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FINANCIAL REPORT

CONSOLIDATED WATERWORKS

DISTRICT NO. 1

PARISH OF JEFFERSON

STATE OF LOUISIANA

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

DECEMBER 31, 1997

Release Date JUL 08 1998

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EXAMINER REPORT

CONSOLIDATED APPELLATE DISTRICT NO. 1

PARISH OF JEFFERSON

STATE OF LOUISIANA

DECEMBER 31, 1947

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COMBINED UNIT FINANCIAL STATEMENTS



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INDEPENDENT AUDITOR'S REPORT

April 14, 1998

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

We have audited the accompanying component unit financial statements of the Jefferson Parish Consolidated Waterworks District No. 1, a component unit of the Jefferson Parish Government under generally accepted accounting principles, as of and for the years ended December 31, 1997 and December 31, 1996, as listed in the index to the report. These financial statements are the responsibility of management of the Jefferson Parish Consolidated Waterworks District No. 1. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Jefferson Parish Consolidated Waterworks District No. 1 as of December 31, 1997 and 1996, and the results of 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 April 14, 1998 on our consideration of the Jefferson Parish Consolidated Waterworks District No. 1's internal control structure and on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the component unit financial statements. The accompanying supplemental information schedules are presented for the purpose of additional analysis and are not a required part of the component unit financial statements of the Jefferson Parish Consolidated Sewerworks District No. 1. Such information has been subjected to the procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly stated in all material respects in relation to the component unit financial statements taken as a whole.

Deplambert, Hopmann, Hogan & Maher LLP

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

December 31, 1997 and 1998

ASSETS	1997	1998
Current assets		
Cash and cash equivalents	\$ 1,434,828	\$ 1,400,868
Investments	1,089,347	4,047,398
Share of pooled assets	4,182,897	179,895
Receivables		
Accounts	3,789,218	3,681,208
All water rates	671,244	660,828
Due from other governments	4,815	5,342
Miscellaneous	82,892	1,208
Accounts interest	72,768	20,814
Prepaid expenses	-	40,808
Inventory, at average cost	3,680,204	3,383,218
Total current assets	18,879,844	18,541,954
Restricted assets		
Revenues: bond sinking fund	-	226,891
Revenues: bond reserve fund	-	503,593
Revenues: bond capital additions and contingencies fund	-	2,664,802
Customers' meter deposit fund	3,921,819	3,778,882
Construction fund	28,086,114	28,685,893
Total restricted assets	32,011,736	32,120,061
Property, plant, and equipment		
Land	1,743,488	1,743,488
Plant and equipment	107,482,805	103,636,163
	109,226,293	105,379,651
Less accumulated depreciation	(66,728,129)	(61,673,818)
	142,498,164	143,705,833
Construction in progress	1,842,646	1,572,607
Total property, plant, and equipment	144,340,810	145,278,636
TOTAL ASSETS	\$ 184,277,220	\$ 183,940,654

(Continued)

CONSOLIDATED WATERWORKS DISTRICT NO. 5
Jefferson Parish, Louisiana
Balance Sheets (Continued)

December 31, 1987 and 1986

LIABILITIES AND FUND EQUITY	1987	1986
Current liabilities		
Due to other governments	\$ 374,175	\$ 408,642
Accounts payable	260,827	486,443
Wastewater payable	2,942	102,634
Sales taxes payable	86,212	88,888
Account pay all expenses	1,052,848	1,736,167
Deferred revenue	577,148	858,397
Total current liabilities	<u>3,323,899</u>	<u>3,504,539</u>
Current liabilities payable from restricted assets		
Due to operating fund	62,856	1,268
Contracts payable	682,888	1,093,266
Ratepayer payable	220,813	410,888
Customers' meter deposits payable	3,626,748	3,718,094
Current portion of revenue bonds	-	808,000
Deferred revenue	5,623,878	6,417,326
Total current liabilities payable from restricted assets	<u>10,228,238</u>	<u>11,816,848</u>
Total liabilities	<u>13,552,137</u>	<u>15,321,387</u>
Fund equity		
Contributed capital		
Parish	888,888	803,280
Subscribers	5,180,885	5,381,853
Citizens	180,812	192,147
Ad valorem tax bonds	6,776,478	7,004,282
Other governments	2,004,293	2,198,278
Federal government	3,283,168	3,423,701
Total contributed capital	<u>18,229,691</u>	<u>17,008,643</u>
Retained earnings		
Reserved for revenue bond retirement	-	3,234,458
Reserved for construction	22,683,851	13,070,418
Unreserved	107,876,548	89,588,800
Total retained earnings	<u>129,860,399</u>	<u>111,713,676</u>
Total fund equity	<u>148,728,176</u>	<u>134,120,487</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 154,277,320</u>	<u>\$ 148,140,574</u>

The accompanying notes are an integral part of this statement.

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

For the Years Ended December 31, 1997 and 1996

	1997	1996
Operating revenues		
Water sales	\$ 14,712,084	\$ 13,621,007
Service charges	2,878,054	1,950,535
Sprinkler charges	192,270	183,000
Delinquent charges	283,084	413,283
Installation and reconnection fees	317,010	405,322
Other service charges	151,988	184,291
	17,852,540	16,797,438
Operating expenses		
Personnel services - Salaries & wages	4,740,255	4,813,249
Personnel services - Employee benefits	1,153,288	1,268,234
Rentals	1,278,189	958,035
Purchased services - Professional and Technical	3,253,385	3,287,048
Purchased Services - Property	4,215,409	3,880,343
Purchased Services - Other	1,747,170	1,423,146
General	38,107	43,989
Depreciation	4,240,573	4,188,721
	20,111,427	18,873,065
Operating income (loss)	(2,258,887)	714,344
Nonoperating revenues (expenses)		
Taxes	6,813,695	5,769,171
State revenue sharing	874,814	685,820
Intergovernmental revenues	-	6,380
Interest income	2,002,879	1,823,065
Interest expense	(28,202)	(57,187)
	9,763,186	8,248,750
Income before operating transfers	6,504,299	6,963,128
Operating transfers (input)	98,408	(208,781)
Net income	6,602,707	6,754,347
Add depreciation on property, plant, and equipment acquired by capital contributions that reduces contributed capital	192,793	638,076
Increase in retained earnings	6,795,500	7,392,423
Retained earnings, beginning of year, as previously reported	117,111,845	107,355,373
Prior period adjustment	-	(287,375)
Retained earnings, beginning of year, as related	117,111,845	107,068,000
Retained earnings, end of year	\$ 124,580,892	\$ 117,151,845

The accompanying notes are an integral part of this statement.

