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FINANCIAL REPORT

COMBOLONG-VEREINIGUNGS DISTRICT NO. 1

Parish of JEFFERSON

STATE OF LOUISIANA

DECEMBER 31, 1988 AND 1989

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 2-14-99

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INDEPENDENT AUDITOR'S REPORT

April 13, 1999

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 Parish of Jefferson, State of Louisiana, under generally accepted accounting principles, as of and for the years ended December 31, 1998 and December 31, 1997, as listed in the table of contents 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, 1998 and 1997, 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 13, 1999 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 required supplemental schedule on the Year 2000 Issue and the supplemental Schedule of Changes in Assets Restricted for Debt Service 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 Waterworks District No. 1. The required supplemental schedule on the Year 2000 Issue has not been subjected to procedures applied in the audit of the component unit financial statements and accordingly we express no opinion on it; however, the supplemental Schedule of Changes in Assets Restricted for Debt Service 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.

Donaldson, Hopwood, Hayes & Pugh LLP

COMPONENT UNIT FINANCIAL STATEMENTS

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

December 31, 1998 and 1997

ASSETS	1998	1997
Current assets		
Cash and cash equivalents	\$ 2,807,838	\$ 1,434,828
Investments	-	1,598,347
Share of pooled assets	8,893,829	4,762,897
Receivables		
Accounts	4,544,268	3,768,258
Ad valorem taxes	897,699	871,584
Due from other governments	72,793	4,815
Miscellaneous	203,438	82,882
Accrued interest	-	12,769
Inventory, at average cost	3,738,867	3,858,204
Total current assets	17,858,871	18,815,844
Restricted assets		
Customers' meter deposit fund	4,230,891	3,871,878
Construction fund	38,154,823	28,898,114
Total restricted assets	42,385,714	32,770,000
Property, plant, and equipment		
Land	1,743,465	1,743,465
Plant and equipment	179,513,343	167,462,605
	181,256,808	169,206,070
Less accumulated depreciation	(70,458,858)	(65,728,123)
	110,797,950	103,477,947
Construction in progress	2,854,190	1,842,045
Total property, plant, and equipment	194,652,101	195,448,992
TOTAL ASSETS	\$ 396,893,776	\$ 397,036,836

(Continued)

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

December 31, 1999 and 1998

LIABILITIES AND FUND EQUITY	1999	1998
Current liabilities		
Due to other governments	\$ 379,900	\$ 374,175
Accounts payable	303,421	268,921
Payroll payable	2,842	2,842
Sales taxes payable	24,208	46,272
Accrued payroll expenses	2,000,834	1,892,848
Deferred revenue	321,468	872,748
Total current liabilities	3,413,673	3,228,804
Current liabilities payable from restricted assets		
Due to operating fund	303,421	60,836
Contracts payable	578,443	552,858
Payroll payable	130,208	228,813
Customers' water deposits payable	3,625,179	3,828,748
Deferred revenue	8,838,791	8,832,870
Total current liabilities payable from restricted assets	10,777,518	10,328,223
Total liabilities	14,190,587	13,556,627
Fund equity		
Contributed capital		
Parish	878,382	888,600
Subdivisions	2,582,515	3,180,585
Citizens	185,088	180,573
Ad valorem tax bonds	8,344,889	8,728,479
Other governments	1,563,584	2,074,381
Federal government	2,084,477	3,282,180
Total contributed capital	15,421,777	19,325,691
Retained earnings		
Reserved for construction	29,580,899	22,583,551
Unreserved	104,041,682	101,876,548
Total retained earnings	133,622,581	124,460,099
Total fund equity	149,044,358	143,785,790
TOTAL LIABILITIES AND FUND EQUITY	\$ 163,234,945	\$ 157,342,417

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, 1999 and 1997

	1999	1997
Operating revenues		
Water sales	\$ 19,774,139	\$ 14,772,664
Service charges	3,702,654	3,978,664
Sprinkler charges	948,606	902,219
Delinquent charges	427,919	388,804
Installation and reconnection fees	411,471	377,818
Miscellaneous	188,808	151,908
Total operating revenues	25,852,607	17,652,547
Operating expenses		
Personnel services - Salaries & wages	6,238,608	4,742,252
Personnel services - Employee benefits	1,184,213	1,133,208
Supplies	1,072,853	1,270,198
Professional services - Professional and Technical	3,404,808	3,223,258
Purchased services - Property	3,473,213	4,218,408
Purchased services - Other	1,151,828	1,147,178
General	40,522	95,107
Depreciation	4,587,212	4,343,873
Total operating expenses	28,609,877	20,111,437
Operating income (loss)	(2,757,270)	(2,458,890)
Nonoperating revenues (expenses)		
Taxes	6,287,808	6,033,896
State revenue sharing	684,581	674,814
Intergovernmental revenue	71,489	-
Interest income	2,326,487	2,082,679
Interest expense	-	(25,280)
Nonoperating revenues (expenses)	9,366,365	8,745,109
Income before operating transfers	6,609,042	6,286,262
Operating transfers (in/out)	(73,627)	18,460
Net income	6,535,415	6,504,722
Add depreciation on property, plant, and equipment acquired by capital contributions that reduces contributed capital	852,549	762,760
Increase in retained earnings	7,387,964	7,267,482
Retained earnings, beginning of year	124,822,887	117,555,405
Retained earnings, end of year	\$ 132,210,851	\$ 124,822,887

The accompanying notes are an integral part of this statement.

