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FINANCIAL REPORT

CONSOLIDATED SEWERAGE DISTRICT NO. 1

PARISH OF JEFFERSON

STATE OF LOUISIANA

DECEMBER 31, 1997

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 7-2-98

CONSOLIDATED SEWERAGE DISTRICT NO. 1
OF THE PARISH OF JEFFERSON

SCHEDULE OF FINDINGS

STATUS OF PRIOR-YEAR FINDING

	UNRESOLVED	RESOLVED
Prior Year Finding		
1) In performing our audit we noted that a physical inventory of supplies was performed annually; however, there was no year end reconciliation of the physical inventory count to the perpetual inventory balance.		X

Resolution

The client is currently investigating fluctuations and reconciling inventory balances.

FINANCIAL REPORT

CONSOLIDATED SEWERAGE DISTRICT NO. 1

PARISH OF JEFFERSON

STATE OF LOUISIANA

DECEMBER 31, 1997

TABLE OF CONTENTS

Page

FINANCIAL SECTION

SPECIAL REPORTS

COMPONENT UNIT FINANCIAL STATEMENTS

LUTHER C. SPEIGHT & COMPANY

Celebrating 10 Years

A Corporation of Certified Public Accountants
and Management Consultants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Consolidated Sewerage District No. 1 of the Parish of Jefferson, State of Louisiana (the District), as of and for the years ended December 31, 1997 and 1996, 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 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 audit provides a reasonable basis for our opinion.

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

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Consolidated Sewerage District No. 1 of the Parish of Jefferson, State of Louisiana, as of December 31, 1997 and 1996, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with **Government Auditing Standards**, we have also issued a report dated May 29, 1998 on our consideration of the District's internal control structure and its compliance with laws and regulations.

Luther C. Speight & Co

Luther C. Speight & Company
May 29, 1998

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

December 31, 1997 and 1996

ASSETS	1997	1996
Current assets		
Cash	$	$
Share of pooled assets	2,687,135	2,000,343
Receivables		
Accounts	2,829,080	3,468,827
Ad valorem taxes	5,157,474	4,900,245
Due from other governments	8,134	8,458
Inventory, at average cost	2,417,133	1,511,194
Prepaid expenses	-	10,000
Total current assets	13,098,956	11,899,067
Restricted assets		
Construction fund	24,123,369	23,407,377
Property, plant, and equipment		
Land	11,730,402	11,710,202
Plant and equipment	410,369,669	404,011,996
	422,100,071	415,722,198
Less accumulated depreciation	(82,032,376)	(73,835,420)
	340,067,695	341,886,778
Construction in progress	4,158,027	-
Total property, plant, and equipment	344,225,722	341,886,778
TOTAL ASSETS	$ 381,448,047	$ 377,193,222

[Continued]

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

December 31, 1997 and 1996

LIABILITIES AND FUND EQUITY	1997	1996
Current liabilities		
Accounts payable	$ 461,961	$ 687,422
Accrued payroll expenses	1,629,793	1,557,906
Deferred revenue	5,202,073	4,984,714
Total current liabilities	7,293,827	7,230,042
Current liabilities payable from restricted assets		
Contracts payable	578,202	-
Retainage payable	207,822	-
Total current liabilities payable from restricted assets	786,024	-
Total liabilities	8,079,851	7,230,042
Fund equity		
Contributed capital		
Parish	15,912,646	16,440,587
Subdividers	13,048,968	13,432,396
Citizens	3,108,621	3,186,276
Ad valorem tax bonds	8,281,057	8,512,186
Sales tax bonds	242,881,789	242,583,773
State	85,942	88,525
Federal government	49,788,432	50,927,028
Total contributed capital	333,107,455	335,170,771
Retained earnings		
Reserved for construction	23,338,011	23,407,377
Unreserved	16,922,730	11,385,032
Total retained earnings	40,260,741	34,792,409
Total fund equity	373,368,196	369,963,180
TOTAL LIABILITIES AND FUND EQUITY	$ 381,448,047	$ 377,193,222