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

For the Years Ended December 31, 1997 and 1996

	<u>1997</u>	<u>1996</u>
Cash flows from operating activities		
Operating income (loss)	\$ (2,155,897)	\$ 794,344
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	4,943,873	4,183,721
Changes in assets and liabilities		
(Increase) decrease in receivables	(188,897)	(628,852)
(Increase) decrease in inventory	(585,688)	17,399,875
(Increase) decrease in prepaid expenses	40,000	(34,283)
Increase (decrease) in payables	(7,180,822)	688,252
Increase (decrease) in accrued liabilities	132,475	151,808
Increase (decrease) in customers' meter deposits payable	170,048	89,291
Total adjustments	<u>2,689,789</u>	<u>3,159,862</u>
Net cash provided by (used for) operating activities	<u>543,932</u>	<u>3,054,808</u>
Cash flows from noncapital financing activities		
Taxes	795,850	2,273,214
State revenue sharing	674,814	645,820
Intergovernmental revenue	-	6,308
Operating transfers (to/from other Jefferson Parish funds)	95,400	(229,757)
Net cash provided by (used for) noncapital financing activities	<u>1,466,064</u>	<u>2,785,605</u>
Cash flows from capital and related financing activities		
Taxes	5,287,781	3,471,268
Acquisition of fixed assets	(259,247)	(184,807)
Additions to construction in progress	(3,871,670)	(14,284,897)
Principal paid on revenue bond liabilities	(880,000)	(635,000)
Interest paid on revenue bonds	(35,295)	(88,800)
Net cash provided by (used for) capital and related financing activities	<u>211,969</u>	<u>(7,801,606)</u>

(Continued)

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

For the Years Ended December 31, 1987 and 1986

	1987	1986
Cash flows from investing activities:		
Purchase of investments	\$ (16,828,286)	\$ (37,802,370)
Proceeds from sales and maturities	20,817,484	34,738,034
Interest on investments	2,852,789	1,844,263
	\$ 6,841,987	\$ (1,180,063)
Net cash provided by (used for) investing activities	\$ 6,841,987	\$ (1,180,063)
Net increase (decrease) in cash and cash equivalents	6,871,547	(2,426,977)
Cash and cash equivalents, January 1	22,955,584	25,382,561
Cash and cash equivalents, December 31	\$ 29,827,131	\$ 22,955,584
NONCASH INVESTING, CAPITAL, AND FINANCING		
ACTIVITIES		
Contributions of capital	\$ -	\$ 12,247
Acquisitions of fixed assets with capital contributions	-	(12,247)
	\$ -	\$ -
Cash and cash equivalents at December 31 consists of:		
Current assets:		
Cash and cash equivalents	\$ 1,434,828	\$ 1,402,180
Share of posted assets	4,782,897	725,885
	\$ 6,217,725	\$ 2,128,065
Restricted assets:		
Cash	212,190	60,180
Share of posted assets	23,486,217	18,753,784
	\$ 23,718,408	\$ 18,813,964
Total	\$ 29,827,131	\$ 22,955,584

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED MEMORANDUM DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes to Financial Statements
December 31, 1997

NOTE 6 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidated Memorandum District No. 1 of the Parish of Jefferson (the District) was created effective January 1, 1997, pursuant to Act Number 758-95, adopted by the Jefferson Parish Council, on December 8, 1995, and includes all of the territory within former East Jefferson Metairie District Number One and Consolidated Metairie District No. 2 of the Parish of Jefferson, Louisiana which included the former Metairie District No. 1 of Consolidated Metairie District No. 2 of the Parish of Jefferson, Louisiana. The District was established for the purpose of maintaining an adequate supply of water for the residents of the unincorporated and certain incorporated 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 entities. The governmental accounting standards board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The nature of principles of the District's accounting policies are described below.

1. REPORTING ENTITY

The DISTRICT reporting purposes is consistent with Governmental Accounting Standards Board Statement No. 14 (GASB 14) reporting purposes is a component unit of Jefferson Parish, Louisiana (the Parish), the reporting entity (the District). 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 reported on a fund basis wherein 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 assessing certain objectives in accordance with special regulations, restrictions or limitations. The District is presented in the accompanying financial statements as follows:

4. PROPRIETARY FUND

- (a) The Proprietary Fund is used to account for operations that are financial and reported on a accrual basis in private business enterprises where the intent of the governing body is that the debt incurred, including depreciation of providing goods or services in 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 treatment No. 26 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, including Financial Accounting and Accounting Standards Bulletin of the Institute on Accounting Principles issued in or before December 31, 1997, unless these pronouncements conflict with or contradict GASB pronouncements. The District has not adopted any Financial Accounting Standards Board Statements or Interpretations, Accounting Principles Board Statement or Accounting Research Bulletins of the American Accounting Association issued after December 31, 1997.

4. DEBT, INVESTMENTS AND STATE OF FUND BALANCE

The "State of Fund Account" of the District are stated in the appropriate Jefferson Parish consolidated funds and reported separately in the funds. Interest earned on the pooled investments is allocated to the various funds based on each fund's month-end "Share of Pooled Assets" balance. Invested assets are carried at cost plus accrued interest.

For purposes of the Statement of Cash Flows, cash and cash equivalents include all highly liquid investments (including overnight 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. Gains and losses in the purchase of investments are amortized over the life of the investment commencing from the date of purchase to the date of maturity.

COMBINED STATEMENTS OF FINANCIAL POSITION
Jefferson Parish, Louisiana
Notes to Financial Statements (Continued)
December 31, 2007

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. **ISSUE, REDEMPTIONS AND EARLY RECALL RIGHTS FOOTNOTES**

Issuance statutes permit the Director to issue, in whole or in part, Treasury notes, or certificates or other obligations of the U.S. Government and agencies of the U.S. Government which are federally guaranteed, and other securities or deposits of state banks and national banks having their principal office in the state of Louisiana, or its status as 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 amounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. Uncollectible amounts are recognized as bad debts in the time information becomes available which would indicate the uncollectibility of the particular receivable.