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

For the Years Ended December 31, 1998 and 1997

	1998	1997
Cash flow from operating activities		
Operating income (loss)	\$ (877,953)	\$ (2,388,887)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	4,507,212	4,243,579
Changes in assets and liabilities		
(Increase) decrease in receivables	(808,834)	(198,890)
(Increase) decrease in inventory	218,217	(888,888)
(Increase) decrease in prepaid expenses	-	48,828
Increase (decrease) in payables	(428,828)	(1,155,822)
Increase (decrease) in accrued liabilities	138,388	133,479
Increase (decrease) in customers' meter deposits payable	138,438	110,648
Total adjustments	3,546,885	2,889,784
Net cash provided by (used for) operating activities	2,671,892	540,897
Cash flow from noncapital financing activities		
Taxes	883,248	708,858
State revenue sharing	804,391	874,814
Operating transfers (to)from other Jefferson Parish funds	(73,833)	18,400
Net cash provided by (used for) noncapital financing activities	1,573,806	1,480,054
Cash flow from capital and related financing activities		
Taxes	5,587,791	5,287,791
Acquisition of fixed assets	(290,831)	(289,297)
Additions to construction in progress	(2,188,888)	(2,671,652)
Additions from Life Ordinances	17,540	-
Principal paid on revenue bond maturities	-	(880,025)
Interest paid on revenue bonds	-	(35,183)
Net cash provided by (used for) capital and related financing activities	2,135,552	211,684

(Continued)

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

For the Years Ended December 31, 1998 and 1997

	1998	1997
Cash flows from investing activities		
Purchase of investments	\$ (20,348,353)	\$ (15,828,290)
Proceeds from sales and maturities	21,079,212	20,811,484
Interest on investments	3,338,178	3,032,708
	3,178,937	8,015,892
Net increase (decrease) in cash and cash equivalents	9,280,545	8,021,543
Cash and cash equivalents, January 1	29,927,121	20,888,884
Cash and cash equivalents, December 31	\$ 39,180,876	\$ 28,927,121
NONCASH INVESTING, CAPITAL, AND FINANCING		
ACTIVITIES		
Contributions of capital	\$ 20,686	\$ -
Acquisitions of fixed assets with capital contributions	(20,686)	-
	\$ -	\$ -
Cash and cash equivalents at December 31 consists of:		
Current assets:		
Cash and cash equivalents	\$ 3,807,826	\$ 5,434,020
Share of pooled assets	3,808,898	4,782,687
	8,808,898	8,216,703
Restricted assets:		
Cash	342,808	912,181
Share of pooled assets	20,247,114	23,498,217
	20,589,922	24,710,408
Total	\$ 39,180,876	\$ 28,927,121

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes to Financial Statements
December 31, 1999 and 1997

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidated Waterworks District No. 1 of the Parish of Jefferson (the District) was created effective January 1, 1993, pursuant to Ordinance #10418, adopted by the Jefferson Parish Council on December 4, 1991, and includes all of the facilities within former East Jefferson Waterworks District Number One and Consolidated Waterworks District No. 2 of the Parish of Jefferson, Louisiana (which included the former Sub-Waterworks District No. 1 of Consolidated Waterworks 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 units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below.

1. REPORTING ENTITY

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

2. FUND ACCOUNTING

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

a. Proprietary Fund

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

3. BASIS OF ACCOUNTING

The Proprietary Fund's 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. 30 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, 1988, unless those pronouncements conflict with or pertain to 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, 1988.

4. Pooled Investments and SHARE OF Pooled ASSETS

The "Share of Pooled Assets" of the District are recorded in the appropriate Jefferson Parish consolidated funds and reported jointly 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 stated at cost plus accrued interest.

CONCORDIA PARISH/NOBLE DISTRICT NO. 1
Jaffree Parish, Louisiana
Notes to Financial Statements (Continued)
December 31, 1998 and 1997

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. CASH INVESTMENTS AND STATE OF BONDED ASSETS (Continued)

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

Investments are stated at amortized cost, which approximates market value.

Louisiana statute permit the Board 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 investment firms investing investments listed on securities of the U.S. Government or its agencies.

5. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Board 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. REVENUE FUND

Receipts of interest and principal for the District related to the bond issue.

7. RESTRICTED ASSETS

Debt Service Fund, which authorized the issuance of the revenue bonds for the former Consolidated Waterworks District No. 2, also restricted certain assets 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 fully the principal of and the interest on the revenue bonds. This fund is financed by transferring monthly from the unrestricted assets of the District a sum equal to one-eighth (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 assets for the purpose of paying the principal of and interest on bonds payable from the affected Revenue Bond Sinking Fund, should its funds prove to be insufficient. The fund is to be kept at an amount equal to the highest combined principal and interest requirements for any succeeding fiscal year for the relevant installment(s).

The Capital Expenditures and Contingencies Fund of the former Consolidated Waterworks District No. 2 was created for the following purposes:

1. For the payment of currently maturing principal of indebtedness of any of the bonds whenever and to the extent 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 use or more of the foregoing purposes.

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Jefferson Parish, Louisiana
Notes to Financial Statements (Continued)
December 31, 1998 and 1997

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. DEFERRED LIABILITIES (Continued)

Since the bonds were paid in full in 1997, any excess retained assets from the Revenue Bond were transferred to the Construction Fund.

