CONSOLIDATED SEWERAGE DISTRICT	TOTAL
Balance, 12/31/94	$ 8,157,121	$ 1,041,512	$ 9,198,633
Transfers Out	(-0-)	(-0-)	(-0-)
Balance, 12/31/95	$ 8,157,121	$ 1,041,512	$ 9,198,633

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	16.72
8	25.72
10	35.15
12	41.15

CONSOLIDATED SEWERAGE DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes to Financial Statements (Continued)
December 31, 1995

NOTE H - SEWERAGE SERVICE RATES (Continued)

B) - 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.

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 1994 property tax which was levied to finance the budget for 1995 was recorded as revenue for the year 1995. The 1995 property tax which was levied to finance the budget for 1996 is recorded as deferred revenue at December 31, 1995.

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

PURPOSE	MILLAGE 1995	1994
Maintenance and operations:		
Consolidated Sewerage District No. 1	5.0	5.0

NOTE J - INTEREST COST

No interest cost was capitalized during the years ended December 31, 1995 and 1994.

NOTE K - OPERATING TRANSFERS

The District had the following operating transfers during the year ended December 31, 1995:

FUND TRANSFERRED TO OR FROM	OPERATING TRANSFERS IN	OPERATING TRANSFERS OUT
Sewer Capital Program	$ 500,000	$ -
Eastbank Consolidated Sewer Revenue Bond Construction Fund	351,059	-
	$ 851,059	$ -

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 $1,183,232 and $1,338,874 for 1995 and 1994, respectively.

At December 31, 1995, the total outstanding claims liability of the General Liability Fund was $19,865,973, which includes an estimated liability for incurred but not reported claims of $5,962,524. 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 $413,205 and $427,958 for 1995 and 1994, 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 1995, 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. The District contributions were $-0- and $20,719 for 1995 and 1994, respectively.

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. The contract was renewed in 1994 for a two-year term. 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 $1,836,780 for 1995 as compared to $1,721,945 for 1994.

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, 1995. The District's "reasonably possible" loss contingencies at December 31, 1995, for which an amount of liability can be estimated, approximates $ -0-. During the year ended December 31, 1995, a probable claim, previously accrued in the financial statements in the amount of $120,000, was settled for $118,332.

NOTE N - PENSION PLANS

The District's employees participate in the retirement systems described below. Total pension expense recorded by the District for contributions to the retirement systems for the year ended December 31, 1995 was $434,463 as compared to $428,109 for December 31, 1994.

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 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.

PLAN DESCRIPTIONS

The Employees' Retirement System of Jefferson Parish (The Parish Plan)

Employees who were hired prior to December 15, 1979 participate in both the Parish and State Plans. Benefits for these employees are provided principally by the State Plan. The benefits provided by the Parish are limited to amounts resulting from differences between benefits provided by the two systems. Under the Parish Plan, employees with 10 years of service may retire at age 60, employees with 25 years of service may retire at age 55, and employees with 30 years of service may retire regardless of age. Employees who are members of the Parish Plan only receive benefits equal to 1 percent of the highest three-year average annual compensation plus 2 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 3 percent per year for each year they receive benefits below the age of 62. Employees who are members of both the Parish and State Plans receive benefits equal to 3 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 systems may not exceed 100 percent of the member's final average compensation. Retirement benefits are payable monthly for the life of the retiree, and upon the retiree's death, under certain conditions, are payable to the retiree's surviving spouse and minor children.

NOTE N - PENSION PLANS (Continued)

Parochial Employees' Retirement System of Louisiana (The State Plan)

Under the State Plan, a member is eligible for normal retirement if he 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 3 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 member's final compensation. Retirement benefits are payable monthly for the life of the retiree, and upon the retiree's death, under certain conditions, are payable to the retiree's surviving spouse and minor children.