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, 1997 and 1996

	1997	1996
Operating revenues		
Service charges	$ 11,876,130	$ 14,036,271
Delinquent charges	272,161	289,145
Sewer connection fees	96,488	43,237
Other service charges	309,374	133,005
Total operating revenues	12,554,153	14,501,658
Operating expenses		
Personal services - Salaries & wages	5,073,356	5,011,994
Personal services - Employee benefits	1,159,359	1,232,733
Supplies	1,569,145	2,323,257
Purchased Services - Professional and Technical	6,141,200	6,161,768
Purchased Services - Property	2,961,445	3,169,547
Purchased Services - Other	1,608,127	1,721,139
General	53,088	103,892
Depreciation	8,559,951	8,669,103
Total operating expenses	27,125,671	28,393,433
Operating income (loss)	(14,571,518)	(13,891,775)
Nonoperating revenues (expenses)		
Taxes	4,918,407	4,752,161
State revenue sharing	312,617	317,803
Intergovernmental revenues	2,312,516	-
Interest income	1,544,602	1,451,665
Construction sewer availability fees	446,450	401,700
Loss on transfer of fixed assets	(1,955)	-
Nonoperating revenues (expenses)	9,532,637	6,923,329
Income (loss) before operating transfers	(5,038,881)	(6,968,446)
Operating transfers in	2,093,926	1,500,000
Net income (loss)	(2,944,955)	(5,468,446)
Add depreciation on property, plant, and equipment acquired by capital contributions that reduces contributed capital	8,413,287	8,319,142
Increase in retained earnings	5,468,332	2,850,696
Retained earnings, beginning of year, as previously reported	34,792,409	32,253,464
Prior period adjustment	-	(311,751)
Retained earnings, beginning of year, as restated	34,792,409	31,941,713
Retained earnings, end of year	$ 40,260,741	$ 34,792,409

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, 1997 and 1996

	1997	1996
Cash flows from operating activities		
Operating income (loss)	$ (14,571,518)	$ (13,891,775)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	8,559,951	8,669,103
Changes in assets and liabilities		
(Increase) decrease in receivables	639,747	(1,452,373)
(Increase) decrease in inventory	(905,939)	(75,431)
(Increase) decrease in prepaid expenses	10,000	13,270
Increase (decrease) in payables	560,563	256,979
Increase (decrease) in accrued liabilities	71,887	99,137
Total adjustments	8,936,209	7,510,685
Net cash provided by (used for) operating activities	(5,635,309)	(6,381,090)
Cash flows from noncapital financing activities		
Taxes	4,878,858	4,715,082
State revenue sharing	312,617	317,803
Intergovernmental revenues	2,312,516	-
Operating transfers from other Jefferson Parish funds	2,093,926	1,500,000
Net cash provided by (used for) noncapital financing activities	9,597,917	6,532,885
Cash flows from capital and related financing activities		
Acquisition of fixed assets	(392,849)	(167,448)
Additions to construction in progress	(4,158,027)	
Construction sewer availability fees	446,450	401,700
Net cash provided by (used for) capital and related financing activities	(4,104,426)	234,252

[Continued]

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

For the Years Ended December 31, 1997 and 1996

	1997	1996
Cash flows from investing activities		
Interest on investments	$ 1,544,602	$ 1,451,665
Net cash provided by (used for) investing activities	1,544,602	1,451,665
Net increase (decrease) in cash and cash equivalents	1,402,784	1,837,712
Cash and cash equivalents, January 1	25,407,720	23,570,008
Cash and cash equivalents, December 31	$ 26,810,504	$ 25,407,720
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Contributions of capital	$ 6,349,971	$ 12,757,370
Acquisitions of fixed assets with capital contributions	(6,349,971)	(12,757,370)
Change in estimate of accrued claims payable	-	-
Effect on net income for change in estimate of accrued claims payable	-	-
	$ -	$ -
Cash and cash equivalents at December 31 consists of:		
Current assets:		
Cash	$	$
Share of pooled assets	2,687,135	2,000,343
	2,687,135	2,000,343
Restricted assets:		
Share of pooled assets	24,123,369	23,407,377
Total	$ 26,810,504	$ 25,407,720

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. <u>REPORTING ENTITY</u>
   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. <u>FUND ACCOUNTING</u>
   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. <u>Proprietary Fund</u>

      (1) <u>The Enterprise Fund</u> 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. <u>BASIS OF ACCOUNTING</u>
   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. <u>CASH, INVESTMENTS AND SHARE OF POOLED ASSETS</u>
   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 are provided for in the financial statements.