Also included in retained assets are: (1) the "Customer Meter Deposit" account, which is used to segregate meter tests (credits) used to pay any outstanding water bills when customers discontinue service, and (2) the "Construction Fund" account, which is used to segregate those resources accumulated by transfers from the operating fund to be used for capital improvements and renovations.

2. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment purchased with the equity of the District are recorded as assets of full 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 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 grants and contributions is charged 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.

3. COMPENSATED ABSENCES

Vacation (accumulations) and sick pay (accruals) are accrued when incurred in the District.

4. FUND EQUITY

Contributed capitals recorded by 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 debt-related equity is legally restricted for a specific future use. Reserves for future bond retirement, construction and from former Standards and Standards Districts are provided for in the financial statements.

NOTE B - DEPOSITS AND INVESTMENTS

At December 31, 1998 and 1997, the carrying amount of the District's unrestricted deposits was \$1,667,698 and \$1,434,626, respectively. The 1998 deposits were \$1,498,860 and \$1,053,061, respectively. At December 31, 1998 and 1997 the carrying amount of the District's restricted deposits were \$182,808 and \$372,198, respectively. At December 31, 1998 and 1997 the District's share of unrestricted pooled assets were \$5,855,520 and \$4,762,887, respectively. At December 31, 1998 and 1997 the District had restricted pooled assets in the amount of \$20,541,114 and \$17,448,217, respectively. Pooled assets consist of cash. Some of the District's bank deposits are held at the same financial institutions as other funds of Jefferson Parish, but stating the maximum amount of federal regulatory insurance of that institution. No amounts were purchased or capitalized at year end.

CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Jefferson Parish, Louisiana
Notes to Financial Statements (Continued)
December 31, 1998 and 1997

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

The District's investments at December 31, 1998 and 1997 are categorized below to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered in the which the securities are held by the District in its own name. Category 2 includes uninsured and unregistered investments for which the securities are held by the county-parish's trust department or agent in the District's name. Category 3 includes uninsured or unregistered investments for which the securities are held by the county-parish or by its trust department's agent, but not in the District's name.

	1998		1997		CATEGORIES
	CARRYING VALUE	MARKET VALUE	CARRYING VALUE	MARKET VALUE	
U. S. Government Securities	\$ -	\$ -	\$ 1,288,790	\$ 1,275,800	1
U. S. Governmentally Securities (FDMA, FDALS, etc.)	\$ 1,888,885	\$ 1,888,885	\$ 1,548,550	\$ 1,209,000	1
	<u>\$ 1,888,885</u>	<u>\$ 1,888,885</u>	<u>\$ 2,837,340</u>	<u>\$ 2,484,800</u>	

Market values are furnished by the District's investment advisor.

NOTE 7 - RECEIVABLES

Receivables consist of the following at December 31:

	1998	1997
Accounts	\$ 4,544,208	\$ 4,588,200
Due Various Funds	597,000	671,584
Due from Other Governments	12,783	4,870
Miscellaneous	528,438	80,800
Accrued Interest	-	(8,288)
	<u>\$ 5,682,429</u>	<u>\$ 5,236,966</u>

The District considers uncollectible receivables at year-end to be those amounts for which services rendered to customers in the current year, but not actually billed by the District until the following year. The uncollectible at December 31, 1998 and 1997 is \$1,561,897 and \$1,761,897, respectively.

The District had a receivable due from Jefferson Parish Sheriff's Department as of December 31, 1998 and 1997 in the amount of \$4,174 and \$4,166, respectively.

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes to Financial Statements (Continued)
December 31, 1999 and 1997

NOTE D - RESTRICTED ASSETS

Restricted assets are comprised of the following:

	1999		
	CUSTOMER DEPOSIT Funds	CONSTRUCTION Funds	TOTAL
Cash	\$ 341,999	\$ -	\$ 341,999
Investments	5,840,088	-	5,840,088
Share of pooled assets	-	20,347,714	20,347,714
All other non-receivable	-	5,809,859	5,809,859
Due (to) from other governments	-	2,893	2,893
	\$ 4,382,087	\$ 26,159,466	\$ 30,541,553

	1997		
	CUSTOMER DEPOSIT Funds	CONSTRUCTION Funds	TOTAL
Cash	\$ 312,891	\$ -	\$ 312,891
Investments	3,700,484	-	3,700,484
Share of pooled assets	-	24,488,217	24,488,217
All other non-receivable	-	5,587,565	5,587,565
Due (to) from other governments	-	4,373	4,373
	\$ 3,613,375	\$ 24,492,555	\$ 28,105,930

COMBINED WATERWORKS DISTRICT NO. 1
Jacksonville, Louisiana
Notes To Financial Statements (Continued)
December 31, 1999 and 1998