COVERED PAYROLL

The total payroll, as well as the covered payroll, for each of the plans for the year ended December 31, 1995 were as follows:

	TOTAL	COVERED
Parish Plan	$82,148,218	$22,317,135
State Plan	$82,148,218	$66,005,796

CURRENT MEMBERSHIP

Current membership in the single-employer plan is comprised of the following as of December 31, 1995:

	PARISH PLAN
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	845
Active plan participants: Vested	575
Total	1,420

Membership data for the State Plan, a cost-sharing multiple-employer plan, is not available by individual employer.

FUNDING STATUS AND PROGRESS

The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to (I) help users assess the Parish Plan's funding status on a going-concern basis, (II) assess progress made in accumulating sufficient assets to pay benefits when due and (III) allow for comparisons among public employee retirement plans.

NOTE N - PENSION PLANS (Continued)

FUNDING STATUS AND PROGRESS (Continued)

Because the standardized measurement is used only for disclosure purposes, the measurement is independent of the methods used to determine contributions to the Plans. The pension benefit obligation for the Parish Plan was determined as part of an actuarial valuation made as of December 31, 1995. Significant actuarial assumptions used to determine the standardized measure of the pension benefit obligations are summarized as follows:

	PARISH PLAN
Rate of return on the investment of present and future assets	8.00%
Projected salary increases due to:	
Inflation	3.25%
Merit or seniority	2.75%
Post-retirement benefit increases	Not funded

The standardized measure of the pension benefit obligation for the Parish Plan is comprised of the following as of December 31, 1995.

	PARISH PLAN
Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$22,535,097
Current employees:	
Accumulated employee contributions	2,518,085
Employer-financed vested	2,513,641
Employer-financed nonvested	3,475,417
Total pension benefit obligation	31,042,240
Net assets available for benefits, at cost or amortized cost (market value - $17,856,944)	17,153,418
Unfunded (assets in excess of) pension benefit obligation	$13,888,822

The State Plan, a cost-sharing multiple-employer plan, does not conduct separate measurements of assets and pension benefit obligations for individual employers. The benefit obligation at December 31, 1994 (the latest date for which such information was available at the date of this report) for the State Plan as a whole, determined through an actuarial valuation performed as of that date, was $724,620,337. The State Plan's net assets available for benefits on that date were $643,739,367, resulting in an unfunded pension benefit obligation of $80,880,970.

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the pension benefit obligations occurred during 1995.

NOTE N - PENSION PLANS (Continued)

CONTRIBUTIONS REQUIRED AND MADE

The funding policies of the Parish Plan provide for contributions at actuarially determined rates that are sufficient to pay benefits when due. The contribution rates of the Parish Plan are determined using the entry age normal cost method, with the unfunded actuarial accrued liabilities being funded over a 40 year period. The Parish Council authorizes the contribution rates each year. Significant actuarial assumptions used to compute pension contribution requirements are the same as those used to determine the standardized measure of the pension benefit obligation.

Contributions required and made for the Parish Plan is comprised of the following as of December 31, 1995:

	PARISH PLAN
Contribution required:	
Normal cost	$ 277,796
Amortization of unfunded actuarial accrued liability	569,580
	$ 847,376
Contributions made:	
Employer	$ 870,706
Employee	161,927
	$ 1,032,633
Contributions made as a percentage of covered payroll:	
Employer	3.90%
Employee	.73%

The State Plan's contributions are established by State statute. For 1995, employees were required to contribute 9.50 percent of their salary and the Parish to contribute 8.25 percent of their salary. Contributions required and made for the State Plan, a cost-sharing multiple-employer plan, for the year ended December 31, 1995 were $11,551,003, which consisted of $6,270,544 (9.50 percent of covered payroll) from the Parish and $5,280,459 (8.00 percent of covered payroll) from employees. The Parish's contribution represented 25 percent of the total contributions required of all participating employees.