NOTE B - RECEIVABLES

Receivables consist of the following at December 31:

	1997	1996
Accounts	$2,829,080	$3,468,827
Ad Valorem Taxes	5,157,474	4,900,245
Due from Other Governments	8,134	8,458
	$7,994,688	$8,377,530

The District considers unbilled receivables at year-end to be those amounts for services received by customers in the current year, but not actually billed by the District until the following year. The unbilled receivable at December 31, 1997 and 1996 is $1,469,119 and $1,850,893, respectively.

The District had the following receivables due from other governments as of December 31, 1997:

	$ 1997	$ 1996
Due from State of Louisiana	950	950
Due from Jefferson Parish Sheriff's Department	7,184	7,508
	$ 8,134	$ 8,458

NOTE C - RESTRICTED ASSETS

Restricted assets are comprised of the following at December 31, 1997:

	1997	1996
	CONSTRUCTION FUNDS	CONSTRUCTION FUNDS
Share of pooled assets	$ 24,123,369	$ 23,407,377

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, 1997 follows:

	BALANCE DECEMBER 31, 1996	ADDITIONS	NET TRANSFERS (TO) FROM OTHER FUNDS	BALANCE DECEMBER 31, 1997
Buildings	$ 5,913,676	$ 142,739	$ -	$ 6,056,415
Collection and distribution system	258,390,643	5,879,008	-	264,269,651
Sewer treatment plants	131,375,575	213,086	-	131,588,661
Improvements	838,034	-	-	838,034
Furniture & fixtures	612,985	-	-	612,985
Equipment	3,019,507	169,012	(89,736)	3,098,783
Vehicles	3,861,576	349,737	(306,173)	3,905,140
	404,011,996	6,753,582	(395,909)	410,369,669
Land	11,710,202	20,200	-	11,730,402
	$ 415,722,198	$ 6,773,782	$ (395,909)	$ 422,100,071

	LIFE	ACCUMULATED DEPRECIATION DECEMBER 31, 1996	1997 DEPRECIATION	NET TRANSFERS (TO) FROM OTHER FUNDS	ACCUMULATED DEPRECIATION DECEMBER 31, 1997
Buildings	20	$ 153,140	$ 106,139	$ -	$ 259,279
Collection and distribution system	50	44,024,671	5,226,603	-	49,251,274
Sewer treatment plants	50	23,197,871	2,630,034	-	25,827,905
Improvements	10	375,798	83,802	-	459,600
Furniture & fixtures	10	537,265	34,053	-	571,318
Equipment	10	2,040,316	231,598	(58,656)	2,213,258
Vehicles	5	3,506,359	247,722	(304,339)	3,449,742
		$ 73,835,420	$ 8,559,951	$ (362,995)	$ 82,032,376

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

	PROJECT AUTHORIZATION	EXPENDED TO DECEMBER 31, 1997	COMMITTED	REQUIRED FUTURE FINANCING
Plant and line improvements	$ 17,435,962	$ 4,158,027	$ 13,277,935	NONE

NOTE D - 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, 1996 follows:

	BALANCE DECEMBER 31, 1995	PRIOR PERIOD ADJUSTMENTS	ADDITIONS	NET TRANSFERS (TO) FROM OTHER FUNDS	BALANCE DECEMBER 31, 1996
Buildings	$ 4,700,192	$ -	$ -	$ 1,213,484	$ 5,913,676
Collection and distribution system	247,384,286	-	-	11,006,357	258,390,643
Sewer treatment plants	131,052,103	-	-	323,472	131,375,575
Improvements	838,034	-	-	-	838,034
Furniture & fixtures	753,678	(140,693)	-	-	612,985
Equipment	3,114,506	(308,713)	167,442	46,272	3,019,507
Vehicles	3,914,071	-	-	(52,495)	3,861,576
	391,756,870	(449,406)	167,442	12,537,090	404,011,996
Land	11,548,811	-	-	161,391	11,710,202
	$ 403,305,681	$ (449,406)	$ 167,442	$ 12,698,481	$ 415,722,198