NOTE 8 - PROPERTY, PLANT, EQUIPMENT, DEPRECIATION AND CONSTRUCTION IN PROGRESS

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

	BALANCE		COMPLETED (COST) VALUE ADDED IN PROGRESS	NET	
	DECEMBER 31,			TRANSFERRED	DECEMBER 31,
	1997	ADDITIONS		TO COST FROM OTHER SOURCES	1999
Buildings	\$ 8,000,000	-	71,000	-	8,071,000
Distribution system	107,000,000	-	1,200,000	-	108,200,000
Pumps	30,000,000	-	340,000	-	30,340,000
Improvements	270,000	-	-	-	270,000
Furniture & fixtures	600,000	-	-	-	600,000
Equipment	2,000,000	80,000	100,000	80,000	2,260,000
Vehicles	1,700,000	200,000	-	(80,000)	1,920,000
	<u>107,400,000</u>	<u>280,000</u>	<u>2,311,000</u>	<u>80,000</u>	<u>110,011,000</u>
Land	1,700,000	-	-	-	1,700,000
	<u>109,100,000</u>	<u>280,000</u>	<u>2,311,000</u>	<u>80,000</u>	<u>111,711,000</u>
Construction in progress	1,800,000	9,700,000	(2,311,000)	-	9,189,000
	<u>\$ 111,700,000</u>	<u>\$ 10,280,000</u>	<u>\$ -</u>	<u>\$ 80,000</u>	<u>\$ 122,010,000</u>

	LIFE	ACCUMULATED DEPRECIATION		NET		ACCUMULATED DEPRECIATION	
		DECEMBER 31,		TRANSFERRED		DECEMBER 31,	
		1997	1999	TO COST FROM OTHER SOURCES	1999		
Buildings	20	\$ 4,000,000	500,000	-	4,500,000		
Distribution system	20	43,000,000	2,000,000	-	45,000,000		
Pumps	20	13,000,000	1,000,000	-	14,000,000		
Improvements	20	80,000	10,000	-	90,000		
Furniture & fixtures	10	600,000	-	-	600,000		
Equipment	10	2,000,000	100,000	(800)	2,079,200		
Vehicles	5	1,400,000	100,000	(80,000)	1,520,000		
		<u>\$ 65,080,000</u>	<u>\$ 4,000,000</u>	<u>\$ (800,000)</u>	<u>\$ 70,280,000</u>		

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

	PROJECT AUTHORIZATION	EXPENDED TO DECEMBER 31, 1999	COMMITTED	REQUIRED FUTURE FINANCING NEED
Plant improvements	\$ 14,700,000	\$ 2,300,000	\$ 12,400,000	

GOVERNMENT OF THE DISTRICT OF COLUMBIA
 OFFICE OF THE COMPTROLLER
 STATE OF MARYLAND
 NOTES TO FINANCIAL STATEMENTS (Continued)
 December 31, 1999 and 1997

NOTE 8 - 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		COMPLETED		NET		BALANCE	
	DECEMBER 31, 1996	ADDITIONS	IN PROGRESS	TRANSFERS FROM OTHER FUNDS	DECEMBER 31, 1997			
Buildings	\$ 7,444,688	\$ -	\$ 261,500	\$ -	\$ 8,006,188			
Computer system	794,750,000	-	1,482,579	-	796,232,579			
Furniture	90,757,001	-	803,887	-	91,560,888			
Improvements	971,000	-	-	-	971,000			
Furniture & fixtures	401,000	-	-	-	401,000			
Equipment	2,000,000	50,000	21,270	(71,000)	2,000,270			
Vehicles	1,671,000	103,470	-	(71,000)	1,703,470			
	\$ 92,658,369	\$ 607,470	\$ 335,349	\$ (42,000)	\$ 93,549,188			
Land	1,760,000	-	-	-	1,760,000			
	\$ 94,418,369	\$ 607,470	\$ 335,349	\$ (42,000)	\$ 95,312,188			
Construction in progress	1,571,001	2,850,499	(2,991,499)	-	1,429,991			
	\$ 95,989,370	\$ 4,457,969	\$ -	\$ (42,000)	\$ 100,405,339			

	ACCUMULATED DEPRECIATION		NET		ACCUMULATED DEPRECIATION	
	DECEMBER 31, 1996	1997 DEPRECIATION	TRANSFERS FROM OTHER FUNDS	DECEMBER 31, 1997		
Buildings	\$ 2,881,000	\$ 18,807	\$ -	\$ 2,899,807		
Computer system	61,885,000	2,700,000	-	64,585,000		
Furniture	74,810,000	1,715,433	-	76,525,433		
Improvements	71,000	6,000	-	77,000		
Furniture & fixtures	400,000	-	-	400,000		
Equipment	2,570,000	105,470	(71,000)	2,604,470		
Vehicles	1,460,000	100,000	(71,000)	1,489,000		
	\$ 74,277,000	\$ 2,015,707	\$ (42,000)	\$ 76,250,707		

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

	PROJECT AUTHORIZATION	EXPENSE TO DATE	COMMITTED	REQUIRED FUTURE FUNDING
Plant improvements	\$ 2,280,000	\$ 1,642,000	\$ 1,375,000	

CONSOLIDATED FINANCIALS DISTRICT NO. 3
Jefferson Parish, Louisiana
Notes to Financial Statements (Continued)
December 31, 1997 and 1997

NOTE F - COMPENSATED ABSENCE

All full-time classified employees of the Parish hired prior to April 26, 1988, are permitted to accumulate and carry forward from one calendar year to the next a maximum of 90 days of accrued vacation (reimbursement) 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 (through) 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 50, but not to exceed 25, 90 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 reimbursements to be made. At December 31, 1997 and 1997 the accrued annual and sick leave, and salary-related costs are \$1,870,888 and \$1,876,291, respectively.