6. **EXPENSES**

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

7. **REVENUES RECEIVED**

Ordinance No. 5400, which authorized the issuance of the revenue bonds for the former consolidated waterworks district No. 2, authorized the Director to issue certain bonds of the District for various purposes related to the bond issue.

The Revenue Bond Sinking Fund of the former Consolidated Waterworks District No. 2 was established to pay promptly and keep the principal of and the interest on such payments from the authorized Revenue Bond Sinking Fund, through the proceeds of the District, in an amount, in arrears (1/8) of the interest falling due on the next payment date and a sum equal to one-twelfth (1/12) of the principal falling due on the next principal payment date.

The Revenue Bond Reserve Fund of the former Consolidated Waterworks District No. 2 was established to provide income for the purpose of paying the principal of and interest on such payments from the authorized Revenue Bond Sinking Fund, through the funds given to be liquidated. The fund is to be kept at an amount equal to the highest annual principal and interest requirements for any succeeding fiscal year for the revenue bonds issued.

The Capital Expenditure and Debt Amortization Fund of the former Consolidated Waterworks District No. 2 was created for the following purposes:

1. For the payment of currently maturing principal of and interest on any of the bonds otherwise and to the extent that there is insufficient money in the Revenue Bond Sinking Fund and the Revenue Bond Reserve Fund.
2. For the making of improvements, additions, alterations, replacements or repairs to the system.
3. For the creation of a special fund or reserve for any one or more of the foregoing purposes.

This fund is financed by transferring annually an amount equal to five percent (5%) of the previous five operations after those revenues have satisfied the requirements of the Revenue Bond Sinking Fund and the Revenue Bond Reserve Fund.

Since the bonds were paid in full during the current year, any assets restricted assets from the Revenue Bond were transferred to the Construction Fund.

Also included in restricted assets are: (1) The "Customers' Water Deposit" account, which is used to aggregate water meter deposits used to pay any outstanding debt bills when customers discontinue service; and (2) The "Construction Fund" account, which is used to aggregate those revenues generated by transfers from the operating fund 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 purchases from assets are valued at cost where historical records are available and at an

JEFFERSON PERIODIC STATEMENTS OF ASSETS
 Jefferson Parish, Louisiana
 Notes to Financial Statements (Continued)
 December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. CAPITAL ASSETS AND DEPRECIATION EXPENSES

Estimated historical cost, less accumulated depreciation, of \$481, 848, 848 was capitalized for those acquired through capital and RDTF monies.

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, in accordance.

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 charged out to the related contributed capital accounts rather than retained earnings. It is considered prudent 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.

C. UNEMPLOYMENT RESERVE

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

D. 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 include that a part of fund equity is legally restricted for a specific future use. Reserves for reserved fund retirement and construction are provided for in the financial statements.

NOTE B - DEPOSITS AND INVESTMENTS

On December 31, 1999 and 1998, the carrying amount of the District's deposits were \$1,424,000 and \$1,440,000 respectively. The bank balances were \$1,403,001 and \$1,260,749, respectively. None of the District's bank deposits are held at the same financial institutions as other funds of Jefferson Parish, thus sharing the maximum amount of federal depository insurance of that institution. No deposits were uninsured or underinsured at year end.

The District's investments as December 31, 1999 and 1998 are categorized below to give an indication of the level of risk assumed by the District as provided. Category 1 includes investments that are insured or regulated or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregulated investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured or unregulated investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the District's name.

	1999		1998		(\$,000)
	CARRYING AMOUNT	MARKET VALUE	CARRYING AMOUNT	MARKET VALUE	
B. U. Government Securities	\$1,200,000	\$1,170,000	\$1,271,744	\$1,361,291	1
B. U. Miscellaneously Held Other Funds, Cash, etc.	<u>2,240,000</u>	<u>2,550,000</u>	<u>2,228,256</u>	<u>2,321,296</u>	1
	<u>\$1,200,000</u>	<u>\$1,170,000</u>	<u>\$1,271,744</u>	<u>\$1,361,291</u>	

COMPASSION UTILITIES SYSTEM NO. 1
Jefferson Parish, Louisiana
Notes to Financial Statements (Continued)
December 31, 1997

NOTE C - RECEIVABLES

Receivable consist of the following as December 31:

	<u>1997</u>	<u>1996</u>
Accounts	\$1,768,250	\$2,461,205
All Utilities Taxes	871,586	840,000
Due from Other Governments	4,075	1,244
Miscellaneous	82,589	1,856
Accounts Payable	80,990	8,055
	<u>\$1,797,590</u>	<u>\$2,323,360</u>

The District considers credited receivables as reported to be those amounts for water services received by customers in the current year, but not actually billed by the District until the following year. The credited receivables at December 31, 1997 and 1996 is \$1,797,590 and \$1,236,889, respectively.

The District had a receivable due from Jefferson Parish Sheriff's Department as of December 31, 1997 and 1996 in the amount of \$8,580 and \$8,076, respectively.

NOTE D - DEFERRED ASSETS

Deferred assets are comprised of the following:

	<u>1997</u>		
	<u>OUTSTANDING</u>	<u>DEFERRED BY</u>	<u>TOTAL</u>
	<u>1996</u>	<u>1996</u>	
Cash	\$ 270,188	\$ -	\$ 270,188
Investments	1,788,486	-	1,788,486
Share of paid off assets	-	12,489,877	(12,489,877)
All utilities taxes receivable	-	5,580,560	5,580,560
Due (to) from other governments	-	6,333	6,333
	<u>\$1,058,674</u>	<u>\$12,489,877</u>	<u>\$13,548,551</u>