	LIFE	ACCUMULATED DEPRECIATION DECEMBER 31, 1995	PRIOR PERIOD ADJUSTMENTS	1996 DEPRECIATION	NET TRANSFERS (TO) FROM OTHER FUNDS	ACCUMULATED DEPRECIATION DECEMBER 31, 1996
Buildings	20	$ 47,001	$ -	$ 106,139	$ -	$ 153,140
Collection and distribution system	50	38,967,357	-	5,057,314	-	44,024,671
Sewer treatment plants	50	20,573,147	-	2,624,724	-	23,197,871
Improvements	10	291,996	-	83,802	-	375,798
Furniture & fixtures	10	614,398	(117,805)	40,672	-	537,265
Equipment	10	1,695,475	(19,850)	371,093	(6,402)	2,040,316
Vehicles	5	3,173,495	-	385,359	(52,495)	3,506,359
		$ 65,362,869	$ (137,655)	$ 8,669,103	$ (58,897)	$ 73,835,420

Construction in progress is comprised of the following at December 31, 1996:

	PROJECT AUTHORIZATION	EXPENDED TO DECEMBER 31, 1996	COMMITTED	REQUIRED FUTURE FINANCING
Plant and line improvements	$ -0-	$ -0-	$ -0-	NONE

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

Increases of $6,372,75 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 of $4,700,912 for 1995 and $1,213,484 for 1996 were paid by the Sewer Capital Construction Fund and were capitalized. 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 1998.

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.

NOTE E - PRIOR PERIOD ADJUSTMENTS

As a result of a physical inventory retained earnings were restated as of January 1, 1996. The effect of the restatement was to decrease equipment in the amount of $449,406, decrease the corresponding accumulated depreciation in the amount of $137,655. The net effect to retained earnings was a decrease in the amount of $311,751.

NOTE F - 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, 1997 and 1996 the accrued annual and sick leave, and salary-related costs was $1,453,830 and to $1,391,931, respectively.

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

Salary related costs (i.e., Medicare, Social Security, etc.) have been accrued as of December 31, 1997 and 1996 in accordance with GASB Statement #16 for those employees hired after April 1, 1986.

NOTE G - CHANGES IN CONTRIBUTED 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	Transfer in of fixed assets at cost constructed with funds provided by Parish Sales Tax Bonds	Transfer of fixed assets to other Jefferson Parish Funds	Depreciation expense for the year	Total
Parish	$ 16,440,587	$ -	$ (18,188)	$ (509,753)	$ 15,912,666
Subdividers	13,432,396	-	-	(383,428)	13,048,968
Citizens	3,186,276	-	-	(77,655)	3,108,621
Ad valorem tax bonds	8,512,186	-	-	(231,129)	8,281,057
Parish sales tax bonds	242,583,773	6,368,160	-	(6,070,144)	242,881,789
State	88,525	-	-	(2,583)	85,942
Federal government	50,927,028	-	-	(1,138,596)	49,788,432
	$ 335,170,771	$ 6,368,160	$ (18,188)	$ (8,413,288)	$ 333,107,455

December 31, 1996

	Beginning Balance	Transfer in of fixed assets at cost constructed with funds provided by Parish Sales Tax Bonds	Transfer of fixed assets from other Jefferson Parish Funds	Depreciation expense for the year	Total
Parish	$ 16,930,939	$ -	$ 18,449	$ (508,801)	$ 16,440,587
Subdividers	13,815,826	-	-	(383,430)	13,432,396
Citizens	3,263,929	-	-	(77,653)	3,186,276
Ad valorem tax bonds	8,743,316	-	-	(231,130)	8,512,186
Parish sales tax bonds	235,821,800	12,738,924	-	(5,976,951)	242,583,773
State	91,106	-	-	(2,581)	88,525
Federal government	52,065,624	-	-	(1,138,596)	50,927,028
	$ 330,732,540	$ 12,738,924	$ 18,449	$ (8,319,142)	$ 335,170,771