Full-time classified employees hired after April 26, 1988, are permitted to carry forward no more than 20 days of accrued vacation (reimbursement) 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 (limited) is paid for 40 days of accumulated leave.

Other related costs (i.e., Medicare, Social Security, etc.) have been accrued as of December 31, 1997 and 1997 in accordance with GASB Statement #33 as these employees had after April 1, 1988.

NOTE G - (A) TO OTHER GOVERNMENTS

The District had the following liabilities to other municipalities and governmental agencies for collections of POLICE and street and garbage service charges on their behalf:

	<u>1997</u>	<u>1997</u>
Jefferson Parish Sheriff	\$ 678	\$ 968
City of Kenner	27,871	41,873
City of Kenner	<u>28,549</u>	<u>42,841</u>
	<u>\$ 29,227</u>	<u>\$ 44,812</u>

NOTE H - (A) TO BOND COVENANTS

Revenue bonds of the former Consolidated Parishes District No. 3 were paid in full as of December 31, 1997, and the change in the bonds payable is as follows:

	<u>1997</u>
Balance at January 1, 1997	\$ 600,000
Additions	-
Payments	<u>\$ 600,000</u>
Balance at December 31, 1997	<u>\$ -</u>

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes To Financial Statements (Continued)
December 31, 1998 and 1997

NOTE 1 - CHANGES IN CONTRIBUTED-CAPITAL

A summary of changes in the District's contributed capital accounts for the year ended December 31, 1998 and 1997 are as follows:

	December 31, 1998				
	Beginning Balance	Assets acquired through capital contributions	Additions from closed out Lien Ordinances	Depreciation expense for the year	Total
Parish	\$ 888,888	\$ 20,000	\$ 17,648	\$ (88,433)	\$ 938,063
Subscribers	3,100,888	-	-	(288,870)	2,812,018
Citizens	180,572	-	-	(11,244)	169,328
Ad valorem tax bonds	6,779,477	-	-	(283,870)	6,495,607
Other governments	2,874,888	-	-	(788,888)	2,086,000
Federal government	2,000,790	-	-	(207,113)	1,793,677
	<u>\$ 16,206,081</u>	<u>\$ 20,000</u>	<u>\$ 17,648</u>	<u>\$ (668,548)</u>	<u>\$ 16,206,181</u>

	December 31, 1997				
	Beginning Balance	Assets acquired through capital contributions	Additions from closed out Lien Ordinances	Depreciation expense for the year	Total
Parish	\$ 800,000	-	-	\$ (64,870)	\$ 834,870
Subscribers	3,281,000	-	-	(180,768)	3,100,232
Citizens	182,547	-	-	(11,273)	169,274
Ad valorem tax bonds	7,894,561	-	-	(228,424)	7,666,137
Other governments	2,780,779	-	-	(120,887)	2,659,892
Federal government	2,452,101	-	-	(188,871)	2,263,230
	<u>\$ 17,891,088</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (694,893)</u>	<u>\$ 17,196,195</u>

COMMUNITY WATER SUPPLY DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes to Financial Statements (Continued)
December 31, 1988 and 1987

NOTE J - RETAINED EARNINGS RESERVE

Retained earnings related to construction are as follows:

	1988	1987
Balance at January 1	\$ 37,883,554	\$ 11,876,018
Interest earned	7,804,809	1,246,887
Construction costs incurred	(2,792,811)	(2,951,849)
Ad Valorem Taxes received	5,624,200	1,304,560
State Revenue Sharing received	560,514	882,478
Miscellaneous Income	78,432	-
General expenses incurred	(28,412)	(1,074,000)
Transfers to (from)	2,581,800	1,112,800
	\$ 46,633,086	\$ 10,367,403
Balance at December 31		

NOTE K - WATER RATES

Passed in Orleans Parish Council to the Jefferson Parish Council on February 5, 1983, amending water quantity rates charged to the use of water, fee adjustments were added to rates for projects of the system effective January 15, 1983.

MONTHLY BILLING OVER TWO THOUSAND GALLONS

From 1,000 gallons - minimum	\$ 2.00
From 10,000 gallons -	.80
From 20,000 gallons -	.75
Over 200,000 gallons -	.63

MONTHLY BILLING OVER TWO THOUSAND GALLONS

From 0-1,000 gallons - minimum	\$ 4.00
From 10,000 gallons -	.80
From 20,000 gallons -	.75
Over 200,000 gallons -	.63

All other charges, including those for service charges, water meter installations, deposits on newly installed accounts and fire service, automatic systems or manual fire protection systems charges, remain the same as previously charged.

CONSOLIDATED FINANCIAL DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes to Financial Statements (continued)
December 31, 1997 and 1997

NOTE L - AD VALOREM TAX (Continued)

The Parish levies an ad valorem tax on property on or after 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 that date. Taxes are listed 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 25 percent of fair market value. Taxes are billed and collected by the Jefferson Parish Sheriff's Department which receives a certain portion for its services. The taxes levied by the Sheriff's Department to the Parish are net of assessor's commission and general fund contribution. All ad valorem taxes are recorded as revenue for the period for which levied, thus the 1997 property tax which was levied to finance the budget for 1998 was recorded as revenue for the year 1997. The 1997 property tax which was levied to finance the budget for 1999 is recorded as deferred revenue at December 31, 1997.

