

ARTHUR ANDERSEN LLP

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PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1998
WITH SUPPLEMENTAL INFORMATION SCHEDULES

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 JUN 09 1999

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana

Primary Government Financial Statements
As of and for the Year Ended December 31, 1998
With Supplemental Information Schedules

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PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana

Primary Government Financial Statements
As of and for the Year Ended December 31, 1998
With Supplemental Information Schedules

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ARTHUR ANDERSEN LLP

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPORTING SCHEDULES AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Plaquemines Parish Council:

We have audited the primary government financial statements of Plaquemines Parish Government (a political subdivision of the State of Louisiana) ("the Parish") as of and for the year ended December 31, 1998. These financial statements are the responsibility of the Parish's management. 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 the standards for financial audits contained in Government Auditing Standards (1994 revision), 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.

The Year 2000 supplementary information on page 58 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board (GASB), and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because disclosure criteria specified by GASB Technical Bulletin 98-1 as amended are not sufficiently specific to permit meaningful results from the prescribed procedures. In addition, we do not provide assurance that the Parish is or will become Year 2000 compliant, that the Parish's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Parish does business are or will be Year 2000 compliant.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, the primary government financial statements present fairly, in all material respects, the financial position of the primary government of Plaquemines Parish Government, as of December 31, 1998, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

However as discussed in Note 1, the primary government financial statements, because they do not include the financial data of component units of Plaquemines Parish Government do not purport to, and do not, present fairly the financial position of the Plaquemines Parish Government, as of December 31, 1998, and the results of its operations and the cash flow of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report on compliance and internal control over financial reporting dated April 27, 1999.

Our audit was performed for the purpose of forming an opinion on the primary government financial statements of Plaquemines Parish taken as a whole. The accompanying supplemental information schedules are presented for purposes of additional analysis and are not a required part of the primary government financial statements of the Parish. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Revised Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the primary government financial statements of the Parish. This information has been subjected to the auditing procedures applied in our audit of the primary government financial statements and, in our opinion, is fairly stated in all material respects, in relation to the primary government financial statements presented as a whole.

A handwritten signature in cursive script that reads "Arthur Andersen LHP". The signature is written in black ink and is positioned to the right of the typed text.