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

NOTE H - RETAINED EARNINGS RESERVES

Retained earnings reserved for construction are as follows:

	1997	1997
Balance, Beginning	$ 23,407,37	$ 21,740,787
Plant Investment Fees	446,950	401,700
Interest Earned	1,329,694	1,264,890
Construction Cost Incurred	(4,158,027)	-
Federal Grants	2,312,516	-
Balance, Ending	$ 23,3[illegible],010	$ 23,407,377

NOTE I - SEWERAGE SERVICE RATES

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

MONTHLY SERVICE CHARGE BILLINGS

METER SIZE (INCHES)	
5/8 or 3/4	$ .90
1	1.10
2	2.36
3	5.15
4	8.57
6	16.22
8	25.72
10	35.15
12	41.15

BI - MONTHLY SERVICE CHARGE BILLINGS

METER SIZE (INCHES)	
5/8 or 3/4	$ 1.80
1	2.19
2	4.71
3	10.29
4	17.14
6	33.43
8	51.43
10	70.29
12	82.29

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

NOTE J - 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 1996 property tax which was levied to finance the budget for 1997 was recorded as revenue for the year 1997. The 1997 property tax which was levied to finance the budget for 1998 is recorded as deferred revenue at December 31, 1997.

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

PURPOSE	MILLAGE 1997	MILLAGE 1996
Maintenance and operations:		
Consolidated Sewerage District No. 1	4.66	5.0

NOTE K - INTEREST COST

No interest cost was capitalized during the years ended December 31, 1997 and 1996.

NOTE L - OPERATING TRANSFERS

The District had the following operating transfers:

FUND TRANSFERRED TO OR FROM	1997 OPERATING TRANSFERS IN/(OUT)	1997 OPERATING TRANSFERS IN/(OUT)
Sewer Capital Program	$2,109,426	$1,500,000
Electronic Information Services	(15,500)	-
	$2,093,926	$1,500,000

NOTE M - 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 $863,793 and $1,212,486 for 1997 and 1996, respectively.

At December 31, 1997 and 1996 the total outstanding claims liability of the General Liability Fund was $20,472,647 and $22,408,365, respectively. The claim liability includes an estimated liability for incurred but not reported claims of $5,022,867 and $6,779,446 for 1997 and 1996, respectively. The estimated claim liability is determined by the third-party administrator based on historical information and anticipated payments. These liabilities are based on the requirements of GASB Statement 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable and the amount of the loss can be reasonably estimated. Claims liability is not available by individual fund.

HEALTH INSURANCE

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

The total amount of contributions by the District for health insurance was $510,009 and $427,293 for 1997 and 1996, respectively.

UNEMPLOYMENT COMPENSATION

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

NOTE N - 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 1996 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 $2,060,600 and $1,887,961 for 1997 and 1996, respectively.

NOTE N - 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, 1997. The District's "reasonably possible" loss contingencies at December 31, 1997, for which an amount of liability can be estimated, approximates $ -0-.

NOTE O - 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, 1997 and 1996 were $365,707 and $409,473, respectively.

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

PLAN MEMBERSHIP

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

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

NOTE O - PENSION PLANS (Continued)

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

The Employees' Retirement System of Jefferson Parish board of Trustees (The Board) administers the Employees' Retirement System of Jefferson Parish (the Parish Plan), a single-employer defined benefit pension plan created by Jefferson Parish Ordinance 11027. The Parish Plan covers employees who were hired prior to December 15, 1979. As of that date, the Parish Plan became a closed plan and was merged with the Parochial employees' Retirement System of Louisiana (The State Plan) whereby members of the Parish Plan also became 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 Employees' Retirement System of Jefferson Parish, 1331 Metairie Road, Metairie, LA 70002 or by calling 504-831-4040.

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

Concentrations of Credit Risk - The Parish Plan had 49.8% of plan net assets invested in one mutual fund. Other than this mutual fund, no investment in any one organization, other than the U. S. Government, represented 5% or more of plan net assets.

Covered Payroll

The Parish's total payroll for all employees for the year ended December 31, 1997 amounted to $88,419,519.