	<u>1996</u>			
	<u>ISSUED</u>	<u>OUTSTANDING</u>	<u>DEFERRED BY</u>	<u>TOTAL</u>
	<u>1995</u>	<u>1995</u>	<u>1995</u>	
Cash	\$ -	\$ 82,180	\$ -	\$ 82,180
Investments	501,480	8,424,200	-	8,925,680
Share of paid off assets	(2,980,811)	-	10,181,851	(7,258,960)
Issued utilities taxes receivable	8,496	-	8,496	8,496
Due (to) from other governments	-	-	5,287,790	5,287,790
	<u>\$1,128,165</u>	<u>\$8,506,380</u>	<u>\$15,468,137</u>	<u>\$25,102,682</u>

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
ATLANTIC RICHFIELD, INC.
WITH 12 FINANCIAL STATEMENTS FOOTNOTES
DECEMBER 31, 1997

NOTE 4 - 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, 1997 follows:

	BALANCE		ACQUIRED BY ACQUISITION	DEPRECIATION EXPENSE	NET PROPERTY, PLANT & EQUIPMENT	BALANCE
	DECEMBER 31, 1996	DECEMBER 31, 1997				
Buildings	\$ 1,433,455	\$ -	\$ 547,000	\$ -	\$ 1,980,455	
Distribution system	144,349,742	-	1,448,578	-	145,798,320	
Plants	16,761,360	-	687,687	-	17,449,047	
Improvements	33,388	-	-	-	33,388	
Furniture & Fixtures	451,890	-	-	-	451,890	
Equipment	2,000,000	197,808	17,314	(778,899)	2,426,223	
Intangible	1,671,189	162,648	-	(275,161)	1,558,676	
	169,899,124	360,516	2,080,539	(1,054,060)	171,585,619	
Less	1,732,494	-	-	-	1,732,494	
	168,166,630	360,516	2,080,539	(1,054,060)	169,553,625	
Construction in progress	1,571,657	3,931,600	17,980,188	-	5,483,445	
\$	\$ 169,738,287	\$ 3,931,600	\$ 2,098,527	\$ (1,054,060)	\$ 176,714,352	

	ACQUIRED BY ACQUISITION		NET PROPERTY, PLANT & EQUIPMENT	ACQUIRED BY ACQUISITION
	DECEMBER 31, 1996	DECEMBER 31, 1997		
Buildings	\$ 1,433,455	\$ 547,000	\$ -	\$ 1,980,455
Distribution system	144,349,742	1,398,890	-	145,748,632
Plants	16,761,360	1,178,420	-	17,939,780
Improvements	33,388	16,200	-	49,588
Furniture & Fixtures	451,890	-	-	451,890
Equipment	2,000,000	89,658	(778,899)	1,310,759
Intangible	1,671,189	82,948	(275,161)	1,478,976
\$	\$ 1,677,031	\$ 2,113,116	\$ (1,054,060)	\$ 2,736,087

Construction in progress is comprised of the following at December 31, 1997:

	PROJECT NOT YET STARTED		EXPANDED BY DECEMBER 31, 1997		ACQUIRED BY DECEMBER 31, 1997	
	\$	%	\$	%	\$	%
Plant Improvements	\$ 1,387,880	100%	\$ 1,544,640	100%	\$ 1,131,025	100%

COMMERCIAL AIRBORNE EXPRESS NO. 1
JEFFERSON PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 1992

NOTE 2 - PROPERTY, PLANT, EQUIPMENT, DEPRECIATION AND CONSTRUCTION IN PROGRESS(Continued)

A summary of changes in property, plant, equipment, depreciation and construction in progress for the year ended December 31, 1992 follows:

	BALANCE DECEMBER 31, 1991	PROCH PURCHASE	DISPOSALS	DEPRECIATION EXPENSE	NET WORTHING	BALANCE DECEMBER 31, 1992
Buildings	\$ 5,885,750	-	-	\$ 1,291,200	-	\$ 4,594,550
Dist. System System	88,445,750	-	1,000	8,111,678	-	80,335,752
Plants	33,767,111	-	-	1,268,847	-	32,500,264
Improvements	275,500	-	-	-	-	275,500
Furniture & Fixtures	1,273,471	660,241	1,000	-	-	1,932,712
Equipment	5,554,476	649,990	75,073	76,407	120,116	6,053,096
Subtotal	\$ 15,152,598	-	76,073	-	\$ 15,076,525	\$ 15,152,598
	\$ 15,152,598	\$ 669,231	\$ 82,073	\$ 12,677,485	\$ 10,000	\$ 13,162,571
Land	155,495,337	669,231	144,547	12,677,485	100,000	155,495,337
	\$ 155,495,337	\$ 669,231	\$ 144,547	\$ 12,677,485	\$ 100,000	\$ 155,495,337
Construction in progress	-	-	76,073	12,677,485	-	1,379,467
	\$ -	\$ -	\$ 76,073	\$ 12,677,485	\$ -	\$ 1,379,467
	\$ 155,495,337	\$ 669,231	\$ 220,620	\$ 25,354,970	\$ 100,000	\$ 147,111,835

	ACUMULATED DEPRECIATION DECEMBER 31, 1992	PROCH PURCHASE	DISPOSALS	NET WORTHING	ACUMULATED DEPRECIATION DECEMBER 31, 1991
Buildings	\$ 1,291,200	-	107,000	-	\$ 1,184,200
Dist. System System	8,111,678	-	1,000	-	8,110,678
Plants	1,268,847	-	1,218,749	-	11,070,752
Improvements	58,874	-	76,700	-	76,824
Furniture & Fixtures	1,273,471	(120,116)	66,900	-	1,219,255
Equipment	1,343,288	120,116	66,900	120,116	1,336,388
Subtotal	1,885,358	-	1,450,649	120,116	1,654,824
	\$ 12,677,485	\$ 120,116	\$ 1,557,349	\$ 120,116	\$ 11,276,844

Construction in progress is comprised of the following at December 31, 1992:

	BALANCE DECEMBER 31, 1991	EXPENSE TO DECEMBER 31, 1992	REMOVED FOR SALE
Plant Improvements	\$ 4,507,000	\$ 1,151,607	\$ 2,178,537

Memorandum to Honorable Directors No. 1
Jefferson Parish, Louisiana
Notes to Financial Statements
December 31, 1999

NOTE 1 - RETIRED EMPLOYEES

As a result of a physical inventory retained earnings were restated as of January 1, 1999. The effect of the restatement was to decrease equipment in the amount of \$665,139, decrease the corresponding accumulated depreciation in the amount of \$665,139. The net effect to retained earnings was a decrease in the amount of \$665,139.