New Orleans, Louisiana
April 27, 1999

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS

Statement A

Combined Balance Sheet, December 31, 1998

| | GOVERNMENTAL FUND TYPE | | | | PROPRIETARY FUND TYPE | FIDUCIARY FUND TYPE | ACCOUNT GROUPS | | TOTAL |
|---|------------------------|-----------------------|--------------------|------------------------|-----------------------|---------------------|----------------------|-------------------------------|----------------------|
| | GENERAL FUND | SPECIAL REVENUE FUNDS | DEBT SERVICE FUNDS | CAPITAL PROJECTS FUNDS | ENTERPRISE FUNDS | AGENCY FUNDS | GENERAL FIXED ASSETS | GENERAL LONG-TERM OBLIGATIONS | MEMORANDUM ONLY |
| ASSETS AND OTHER DEBITS | | | | | | | | | |
| Assets: | | | | | | | | | |
| Cash and cash equivalents (note 4) | \$15,999,458 | \$1,510,652 | \$380,000 | \$5,853,153 | \$2,614,841 | \$1,224,850 | \$ --- | \$ --- | \$27,582,954 |
| Investments (note 5) | --- | --- | --- | --- | 1,000,000 | 113,270 | --- | --- | 1,113,270 |
| Receivables (net of allowances for uncollectibles) (note 6) | 4,878,295 | 4,234,901 | --- | 724,572 | 5,503,244 | --- | --- | --- | 15,341,012 |
| Interfund receivables (note 21) | 8,245,761 | --- | --- | 360,559 | 23 | --- | --- | --- | 8,606,343 |
| Prepaid items (note 1-J) | 1,229,886 | --- | --- | --- | 2,131 | --- | --- | --- | 1,232,017 |
| Land, buildings and equipment (net, where applicable, of accumulated depreciation) (note 7) | --- | --- | --- | --- | 28,178,447 | --- | 112,567,867 | --- | 140,746,314 |
| Other Debits: | | | | | | | | | |
| Amount to be provided for the retirement of general long-term obligations (note 17) | --- | --- | --- | --- | --- | --- | --- | 32,838,819 | 32,838,819 |
| TOTAL ASSETS AND OTHER DEBITS | \$30,353,400 | \$5,745,553 | \$380,000 | \$6,938,284 | \$37,298,686 | \$1,338,120 | \$112,567,867 | \$32,838,819 | \$227,460,729 |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts, salaries and other payables (note 12) | \$1,525,705 | \$221,228 | \$ --- | \$ --- | \$116,694 | \$ --- | \$ --- | \$ --- | \$1,863,627 |
| Contracts and retainage payable | 283,924 | 21,898 | --- | 25,504 | 244,574 | --- | --- | --- | 575,900 |
| Claims and assessments payable (note 26) | 625,646 | --- | --- | --- | --- | --- | --- | 10,887,000 | 11,512,646 |
| Interfund payables (note 21) | 23 | 519,586 | --- | 595,055 | 7,113,293 | 378,386 | --- | --- | 8,606,343 |
| Deposits due others | 11,475 | --- | --- | --- | --- | 869,483 | --- | --- | 880,958 |
| Deferred revenues | 1,856,279 | 3,776,688 | --- | --- | --- | --- | --- | --- | 5,632,967 |
| Other liabilities | 893,616 | 113,834 | --- | --- | 224,911 | 90,251 | --- | --- | 1,322,612 |
| Matured bonds and interest payable | --- | --- | 380,000 | --- | --- | --- | --- | --- | 380,000 |
| Compensated absences payable (note 13) | 375,239 | 153,530 | --- | --- | 57,371 | --- | --- | --- | 586,140 |
| Capital leases payable (note 14) | --- | --- | --- | --- | 23,836 | --- | --- | 141,819 | 165,655 |
| Bonds payable (notes 17 and 18) | --- | --- | --- | --- | 1,130,000 | --- | --- | 21,810,000 | 22,940,000 |
| Total Liabilities | 5,571,907 | 4,806,764 | 380,000 | 620,559 | 8,910,679 | 1,338,120 | --- | 32,838,819 | 54,466,848 |
| Equity and Other Credits: | | | | | | | | | |
| Contributed capital (note 24) | --- | --- | --- | --- | 20,314,462 | --- | --- | --- | 20,314,462 |
| Investment in general fixed assets (note 7) | --- | --- | --- | --- | --- | --- | 112,567,867 | --- | 112,567,867 |
| Retained earnings: | | | | | | | | | |
| Reserved for capital projects (note 23) | --- | --- | --- | --- | 158,287 | --- | --- | --- | 158,287 |
| Unreserved | --- | --- | --- | --- | 7,915,258 | --- | --- | --- | 7,915,258 |
| Fund balances: | | | | | | | | | |
| Reserved (note 23) | 5,808,734 | 222,775 | --- | --- | --- | --- | --- | --- | 6,031,509 |
| Unreserved | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Designated (note 23) | 10,006,482 | 10,687 | --- | 6,317,725 | --- | --- | --- | --- | 16,394,894 |
| Undesignated | 8,906,277 | 705,327 | --- | --- | --- | --- | --- | --- | 9,611,604 |
| Total Equity And Other Credits | 24,781,493 | 938,789 | --- | 6,317,725 | 28,388,007 | --- | 112,567,867 | --- | 172,993,881 |
| TOTAL LIABILITIES, EQUITY AND OTHER CREDITS | \$30,353,400 | \$5,745,553 | \$380,000 | \$6,938,284 | \$37,298,686 | \$1,338,120 | \$112,567,867 | \$32,838,819 | \$227,460,729 |