NOTE O - PENSION PLANS (Continued)

Membership

Current membership in the Parish Plan is comprised of the following as of December 31, 1997:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	841
Active plan participants-vested	497
	1,338

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.

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 obligations for the Parish Plan were determined as part of actuarial valuations made as of December 31, 1997. 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	N/A

The standardized measure of the pension benefit obligation for the Parish Plan is comprised of the following as of December 31, 1997:

	PARISH PLAN
Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$24,094,192
Current employees:	
Accumulated employee contributions	2,478,277
Employer-financed vested	2,575,812
Employer-financed nonvested	3,218,909
Total pension benefit obligation	32,367,190

NOTE O - PENSION PLANS (Continued)

Net assets available for benefits, at cost or amortized cost (market value - $21,316,874)	18,915,801
Unfunded pension benefit obligation	$13,451,389

CONTRIBUTIONS REQUIRED AND MADE

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

	PARISH PLAN
Contribution required:	
Normal cost	$ 266,748
Amortization of unfunded actuarial accrued liability	919,273
	$1,186,021
Contributions made:	
Employer	$1,082,203
Employee	155,812
	$ 1,238,015
Contributions made as a percentage of annual covered payroll:	
Employer	5.11%
Employee	.74

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:	
1997	58.4%
1996	56.6%
1995	55.3%
Unfunded (assets in excess of) pension benefit obligation as a percentage of annual covered payroll:	
1997	63.5%
1996	64.3%
1995	62.2%

NOTE O - PENSION PLANS (Continued)

Employer contributions to the pension plan as a percentage of annual covered payroll:	
1997	5.1%
1996	4.7%
1995	3.9%

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio Percentage	Covered Payroll	UAAL as % of Covered Payroll
1995	$17,163,066	$31,557,582	$14,394,516	54.39	$22,317,135	64.50
1996	18,405,917	32,488,152	14,082,235	56.65	21,476,026	65.57
1997	20,043,556	32,946,135	12,902,579	60.84	21,170,519	60.95

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay pension benefits when due. Six-year trend data in accordance with GASB Statement No. 25 may be found in the Supplementary information section of The Employees' Retirement System of Jefferson Parish December 31, 1997 Comprehensive Annual Financial Report. Ten-year historical trend information in accordance with GASB Statement No. 5 is presented in the supplemental information section of this report.

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

Plan Description

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

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

NOTE O - PENSION PLANS (Continued)

Covered Payroll

The Parish's total payroll for all employees for the year ended December 31, 1997 amounted to $88,419,519. Total covered payroll was $70,794,621.

Membership

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

Funding Status and Progress

The State Plan does not conduct separate measurements of assets and pension benefit obligations for individual employers. At December 31, 1996, the total pension benefit obligation was $857,931,079, net assets available for benefits were $756,122,800 and unfunded pension benefit obligations were $101,808,279. 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 valuation method reflects the present value of estimated 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 standardized measure of the pension benefit obligation was intended to enable readers to (a) asses the funding status on a going-concern basis, (b) assess progress made in accumulating sufficient assets to pay benefits when due, and (c) make comparisons 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 contributions of the State Plan are established by State Statutes.

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

Employer	
Contribution percentage	7.75%
Covered payroll percentage	7.75%
Amount	$ 5,487,415
Employee	
Contribution percentage	9.50%
Covered payroll percentage	9.50%
Amount	$ 6,725,441
	$12,212,856

NOTE O - PENSION PLANS (Continued)

TREND INFORMATION

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 for the State Plan in accordance with GASB Statement No. 5 is available in a separately issued Parochial Employees' Retirement System December 31, 1996 Comprehensive Annual Financial Report.

NOTE P - 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 Q - 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 $89,729 and $91,937 for 1997 and 1996, 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 R - 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.

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

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

We have audited the financial statements of Consolidated Sewerage District No. 1 of the Parish of Jefferson, State of Louisiana (the District), as of and for the years ended December 31, 1997 and 1996, and have issued our report thereon dated May 29, 1998. We conducted our audits in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting
In planning and performing our audits, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended 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.

Luther C. Speight & Co

Luther C. Speight & Company
May 29, 1998