TREND INFORMATION

Historical trend information for the single-employer plan is as follows:

	PARISH PLAN (DECEMBER 31)
Net assets available for benefits as a percentage of the pension benefit obligation:	
1995	55.3%
1994	55.8%
1993	58.6%

NOTE N - PENSION PLANS (Continued)

TREND INFORMATION (Continued)

Unfunded (assets in excess of) pension benefit obligation as a percentage of covered payroll:	
1995	62.2%
1994	59.2%
1993	50.3%
Employer contributions to the pension plan as a percentage of covered payroll:	
1995	3.9%
1994	3.6%
1993	3.4%

Showing the unfunded (assets in excess of) pension benefit obligation as a percentage of covered payroll approximately adjusts for the effects of inflation for analytical purposes.

Historical trend information is presented in order for a reader to assess the progress made in accumulating sufficient assets to pay pension benefits as they become due. Ten year historical trend information presenting the Parish and State Plans' progress in accumulating sufficient assets to pay benefits when due is presented in the Employees' Retirement System of Jefferson Parish, Louisiana December 31, 1995 component unit financial report and the Parochial Employees' Retirement System's December 31, 1994 Comprehensive Annual Financial Report, respectively.

NOTE O - DEFERRED COMPENSATION PLAN

The Parish offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, which is accounted for as an agency fund in the Parish's Comprehensive Annual Financial Report, is available to all Parish employees and 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.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Parish (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Parish's general creditors. Participants' rights under the plan are equal to those of general creditors of the Parish in an amount equal to the fair market value of the deferred account for each participant.

The Parish's legal counsel believes that the Parish has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. The Parish believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

Investments are managed by PEBSCO. The choice of the investment option(s) is made by the participant.

NOTE P - POST-RETIREMENT HEALTH CARE

Health Care and Life Insurance

In addition to providing pension benefits, the Parish provides certain health care and life insurance benefits for retired employees as authorized by Resolution No. 74791. Substantially all employees who reach normal retirement age while working for the Parish are eligible. The cost of these benefits are recorded as expenditures when the premiums are paid. The health care and life insurance premiums for retired employees of the District amounted to $102,565 and $96,553 for 1995 and 1994, respectively.

Cost of Living Plan

In addition to the health care and life insurance benefits noted above, the Parish also provides a supplement to retirees' pensions as authorized by Ordinance No. 18176. This benefit is available to retirees participating in either the Employees' Retirement System of Jefferson Parish or the Parochial Employees' Retirement System of Louisiana who have been retired for at least one year. This additional benefit is paid once a year and is calculated as 2% of the monthly benefit times the number of months the person has been retired including partial years. The minimum additional payment is $350 and the maximum payment is $1,200. Any additional payment due to the retiree per these calculations are further reduced by any cost of living adjustment benefits paid by the Parochial Employees' Retirement System of Louisiana (not available to all plan participants).

NOTE Q - 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

CONSOLIDATED SEWERAGE DISTRICT NO. 1
JEFFERSON PARISH, LOUISIANA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the Year Ended December 31, 1995

FEDERAL GRANTOR/PASS-THROUGH GRANT PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	GRANT AMOUNT	ACCRUED (DEFERRED) REVENUE DECEMBER 31, 1994	CASH RECEIVED DURING YEAR		ACCRUED (DEFERRED) REVENUE DECEMBER 31, 1995	TOTAL REVENUE RECOGNIZED 1995	EXPENDITURES		TOTAL EXPENDITURE RECOGNIZED 1995
					GRANT	OTHER			FEDERAL	OTHER	
FEDERAL EMERGENCY MANAGEMENT AGENCY											
Department of Military Affairs:											
Flood of May 8, 1995	83.516	Disaster #1049	$ 64,238	$ 0	$ 55,622	$ 8,616	$ 0	$ 64,238	$ 55,622	$ 8,616	$ 64,238

SPECIAL REPORTS OF CERTIFIED
PUBLIC ACCOUNTANTS

DERBES & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

3027 RIDGELAKE DRIVE
POST OFFICE BOX 8176
METAIRIE, LOUISIANA 70011
TELEPHONE: 504/837-2200
TELECOPIER: 504/837-2214

ALBERT J. DERBES, III, C.P.A.
HUGH J. POSNER, C.P.A.*
* A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the Consolidated Sewerage District No. 1 of the Parish of Jefferson, State of Louisiana (the District), for the year ended December 31, 1995 and have issued our report thereon dated April 25, 1996.