The accompanying notes are an integral part of this statement

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana
GOVERNMENTAL FUND TYPES

Statement B

Combined Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 1998

| | GENERAL FUND | SPECIAL REVENUE FUNDS | DEBT SERVICE FUNDS | CAPITAL PROJECTS FUNDS | TOTAL (MEMORANDUM ONLY) |
|---|---------------------|-----------------------------|--------------------------|------------------------------|-------------------------------|
| REVENUES | | | | | |
| Taxes: | | | | | |
| Ad valorem | \$1,891,411 | \$3,868,225 | \$ --- | \$ --- | \$5,759,636 |
| Sales and use | 6,185,370 | --- | --- | --- | 6,185,370 |
| Other taxes, penalties, interest, etc. | 46,545 | --- | --- | --- | 46,545 |
| Licenses and permits | 1,955,925 | --- | --- | --- | 1,955,925 |
| Intergovernmental revenues: | | | | | |
| Federal grants | 253,609 | 127,663 | --- | --- | 381,272 |
| State funds: | | | | | |
| State grant | --- | --- | --- | 259,100 | 259,100 |
| Parish transportation funds | --- | 321,426 | --- | --- | 321,426 |
| State revenue sharing | 35,010 | 71,604 | --- | --- | 106,614 |
| Parish royalty fund | 3,438,154 | --- | 2,830,702 | --- | 6,268,856 |
| Other | 1,519,146 | 185,202 | --- | --- | 1,704,348 |
| Other | --- | 113,000 | --- | --- | 113,000 |
| Fees, charges, and commissions for services | 301,479 | 1,286,451 | --- | --- | 1,587,930 |
| Fines and forfeitures | --- | 289,221 | --- | --- | 289,221 |
| Use of money and property | 8,108,882 | 179,056 | --- | 300,064 | 8,588,002 |
| Other revenues | 2,150,502 | 59,817 | 34 | --- | 2,210,353 |
| Total Revenues | 25,886,033 | 6,501,665 | 2,830,736 | 559,164 | 35,777,598 |
| EXPENDITURES | | | | | |
| General government: | | | | | |
| Legislative | 952,569 | --- | --- | --- | 952,569 |
| Judicial | 2,633,375 | 71,981 | --- | --- | 2,705,356 |
| Executive | 1,509,447 | --- | --- | --- | 1,509,447 |
| Elections | 76,173 | --- | --- | --- | 76,173 |
| Finance and administrative | 2,336,361 | --- | --- | --- | 2,336,361 |
| Other | 1,791,812 | --- | --- | --- | 1,791,812 |
| Public safety | 612,943 | --- | --- | --- | 612,943 |
| Public works | 3,849,320 | 6,272,843 | --- | 4,502,732 | 14,624,895 |
| Health and welfare | 1,251,705 | 2,619,421 | --- | --- | 3,871,126 |
| Culture and recreation | 1,117,528 | 562,384 | --- | --- | 1,679,912 |
| Economic development and assistance | 139,264 | --- | --- | --- | 139,264 |
| Transportation | 2,395,562 | --- | --- | --- | 2,395,562 |
| Debt service | --- | --- | 3,417,650 | --- | 3,417,650 |
| Total Expenditures | 18,666,059 | 9,526,629 | 3,417,650 | 4,502,732 | 36,113,070 |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | 7,219,974 | (3,024,964) | (586,914) | (3,943,568) | (335,472) |
| OTHER FINANCING SOURCES (Uses) | | | | | |
| Operating transfers in (note 22) | --- | 3,817,695 | 583,850 | 4,243,632 | 8,645,177 |
| Operating transfers out (note 22) | (8,596,409) | (453,520) | --- | --- | (9,049,929) |
| Contributed capital-proprietary fund | (768,195) | --- | --- | --- | (768,195) |
| Proceeds from sale of assets | 12,409 | --- | --- | --- | 12,409 |
| Capital leases | 219,480 | --- | --- | --- | 219,480 |
| Total Other Financing Sources (Uses) | (9,132,715) | 3,364,175 | 583,850 | 4,243,632 | (941,058) |
| EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | (1,912,741) | 339,211 | (3,064) | 300,064 | (1,276,530) |
| FUND BALANCES AT BEGINNING OF YEAR | 26,405,112 | 888,700 | 3,064 | 6,017,661 | 33,314,537 |
| Residual equity transfer (note 20) | 289,122 | (289,122) | --- | --- | --- |
| FUND BALANCES AT END OF YEAR | \$24,781,493 | \$938,789 | \$ --- | \$6,317,725 | \$32,038,007 |

The accompanying notes are an integral part of this statement.