NOTE 2 - COMPENSATED ABSENCE

All full-time classified employees of the parish hired prior to April 30, 1986, are permitted to accumulate and carry forward from one calendar year to the next a maximum of 60 days of accrued vacation (annual leave) and an equivalent 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, for the portion of his accrued sick leave in excess of 60 or more days (over 60 days) from the last calendar year he worked up to, but not in excess of, 60 days. For liquidity 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, 1997 and 1999 the accrued annual and sick leave, and salary-related costs was \$1,011,150 and \$1,082,210, respectively.

Full-time classified employees hired after April 30, 1986, are permitted to carry forward no more than 60 days of accrued vacation (annual leave) and an equivalent 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 (maximum) is paid up to 60 days of accrued sick leave.

Salary related costs (i.e., Medicare, Social Security, etc.) have been accrued as of December 31, 1997 and 1999 in accordance with GASB Statement #56 for those employees hired after April 1, 1986.

NOTE 3 - DUE TO OTHER GOVERNMENTS

The District had the following payables to other municipalities and governmental agencies for collection of 8000 and sewer and water service charges on their behalf:

	<u>1997</u>	<u>1999</u>
Jefferson Parish Sewer	\$ 400	\$ 770
City of Metairie	47,751	26,770
City of Kenner	<u>525,000</u>	<u>588,800</u>
	<u>\$ 1,073,151</u>	<u>\$ 1,086,340</u>

NOTE 4 - DEBT AND FUND CLOSURE

Revenue bonds of the Various Sewer Districts District No. 2 outstanding at December 31, 1997 and 1999 in \$-0- and \$888,000. The change in the bonds payable is as follows:

	<u>1997</u>	<u>1999</u>
Beginning	\$ 888,000	\$ 1,175,000
Amortized	-	-
Payments	<u>1,888,000</u>	<u>1,188,000</u>
Ending	<u>\$ -</u>	<u>\$ 888,000</u>

CONSOLIDATED WATERWORK DISTRICT NO. 1
JEFFERSON PARISH, LOUISIANA
NOTE TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1997

NOTE 2 - CHANGES IN CONTRIBUTION CAPITAL

A summary of changes in the District's contributed capital accounts for the year ended December 31, 1997 and 1996 are as follows:

	December 31, 1997			
	Beginning Balance	Amount acquired through capital contributions	Depreciation expense for the year	Total
Parish	\$ 983,880	\$ -	\$ 144,173	\$ 839,707
Subscribers	3,287,400	-	(780,198)	2,507,202
Citizens	792,767	-	(177,173)	615,594
Delaware tax bonds	7,094,587	-	(277,104)	6,817,483
Other governments	1,103,077	-	(109,887)	993,190
Federal investment	3,482,387	-	(390,411)	3,091,976
	<u>\$ 16,744,088</u>	<u>\$ -</u>	<u>\$ (1,701,773)</u>	<u>\$ 15,042,315</u>

	December 31, 1996			
	Beginning Balance	Amount acquired through capital contributions	Depreciation expense for the year	Total
Parish	\$ 977,363	\$ 10,317	\$ 150,171	\$ 837,509
Subscribers	3,100,000	-	(270,173)	2,829,827
Citizens	201,700	-	(70,173)	131,527
Delaware tax bonds	7,211,896	-	(227,171)	6,984,725
Other governments	1,101,700	-	(109,887)	991,813
Federal investment	3,417,780	-	(278,684)	3,139,096
	<u>\$ 16,020,446</u>	<u>\$ 10,317</u>	<u>\$ (826,086)</u>	<u>\$ 15,204,677</u>

COMMERCIAL WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes to Financial Statements (Continued)
December 31, 1997

NOTE 8 - RETAINED EARNINGS RESERVE

Retained earnings reserved for distribution are as follows:

	1997	1996
Beginning	\$ 12,970,476	\$ 14,250,447
Transfer earned	1,132,803	89,788
Amortization costs incurred	(2,971,700)	(10,080,897)
As follows: Taxes reported	1,844,844	1,250,744
State income taxes received	(402,576)	(77,143)
General expense incurred	(11,730,578)	(29,329)
Transfer in (out)	(7,122,027)	(1,070,448)
Ending	\$ 13,008,572	\$ 13,932,623

NOTE 9 - WATER SALES

Pursuant to Louisiana PSC04, adopted by the Jefferson Parish Council on February 5, 1996, amending water quantity rates charged for the use of water, the following rates were applied to billings for all users of the System effective January 10, 1997:

MINIMUM BILLING (PER 100-GALLON SALES)

First 0-1,000 gallons, minimum	\$ 2.00
Next 11,000 gallons	.75
Next 111,000 gallons	.75
Next 974,000 gallons	.65

ELIMINATED BILLING (PER 100-GALLON SALES)

First 104,000 gallons, minimum	\$ 1.00
Next 11,000 gallons	.75
Next 111,000 gallons	.75
Next 900,000 gallons	.65

All other charges, including those for service charges, water meter installation, deposits on newly installed meters and fire services, sprinkler systems or internal fire protection systems charges, remain the same as previously charged.

NOTE 10 - ASSESSMENT 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 bills by the assessor with the clerk of the Council on January 15. The tax is delinquent 30 days after the 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 75 percent of full market value, and other property at 75 percent of full market value. Taxes are billed and collected by the Jefferson Parish Sheriff's Department which receives a certain allotment for its services. The taxes realized by the Sheriff's Department to the Parish are net of assessor's commission and portion fund contribution. An interest-free loan to the budget for 1997 was recorded as revenue for the year 1997. The 1997 property tax which was levied to finance the budget for 1997 was recorded as deferred revenue at December 31, 1997.