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

<u>PLANS/CO'S</u>	<u>MILLAGE</u>	
	<u>1998</u>	<u>1997</u>
Maintenance and Operations:		
Consolidated Wastewater District No. 1	5	5
Capital Improvements:		
Consolidated Wastewater District No. 1	4.18	4.18

NOTE M - INTEREST COST

No interest cost was capitalized during the years ended December 31, 1998 and 1997. Interest expense incurred in the District during 1998 and 1997 was \$0 and \$25,000, respectively.

NOTE N - OPERATING TRANSFERS

The District had the following operating transfers:

	<u>1998</u>	<u>1997</u>
	<u>OPERATING</u>	<u>OPERATING</u>
	<u>TRANSFERS</u>	<u>TRANSFERS</u>
	<u>RECEIVED</u>	<u>PAID/OUT</u>
<u>PLANS TRANSFERRED TO OR FROM</u>		
Drainage Pump Stations Special Revenue	\$ 30,000	-
Waste Water Capital Program	(100,000)	-
Sewer Capital Program	(20,000)	-
Drainage Capital Program	34,248	(10,000)
East Basin Occupancy Tax Capital Program	-	13,000
General Liability Internal Service	\$ -	(24,000)
	<u>\$ (13,000)</u>	<u>\$ (11,000)</u>

CONJUGATE'S NEWSPAPER DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes to Financial Statements (Continued)
December 31, 1988 and 1987

NOTE G - RISK MANAGEMENT

GENERAL LIABILITY

The Parish is exposed to various risks of loss related to but, that of, storage of, and destruction of assets, errors and omissions; injuries to employees, and natural disasters. To protect for and finance for unforeseen risks of loss, the Parish has incorporated 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 certain risks of coverage provided by the fund.

The District makes payments to the fund based on management's estimate of the amounts needed to pay prior and current year claims. These estimated "premiums" are reported as quasi-income transactions. The District's premiums were \$441,024 and \$551,170 for 1988 and 1987, respectively.

At December 31, 1988 and 1987 the total outstanding claims liability of the General Liability Fund was \$20,041,838 and \$29,417,647, respectively. The claims liability included an estimated liability for reported but not reported claims of \$2,983,734 and \$3,032,887 for 1988 and 1987, respectively. The estimated claim liability is determined by the fund's actuary (a broker) based on historical information and anticipated payments. These estimates are consistent with requirements of GAAP Statement 6, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which requires that 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.

NOTE H - COMMITMENTS AND CONTINGENCIES

HEALTH INSURANCE

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

The total amount of contributions by the District for health insurance was \$282,351,649 and \$208,858,674 for 1988 and 1987, respectively.

LATENT EMPLOY COMPENSATION

The Parish is authorized for unemployed claims filed with the state. To account for and finance these claims, the Parish has established a Latent Insurance Fund (an internal service fund) whereby each fund contributes 45 percent of its amount paid out to the fund. The contribution has been temporarily suspended and will have no potential financial responsibility over subsequent years.

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 administration of the Parish's Risk Management Fund have reviewed these claims and lawsuits in order to estimate the likelihood of an unfavorable outcome to the District and to arrive at an estimate. Fifty, 40 percent of the amount or range of potential loss to the District. As a result of such reviews, the various claims and lawsuits have been categorized into "certain", "reasonable possible", and "remote" contingencies, as defined in FASB 66, 5-50 claims and judgments. There were no loss contingencies reported as "certain" for 1988 and 1987. The District's "reasonable possible" loss contingencies at December 31, 1988 and 1987 for which an amount of liability can be estimated, were \$21,000 and \$103,000, respectively.

NOTE I - PENSION PLANS

The District's employees participate in the retirement systems described below. The pension expense recorded by the District for contributions to the retirement systems for the year-ended December 31, 1988 and 1987 were \$483,719 and \$407,856, respectively.

Additional data and other information of the two plans, as it related to the District, is available for the separate component parts of the Parish.

CONSOLIDATED FINANCIAL STATEMENTS NO. 1
JEFFERSON PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 1998 and 1997

NOTE 6 - PENSION PLANS (Continued)

PLAN MEMBERSHIP

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

The Parish Plan covers employees who were hired prior to December 15, 1975. 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 first subsequent to the merger of the two systems may participate only in the State Plan.

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

Plan Description

The Employees' Retirement System of Jefferson Parish (Board of Trustees (The Board) administers The Employees' Retirement System of Jefferson Parish (the Parish Plan), a single-employer defined benefit pension plan created by Jefferson Parish Ordinance 11327. The Parish Plan covers employees who were hired prior to December 15, 1975. As of that date, the Parish Plan became a division and was merged with the Personal Employees' Retirement System of Louisiana (the State Plan); whereby members of the Parish Plan continued to be members of the State Plan.

The Board issues a publicly available financial report that includes financial statements and required supplementary information to the Parish Plan. The financial report for year ended December 31, 1998 may be obtained by writing to: The Employees' Retirement System of Jefferson Parish, 1504 Bienville Road, Metairie, LA 70002 or by calling 504-834-4848.

Employees who are members of the Parish Plan only 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 30 years of service, are reduced by three percent per year for each year participation ceases before the age of 62. Parish Plan participants who are also members of the State Plan receive benefits equal to three percent of the highest three-year average annual compensation for each year of service reduced by one percent per year by the State Plan. The top combined payments of both plans may not exceed 100 percent of the members' total 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 Parish Plan for the retiree's surviving spouse and minor children.