We conducted our audit in accordance with generally accepted auditing standards; **Government Auditing Standards**, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the District for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities 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 structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the District in a separate letter dated April 25, 1996.

This report is intended for the 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.

Derbes Company

April 25, 1996

DERBES & COMPANY CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.
3027 RIDGELAKE DRIVE • POST OFFICE BOX 8176 • METAIRIE, LOUISIANA 70011 • TELEPHONE 504/837-2200

DERBES & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

3027 RIDGELAKE DRIVE
POST OFFICE BOX 8176
METAIRIE, LOUISIANA 70011
TELEPHONE: 504/837-2200
TELECOPIER: 504/837-2214

ALBERT J. DERBES, III, C.P.A.
HUGH J. POSNER, C.P.A.*
* A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the Consolidated Sewerage District No. 1 of the Parish of Jefferson, State of Louisiana (the District), for the year ended December 31, 1995, and have issued our report thereon dated April 25, 1996.

We conducted our audit in accordance with generally accepted auditing standards; **Government Auditing Standards**, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the District is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. 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**.

This report is intended for the information 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 the report, which is a matter of public record.

Derbes & Company

April 25, 1996

DERBES & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

3027 RIDGELAKE DRIVE
POST OFFICE BOX 8176
METAIRIE, LOUISIANA 70011
TELEPHONE: 504/837-2200
TELECOPIER: 504/837-2214

ALBERT J. DERBES, III, C.P.A.
HUGH J. POSNER, C.P.A.*
* A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

We have audited the financial statements of the Consolidated Sewerage District No. 1 of the Parish of Jefferson, State of Louisiana (the District), as of and for the year ended December 31, 1995, and have issued our report thereon dated April 25, 1996.

We conducted our audit in accordance with generally accepted auditing standards; **Government Auditing Standards**, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit for the year ended December 31, 1995, we considered the District's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the District's financial statements and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated April 25, 1996.

The management of the District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded

MEMBERS: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

GENERAL REQUIREMENTS

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Drug-free workplace
- Administrative requirements

SPECIFIC REQUIREMENTS

- Types of services allowed or unallowed
- Matching, level of effort, and/or earmarking
- Reporting
- Special tests and provisions
- Cost allocation
- Claims for advances and reimbursements
- Amounts claimed or used for matching

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended December 31, 1995, the District had no major federal financial assistance programs and expended 100% of its total federal financial assistance under the following nonmajor federal financial assistance program:

FEDERAL EMERGENCY MANAGEMENT AGENCY DISASTER ASSISTANCE
Department of Military Affairs:
Flood of May 8, 1995 Disaster #1049

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor program. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities 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 structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the District in a separate letter dated April 25, 1996.

This report is intended for the information 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.

Derbes & Company

April 25, 1996

DERBES & COMPANY CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.
3027 RIDGELAKE DRIVE • POST OFFICE BOX 8176 • METAIRIE, LOUISIANA 70011 • TELEPHONE 504/837-2200

DERBES & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

3027 RIDGELAKE DRIVE
POST OFFICE BOX 6176
METAIRIE, LOUISIANA 70011
TELEPHONE: 504/837-2200
TELECOPIER: 504/837-2214

ALBERT J. DERBES, III, C.P.A.
HUGH J. POSNER, C.P.A.*
* A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

We have audited the financial statements of the Consolidated Sewerage District No. 1 of the Parish of Jefferson, State of Louisiana (the District), as of and for the year ended December 31, 1995, and have issued our report thereon dated April 25, 1996.

We have applied procedures to test the District's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended December 31, 1995.

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Drug-free workplace
- Administrative requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments." Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the District's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the District had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information 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.

Derbes & Company

April 25, 1996