CONSOLIDATED FINANCIAL STATEMENT NO. 1
City of Fort Worth, Texas and
Water Utility District, Statewide
December 31, 1997

NOTE 8 - CAPITALIZED INTEREST

For the year ended December 31, net interest income was listed on behalf of the District as follows:

<u>EXPENSE</u>	<u>AMOUNT</u>	
	<u>1997</u>	<u>1996</u>
Interest on Operations:		
Consolidated Waterworks District No. 1	.3	.3
Capital Improvements:		
Consolidated Waterworks District No. 1	4.76	4.76

NOTE 9 - INTEREST COST

No interest cost was capitalized during the years ended December 31, 1997 and 1996. Interest expense incurred in the District during 1997 and 1996 was \$25,288 and \$57,767, respectively.

NOTE 10 - OPERATING TRANSFERS

The District had the following operating transfers:

	<u>1997</u>	<u>1996</u>
	<u>OPERATING</u>	<u>OPERATING</u>
	<u>TRANSFER</u>	<u>TRANSFER</u>
1996 TRANSFERRED TO OR FROM	<u>197,843</u>	<u>20,000</u>
Cost book depreciation fee:		
Capital projects	\$ 13,400	\$250,000
Direct liability	39,268	-
Business Capital Program	179,200	179,200
Multi-Purpose Debtless Capital Program	-	196,400
Wastewater Treatment Plant Capital Project	-	261,000
	<u>\$ 231,868</u>	<u>\$ 826,600</u>

NOTE 11 - RISK MANAGEMENT

GENERAL LIABILITY

The District 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 protect the District from its uninsured risks of loss, the District has established a General Liability Fund to insure against claims. 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 District 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 amounts ("reserves") are reported as quasi-external transactions. The District's reserves were \$133,043 and \$166,188 for 1997 and 1996, respectively.

At December 31, 1997 and 1996 the total outstanding claims liability of the General Liability Fund was \$20,471,267 and \$27,408,305, respectively. This claims liability includes an estimated liability for unreported but reported claims of \$5,000,000 and \$6,000,000 for 1997 and 1996, respectively. The unreported claim liability is determined by the third-party administrator based on historical experience and anticipated growth. These liabilities are based on the requirements of both contract law, accounting and financial reporting for that reporting and related insurance issues,² which requires that a liability for claims be

JEFFERSON PARISH GOVERNMENT NO. 1
Jefferson Parish, Louisiana
Book 14 Financial Statements (Continued)
December 31, 1990

NOTE 8 - RISK MANAGEMENT (Continued)

report of information prior to the issuance of the financial statements indicates that it is probable 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-insurance organizations (HMOs) and pools of service organizations (POS). Under these types of programs, the financial year initial premiums based on the level of the employee's participation and has no further liabilities on any claims.

The total amount of contributions to the plan for health insurance was \$334,899 and \$331,452 for 1989 and 1990, respectively.

EMPLOYMENT LIABILITY

The Parish is self-insured for unemployment claims filed with the State. To protect for and finance these claims, the Parish has established a self-insurance fund (internal service fund) whereby each fund contributes 25 percent of its annual payroll into the fund. The contribution has been temporarily suspended until such time as additional funding is needed to cover outstanding claims.

NOTE 9 - OTHER FUNDS AND CONTINGENTS

LITIGATION

The Parish 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 administration 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 Parish and to arrive at an estimate, if any, of the amount of range of potential loss to the Parish. As a result of such review, the various claims and lawsuits have been categorized into "probable", "reasonably possible", and "remote" contingencies, as defined by FASB No. 5 for claims and judgments. There were no loss contingencies categorized as "probable" for 1989 and 1990. The Parish's "reasonably possible" loss contingencies at December 31, 1989 and 1990 for which an amount of liability can be estimated, were \$221,000 and \$200,000, respectively.

NOTE 10 - PENSION PLANS

The Parish's employees participate in the retirement systems described below. Total pension expense recorded by the Parish for the contributions to the retirement systems for the year ended December 31, 1989 and 1990 was \$447,444 and \$524,254, respectively.

Detailed data and other information of the two plans, as it relates to the Parish, is available for the separate component unit 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 multiple-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 also covers employees who were hired prior to December 31, 1976. 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.

DEFERRED COMPENSATION AGREEMENT OF 1997
Jefferson Parish, Louisiana
Notes to Financial Statements
December 31, 1997

401 (k) - PENSION PLANS (continued)

THE EMPLOYER'S RETIREMENT SYSTEM OF JEFFERSON PARISH (THE PARISH PLAN)

The Employer's Retirement System of Jefferson Parish Board of Trustees (The Board) administers the Employer's Defined System of Jefferson Parish 401(k) Parish Plan, a single employer defined benefit pension plan created by Jefferson Parish Board on 10/27/77. The Parish Plan covers employees who work full-time in Jefferson, LA, 70001. As of 12/31/97, the Parish Plan (which is a defined plan) was subject to the Internal Revenue Code Retirement System of Louisiana (The State Plan) whereby members of the Parish Plan also become 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, 1997 may be obtained by writing to: The Employer's Retirement System of Jefferson Parish, 1111 Metairie Road, Metairie, LA 70002 or by calling 504-837-1255.

Employees who are members of the Parish Plan receive benefits equal to one percent of the highest three-year average annual compensation plus ten percent of the first \$1,000 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 participation receives benefits before the age of 65. Parish Plan participants receive benefits equal to three percent of the highest three-year average annual compensation for each year of service (reduced by one percent) plus the State Plan. The total deferred payments of both plans may not exceed ten 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 to the retiree's surviving spouse and other children.

Summary of Significant Accounting Policies

Basis of Accounting - The financial statements of the Parish Plan are prepared using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Contributions from Jefferson Parish and other employers are recognized as revenues in the period in which employees provide services to Jefferson Parish. Contributions made to the Parish Plan 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.

Consolidation of 401(k) Plan - The Parish Plan has 45,000 of plan net assets invested in one mutual fund. Other than the mutual fund, no investments in any one organization, other than the U. S. Government, represented 10 or more of plan net assets.

Deferred Payroll

The Parish's total payroll for all employees for the year ended December 31, 1997 amounted to \$84,078,000.