Summary of Significant Accounting Policies

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

Method Used to Value Investments - All investments of the Parish Plan are reported at fair value. Securities valued on a month-end basis are valued at the last reported sales price of current exchange rates.

Concentration of Credit Risk - The Parish Plan had 48.8% of year-end 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 year-end assets.

Funding Policy - The Parish Council requires that the Parish Plan be funded on an actuarially sound basis. The funding policy provides for contributions from employees and employer which are actuarially determined. In 1998 employees made contributions of 8.0% of gross earnings and employer contributions were 1.4% of 1998 covered payroll.

Annual Pension Cost - The annual pension cost of the Parish Plan for the current year was \$1,450,000 and the employer contributions were \$1,320,401. The annual required contribution for the current year was determined as part of the December 31, 1998 actuarial valuation using the Entry Age Normal Cost Method with Unfunded Actuarial Accrual Liability.

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

CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Jefferson Parish, Louisiana
Notes to Financial Statements (Continued)
December 31, 1999 and 1997

NOTE G - PENSION PLANS (Continued)

Significant actuarial assumptions used in the valuation include: 1) a rate of return on the investment of pension assets of 8.0% per year, compounded annually; 2) projected salary increases of 3.0% per year compounded annually, applicable to retirees of 1.00% and none of 2.75%. The actuarial value of benefits is set equal to the actuarial value of assets adjusted to date on that of all required and unrequired 1998R RIFAs (except account during the year for one year. The inclusion requires the quality of market value for investments. The actuarial liability is being amortized over a 40 year period beginning on January 1, 1992 using a level dollar amortization method on an open basis.

Annual Pension Cost and Net Pension Obligation

Annual required contribution	\$1,470,911
Adjustments to benefit required contribution	(23,507)
Annual pension cost	\$1,447,404
Contribution made	(1,000,000)
Increase in net pension obligation	\$447,404
Net pension obligation beginning of year, December 31, 1997	\$1,254,356
Net pension obligation end of year, December 31, 1999	\$1,701,760

This liability amount is not available to individual fund and the full amount is reported in the General Long Term Debt Account Group of the Parish.

Schedule of Employer Contributions

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed
12/31/98	\$1,447,404	86.8%
12/31/97	1,666,667	77.86%
12/31/96	1,810,000	69.13%

Schedule of Funding Progress

Actual Valuation Date	Apparital Value of Assets	Actuarial ACC/FD Liability (MAD) Entry Age	Unfunded AM (MAD)	Funded Ratio (Percentage)	Covered Payroll	Ratio of Funding Payroll
1999	\$21,625,882	\$23,555,481	\$1,929,599	89.65%	\$26,877,765	87.66%
1997	20,940,558	23,848,705	12,908,179	61.84%	21,170,816	61.84%
1995	18,495,917	33,481,700	14,985,783	58.85%	21,478,000	61.07%

PENSIONAL EMPLOYERS' RETIREMENT SYSTEM OF LOUISIANA (The State Plan)

Plan Description

The Pension (Employer) Retirement System Board of Trustees (The Board) administers the Pension (Employer) Retirement System (the State Plan), a non-union multiple-employer defined benefit plan established by the Louisiana Legislature on January 1, 1951, by Act 258 of 1951. The State Plan was revised by Act No. 561 of 1974 (effective January 1, 1981) to create the Plan A and Plan B and to replace the "regular plan" and the "supplemental plan". Plan B Fund replaces the "regular plan". The State Plan is operating pursuant to L.A.R.S. 11:1801 through 11:2110. The State Plan covers employees who were first subsumed to December 15, 1975.

CONSOLIDATED WATERWORKS DISTRICT NO. 1
 Jefferson Parish, Louisiana
 Notes to Financial Statements (Continued)
 December 31, 1999 and 1997

NOTE 13 - PENSION PLANS (Continued)

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 26 years of creditable service and is at least 50 years old, or 10 years of creditable service and is at least 55 years old. The monthly retirement benefit is equal to three percent of the member's average monthly compensation for any 30 months of amenable service in which compensation was highest, multiplied by years of creditable service, not to exceed 100 percent of the member's final compensation. Retirement benefits are payable monthly for the life of the retiree, under certain conditions, upon the retiree's death, benefits are payable to the retiree's surviving spouse and minor children.

The State Plan issues a publicly available financial report that includes financial statements and required supplementary information. The financial report for the year ended December 31, 1997 may be obtained by writing to: The Personal Employees' Retirement System, P. O. Box 14840, Baton Rouge, LA 70804.

Summary of Significant Accounting Policies

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

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

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

Funding Policy - Member contributions, established by statute at 8% of total compensation for Plan A and 2% of total compensation less \$100 per month for Plan B, are deducted from the members salary and withheld by the participating employers. Employer contributions are actuarially determined every fourth year according to statutory process. The unfunded actuarial account liability is being amortized over a 30 year period under a level-funded actuarial liability method, assuming an investment rate of return of 6% and projected salary increases of 5.5%. Further notice of these rates is provided to employees annually. In 1997, these employee rates were 7.15% for Plan A and 2.65% for Plan B.