ORANGEBOURNE WATERWAYS DISTRICT NO. 1
ATLANTA WATER, LIGHT AND
SEWER & FINANCIAL DEPARTMENT
December 31, 1993

NOTE 2 - PENSION PLANS (continued)

Membership

Current membership in the Parish Plan is comprised of the following as of December 31, 1993:

Active and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	\$71
Inactive plan participants-vested	<u>663</u>
	734

FINANCIAL STATE AND PROVISION

The amount shown below as the "pension benefit obligation" is a standardized-actuarial measure of the present value of greater benefits, adjusted for the effects of projected salary increases, expected to be payable in the future as a result of employee service to OWS. The measure is the actuarial present value of credited pension benefits and is reported in OWS help years across the Parish Plan's funding status as a long-term liability. All amount reported only in accounting purposes means to pay benefits after due and still allow for comparisons across public employee retirement plans.

Because the standardized measurement is used only for disclosure purposes, the measurement is independent of the methods used to determine FIDM Plan loss in the Plan. The pension benefit obligations for the Parish Plan were determined as part of actuarial valuations made as of December 31, 1993. Significant actuarial assumptions used to determine the standardized measure of the pension benefit obligation are summarized as follows:

	<u>PARISH PLAN</u>
Rate of return on the investment of present and future assets	8.50%
Projected salary increases (6% for both men and women)	6.25%
Mortality (including Post-retirement benefit increases)	2.75% 60%

The actuarial and measure of the pension benefit obligation for the Parish Plan is comprised of the following as of December 31, 1993:

	<u>PARISH PLAN</u>
Pension benefit obligation Active and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	<u>\$5,096,100</u>
Current employees: Unvested employees and Plan loss Employee - Financial vested Employee - Financial unvested	(5,476,000) 3,526,800 <u>1,226,800</u>
Total pension benefit obligation	31,267,100

COMMONWEALTH AUTOMOBILE DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes to Financial Statements
December 31, 1997

NOTE 8 - PENSION PLAN (Continued)

Net assets available for benefits, at year or assumed cost (benefit) rates = \$21,796,484	<u>\$2,775,000</u>
unfunded pension benefit obligation	<u>\$18,611,380</u>

CONTRIBUTIONS REQUIRED AND MADE

Contributions required and made for the Parish Plan is computed as of December 31, 1997:

	<u>\$400</u>
	<u>\$400</u>
Contributions required:	
Normal cost	\$ 250,700
Amortization of unamortized actuarial accrued liability	<u>151,100</u>
	<u>\$401,800</u>
Contributions made:	
Employer	\$1,000,000
Employee	<u>100,000</u>
	<u>\$1,100,000</u>
Excess (deficit) made as a percentage of actual covered payroll:	
Employer	1.7%
Employee	.7%

PLAN INFORMATION

Material fund information for the single-employer plan is as follows:

	<u>\$400</u>
	<u>\$400</u>
	<u>\$2,000,000</u>
Net assets available for benefits as a percentage of the pension benefit obligation:	
1997	15.4%
1996	13.0%
1995	11.3%
Unfunded amounts, in terms of pension benefit obligation as a percentage of actual covered payroll:	
1997	65.7%
1996	64.3%
1995	62.3%

FINCO, UNITED STATES OF AMERICA (FORMER) NO. 1
1979-1980 Financial Statements
Consolidated Balance Sheet
December 31, 1980

NOTE 4 - EMPLOYEE PLAN INVESTMENTS

Employee contributions to the pension plan as a percentage of annual covered earnings:

1979	1.5%
1980	1.5%
1981	1.5%

FINCO'S SUPERANNUATION CONTRIBUTIONS

Schedule of Funding Progress

Accounted Retirement Benefit Rate	Accounted Rate as of 12/31/80	Accounted Benefit Liability (Mill.) Entry Amt.	Refunded Amt. (Mill.)	Funded Rate in Percentage	Unfunded Benefit	Ratio as % of Unfunded Benefit
1980	177,523,880	\$2,211,580	\$4,200,576	16.50	\$12,917,154	66.50
1981	18,472,572	1,488,750	1,082,208	16.62	21,676,896	66.57
1982	20,042,506	1,544,000	1,022,570	16.64	21,190,150	66.59

Trust Information:

Trust information given an indication of the progress made in accumulating sufficient assets to pay pension benefits when due. The 1980 trust data is accordance with ERISA Statement No. 20 may be found in the Supplementary Information Section of the Employee Retirement System of American Period December 31, 1980 (Supplementary Item) Financial Report. The 1981-1982 trust information is accordance with ERISA Statement No. 2 is presented in the Supplementary Information Section of this report.

FINCO'S EMPLOYEES' RETIREMENT SYSTEM OF AMERICA (The State Plan)

Plan Description:

The Financial Employees' Retirement System Board of Trustees administers the Financial Employees' Retirement System (The State Plan), a non-qualified multiple employer defined benefit plan established by the Indiana legislature in January 1, 1953, to Act 200 of 1950. The State Plan was revised by Act No. 761 of 1978, 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 ILS-4.1, 751001 through 751075. The State Plan covers employees who were hired subsequent to December 31, 1976.

Under the State Plan, a member is eligible for normal retirement if the participant has at least 30 years of creditable service (minimum 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 pretax monthly compensation for any 36 months of creditable service in which compensation was highest, excluding the years of creditable service, not to exceed 50% percent of the member's final compensation. The amount that the State Plan pays monthly for the life of the retiree under 401(a) in accordance with the retiree's death, benefits are payable to the retiree's surviving spouse and their children.

FINANCIAL STATEMENTS DIRECTOR, S.I.
Jefferson Parish, Louisiana
State of Financial Statements
December 31, 1997

NOTE B - PENSION PLANS (Continued)

Covered Payroll

The Parishes total payroll for all employees for the year ended December 31, 1997 amounted to \$82,497,576. Total covered payroll was \$75,791,821.

Membership

Membership data for the State Plan is not available by individual employees.

Pending Status and Progress

The State Plan does not conduct separate measurements of assets and pension benefit obligations for individual employees. In December 31, 1996, the total pension benefit obligation was \$807,757,076, net assets available for benefits were \$276,100,660 and unfunded pension benefit obligations were \$531,656,416. These amounts were determined as part of actuarial valuations made as of December 31, 1996.

The total pension benefit obligation is based on the actuarial value of credited projected benefits. This pension obligation reflects the present value of unfunded pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effects of projected salary increases and any step-rate benefits. A actuarial amount of the pension benefit obligation was determined to reflect credits to (or from) the funding status on a going-concern basis, (a) assets progress made in accumulating sufficient assets to pay benefits when due, and (b) rate contingent among other plans.