Schedule of Employer Contributions

Plan Year Ending	Actual Payable Contribution	Percentage of A/P
1997	\$2,280,115	100%
1998	25,289,802	100%
1999	17,486,488	100%

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (Value Entry Age)	Unfunded Act. Liability (Entry Age)	Funded Ratio Percentage	Covered Payroll	Ratio of Covered Payroll
1997 (Plan A)	\$874,000,601	\$881,881,782	\$ 7,881,182	89.18%	\$261,210,481	2.70%
1997 (Plan B)	\$5,079,372	\$5,038,400	\$ 40,972	100.18%	\$4,662,285	\$4.28%

CONSOLIDATED FINANCIAL STATEMENTS (PARTIAL) NO. 1
Jefferson Parish, Louisiana
Notes to Financial Statements (Continued)
December 31, 1998 and 1997

NOTE 6 - DEFERRED COMPENSATION PLAN

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

In 1996, the U. S. Congress passed the Small Business Job Protection Act of 1996, which requires that employer governments place all amounts deferred under 457 Section 457 into a trust for the exclusive benefit of participants and their beneficiaries. This change was allowed as early as January 1, 1995, but must be done by January 1, 1999. In prior years, these assets were solely the property of the Parish and subject to claims of general creditors, and were reported in the Jefferson Parish financial statements. During the year ended December 31, 1998, the Parish amended its Plan to comply with the requirements of the Act. Thus, the Parish's change has necessity of the Plan assets and they are no longer reported in the financial statements.

NOTE 7 - POST-RETIREMENT HEALTH CARE

Health Care

In addition to providing pension benefits, the Parish provides certain health care benefits to retired employees as authorized by Resolution No. 74791. Substantiality of employees who reach normal retirement age while working for the Parish are eligible. The cost of these benefits are accounted as expenditures when the premiums are paid. The health care premiums for retired employees of the District amounted to \$4,000,000 and \$3,875,000 for 1998 and 1997, respectively.

Cost-of-Living Plan

In addition to the health care benefits noted above, the Parish also provides a supplement to retired pensions as authorized by Ordinance No. 14876. The benefit is provided to retired participants in what the Employee's Retirement System of Jefferson Parish or the Parish's Employees' Retirement System of Louisiana who have been retired for at least one year. The 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 \$500 and the maximum payment is \$4,000. Any additional payment due to the retiree per these calculations are further reduced by the cost of living adjustment benefits paid by the Parish's Employees' Retirement System of Louisiana (not available to all participants).

NOTE 8 - 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.

NOTE 9 - REQUIRED SUPPLEMENTAL SCHEDULE

Information if the required supplemental schedule is designed to provide information about the year 2000 issue.

SUPPLEMENTARY INFORMATION

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

For the Years Ended December 31, 1988 and 1987

	Revenue Bond Sinking Fund	Revenue Bond Reserve Fund	Capital Additions and Contingencies Fund	Total
Restricted assets, January 1, 1987	\$ 228,031	\$ 831,000	\$ 2,854,828	\$ 4,114,859
Revenues:				
Transfers from operating and construction funds	801,046	-	798,887	1,541,873
Interest earned on investments	8,542	48,445	62,895	149,882
Total restricted assets available	1,108,319	879,445	2,821,604	4,809,408
Expenditures:				
Transfers	263,366	871,000	2,827,854	4,062,220
Principal payments	880,000	-	-	880,000
Interest payments	81,000	-	-	81,000
Item charges	2,000	-	-	2,000
Total expenditures	1,108,366	871,000	2,827,854	4,807,220
Restricted assets, December 31, 1987	\$ _____	\$ _____	\$ _____	\$ _____
Restricted assets, December 31, 1988	\$ _____	\$ _____	\$ _____	\$ _____

CONDUCTED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
YEAR 2000 ISSUE (UNAUDITED)

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the operations of the Parish.

As of December 31, 1999, the Parish completed the assessment stage and began the assessment stage necessary to implement a Year 2000-compliant system. These stages include identifying a project plan to address the Year 2000 issue and identifying systems and individual system components that may be affected by the Year 2000 and that are necessary to conducting the Parish operations.

During 1999 the Parish will begin the installation of validation/testing sites. The Parish plans to utilize both internal and external resources to reprogram or replace affected computer hardware and software to ensure that they are Year 2000 compliant. Testing and operation of the systems will need to be completed after the hardware and software are installed. The Parish is expecting to complete Year 2000 compliance for all major systems including testing of these systems by September 30, 2000.

The Parish has also initiated formal communications with a substantial majority of its significant suppliers to determine their plans to address the Year 2000 issue. While the Parish expects a successful resolution of all issues, there can be no guarantee that the systems of other companies on which the Parish relies will be supported by a supplier or that a failure to succeed by a supplier would not have a material adverse effect on the Parish.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of control remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the Parish is or will be Year 2000 ready, that its Year 2000 remediation efforts will be successful in whole or in part, or that parties with whom the parish does business will be year 2000 ready.

SPECIAL REPORTS OF CERTIFIED
PUBLIC ACCOUNTANTS

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
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, 1998

April 13, 1999

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, a component unit of the Parish of Jefferson, State of Louisiana, as of and for the year ended December 31, 1998, and have issued our report thereon dated April 13, 1999. 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. 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 solely for the information and use of the audit committee, management, others within the organization, City Council and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Diplomatic, Hoparano, Hogan & Smith LLP