Because the standardized measurement is used only for disclosure purposes, the measurement is independent of the methods used to determine contributions to the Plan. No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the pension benefit obligations occurred during 1997.

The investment of the State Plan are established by State Statutes.

Contributions made for the year ended December 31, 1997 are as follows:

Employee		
Contributed for percentage		7.7%
Covered payroll percentage		7.7%
Amount		\$ 5,847,276
Employee		
Contributed for percentage		6.5%
Covered payroll percentage		6.5%
Amount		\$ 4,925,420
		\$ 10,772,696

CONSOLIDATED FINANCIAL STATEMENT NO. 1
Jefferson Parish, Louisiana
Notes to Financial Statements (Continued)
December 31, 1997

NOTE 8 - Health Plans (Continued)

Total Information

Financial 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. Two year historical trend information for the Total Plan is presented with each Statement No. 1 to facilitate in a separately issued Periodical Employees' Retirement System December 31, 1996 Comparative Annual Financial Report.

NOTE 9 - DEFERRED CONTRIBUTION 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 provides them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen disability emergency.

All amounts of compensation deferred under the plan, and property and rights purchased with these amounts, and all losses attributable to these amounts, property, or rights are jointly paid or made available to the employee or other beneficiary solely to the property and rights of the Parish business being restricted to the provisions of benefits under the plan, subject only to the claims of the Parish's general creditors. Participant's rights under the plan are equal to those of general creditors of the Parish in an event 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 Fidelity. The choice of the investment options is made by the participants.

NOTE 10 - Post-employment Health Care

Health Care

In addition to providing pension benefits, the Parish provides certain health care benefits for retired employees as authorized by Louisiana law. 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 premiums for retired employees of the Parish amounted to \$200,420 and \$182,000 for 1997 and 1996, respectively.

Cost of Living Allow

In addition to the health care benefits noted above, the Parish also provides a supplement to retirees' pensions as authorized by Louisiana law. This benefit is available to retirees participating in either the Employees' Retirement System of Jefferson Parish or the Periodical 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. Thus the number of months the person has been retired including partial years. The minimum additional payment is \$500 and the maximum payment is \$1,000. Any additional payment due to the retiree for these calculations are further reduced by any cost of living adjustment benefits paid to the Periodical Employees' Retirement System of Louisiana that available to all plan participants.

NOTE 11 - RISK MANAGEMENT

The District has no direct responsibility, or the governing authority to the Jefferson Parish Council when compensation is discussed in the Parish's Comprehensive Annual Financial Report.

SECRETARY GENERAL'S MESSAGE

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
Schedule of Changes in Assets
Restricted for Revenue Bond Debt Service

For the Year Ended December 31, 1997

	Revenue Bond Sinking Fund	Revenue Bond Reserve Fund	Capital Additions and Contingencies Fund	Total
Restricted assets, January 1, 1997	\$ 207,049	\$ 935,127	\$ 1,771,708	\$ 2,913,984
Revenues:				
Transfers from operating and construction funds	808,004	-	1,082,451	1,890,455
Interest earned on investments	17,880	57,602	145,950	221,432
Total restricted assets available	1,131,983	992,729	2,994,609	5,119,321
Expenditures:				
Transfers	-	58,180	-	58,180
Principal payments	808,000	-	-	808,000
Interest payments	48,680	-	-	48,680
Bank charges	1,752	-	-	1,752
Total expenditures	860,332	58,180	-	918,512
Restricted assets, January 1, 1997	\$ 1,183,811	\$ 935,593	\$ 2,954,587	\$ 4,174,431
Revenues:				
Transfers from operating and construction funds	801,018	-	798,857	1,599,875
Interest earned on investments	8,262	43,448	92,195	143,905
Total restricted assets available	1,993,091	879,041	2,821,634	5,693,766
Expenditures:				
Transfers	297,388	877,628	2,821,634	3,996,650
Principal payments	800,000	-	-	800,000
Interest payments	35,200	-	-	35,200
Bank charges	2,604	-	-	2,604
Total expenditures	1,135,192	877,628	2,821,634	4,834,454
Restricted assets, December 31, 1997	\$ 857,899	\$ 81,415	\$ 1,038,764	\$ 1,777,678

**SPECIAL REPORTS OF CERTIFIED
PUBLIC ACCOUNTANTS**

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED DECEMBER 31, 1987

April 14, 1988

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

We have audited the financial statements of the Jefferson Parish Consolidated Waterworks District No. 1, as of and for the year ended December 31, 1987, and have issued our report thereon dated April 14, 1988. We conducted our audit 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 Jefferson Parish Consolidated Waterworks District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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 Jefferson Parish Consolidated Waterworks District No. 1'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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Jefferson Parish Consolidated Waterworks District No. 1's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described below.

Capitalized Point Repairs

During the audit, it was discovered that the Meter District capitalized all point repairs in excess of \$2,000 per day instead of \$2,000 per work order as in the previous year. This change resulted in an audit adjustment reducing capitalized cost and increasing repairs and maintenance accounts. We recommend that the Meter District capitalize point repairs that are in excess of \$2,000 per work order.

Inventory

During the inventory observation many discrepancies were discovered. Obsolete inventory was noted at both the East and West Bank locations. Water meters on the West Bank were not inventoried. The adjustments to correct the detailed inventory records were written but the adjustment was not made to agree final physical inventory to the general ledger. Lastly, on the East Bank, some of sewage's inventory was stored with water's inventory without identifying to whom the item belonged. As a result of the above noted errors in the final physical inventory did not agree with the detail reports or general ledger. We suggest that the physical inventory process be reviewed by a responsible individual to ensure accuracy and completeness. Also, we recommend the organization dispose of obsolete inventory and remove it from their records during the organization's semi-annual physical inventory. Lastly, we recommend the sewage department obtain an additional location for their inventory if their present inventory storage facility is insufficient.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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. However, of the reportable conditions described above, we consider the capitalized point repairs as a material weakness.

This report is intended for the information of the Jefferson Parish Council, management and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Debra L. Hays, CPA