PLAQUEMINES PARISH GOVERNMENT

Statement C

Pointe a la Hache, Louisiana

GOVERNMENTAL FUND TYPE - GENERAL AND SPECIAL REVENUE FUNDS

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 1998

| | GENERAL FUND | | | SPECIAL REVENUE FUNDS | | |
|---|---------------------|--------------------|--|-----------------------|--------------------|--|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| REVENUES | | | | | | |
| Taxes: | | | | | | |
| Ad valorem | 1,900,584 | 1,891,411 | (9,173) | 3,886,972 | 3,868,225 | (18,747) |
| Sales and use | 5,252,266 | 6,185,370 | 933,104 | --- | --- | --- |
| Other taxes, penalties, interest, etc. | 46,000 | 46,545 | 545 | --- | --- | --- |
| Licenses and permits | 1,827,600 | 1,955,925 | 128,325 | --- | --- | --- |
| Intergovernmental revenues: | | | | | | |
| Federal grants | 252,912 | 253,609 | 697 | 109,500 | 127,663 | 18,163 |
| State funds: | | | | | | |
| State grant | --- | --- | --- | 290,000 | 321,426 | 31,426 |
| Parish transportation funds | 35,000 | 35,010 | 10 | 72,000 | 71,604 | (396) |
| State revenue sharing | 3,719,631 | 3,438,154 | (281,477) | --- | --- | --- |
| Parish royalty fund | 2,179,678 | 1,519,146 | (660,532) | 176,459 | 185,202 | 8,743 |
| Other | --- | --- | --- | 113,000 | 113,000 | --- |
| Other | 302,390 | 301,479 | (911) | 1,251,000 | 1,286,451 | 35,451 |
| Fines and forfeitures | --- | --- | --- | 288,800 | 289,221 | 421 |
| Use of money and property | 7,574,062 | 8,108,882 | 534,820 | 138,390 | 179,056 | 40,666 |
| Other revenues | 2,310,129 | 2,150,502 | (159,627) | 44,114 | 59,817 | 15,703 |
| Total Revenues | 25,400,252 | 25,886,033 | 485,781 | 6,370,235 | 6,501,665 | 131,430 |
| EXPENDITURES | | | | | | |
| General government: | | | | | | |
| Legislative | 1,006,823 | 952,569 | 54,254 | --- | --- | --- |
| Judicial | 2,845,854 | 2,633,375 | 212,479 | 130,750 | 71,981 | 58,769 |
| Executive | 2,114,413 | 1,509,447 | 604,966 | --- | --- | --- |
| Elections | 177,610 | 76,173 | 101,437 | --- | --- | --- |
| Finance and administrative | 2,171,590 | 2,336,361 | (164,771) | --- | --- | --- |
| Other | 2,118,984 | 1,791,812 | 327,172 | --- | --- | --- |
| Public safety | 1,270,790 | 612,943 | 657,847 | --- | --- | --- |
| Public works | 4,303,872 | 3,849,320 | 454,552 | 6,413,874 | 6,272,843 | 141,031 |
| Health and welfare | 1,360,426 | 1,251,705 | 108,721 | 3,258,341 | 2,619,421 | 638,920 |
| Culture and recreation | 1,349,315 | 1,117,528 | 231,787 | 588,719 | 562,384 | 26,335 |
| Economic development and assistance | 139,930 | 139,264 | 666 | --- | --- | --- |
| Transportation | 2,529,525 | 2,395,562 | 133,963 | --- | --- | --- |
| Total Expenditures | 21,389,132 | 18,666,059 | 2,723,073 | 10,391,684 | 9,526,629 | 865,055 |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | 4,011,120 | 7,219,974 | 3,208,854 | (4,021,449) | (3,024,964) | 996,485 |
| OTHER FINANCING SOURCES (Uses) | | | | | | |
| Operating transfers in | --- | --- | --- | 4,422,146 | 3,817,695 | (604,451) |
| Operating transfers out | (13,089,613) | (8,596,409) | 4,493,204 | (453,700) | (453,520) | 180 |
| Contributed capital-proprietary fund | (5,229,545) | (768,195) | 4,461,350 | --- | --- | --- |
| Proceeds of sale of assets | 20,000 | 12,409 | (7,591) | --- | --- | --- |
| Capital leases | --- | 219,480 | 219,480 | --- | --- | --- |
| Total Other Financing Sources (Uses) | (18,299,158) | (9,132,715) | 9,166,443 | 3,968,446 | 3,364,175 | (604,271) |
| EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | (14,288,038) | (1,912,741) | 12,375,297 | (53,003) | 339,211 | 392,214 |
| FUND BALANCES AT BEGINNING OF YEAR | 26,405,112 | 26,405,112 | --- | 888,700 | 888,700 | --- |
| Residual equity transfer | 241,234 | 289,122 | 47,888 | (241,234) | (289,122) | (47,888) |
| FUND BALANCES AT END OF YEAR | 12,358,308 | 24,781,493 | 12,423,185 | 594,463 | 938,789 | 344,326 |

The accompanying notes are an integral part of this statement.

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana
PROPRIETARY FUND TYPE - ENTERPRISE FUNDS

Statement D

Combined Statement of Revenues, Expenses, and Changes in Retained Earnings
For the Year Ended December 31, 1998

| | |
|---|--------------------|
| OPERATING REVENUES | |
| Charges for services | \$6,976,542 |
| Other | 174,238 |
| | <hr/> |
| Total Operating Revenues | 7,150,780 |
| | |
| OPERATING EXPENSES | |
| Personal services | 1,492,681 |
| Contractual services, supplies, materials and other | 7,083,764 |
| Depreciation | 1,244,439 |
| | <hr/> |
| Total Operating Expenses | 9,820,884 |
| | |
| OPERATING LOSS | (2,670,104) |
| | |
| NON-OPERATING REVENUES | |
| Interest income | 233,511 |
| Ad valorem taxes | 2,151,908 |
| Other | 25,056 |
| | <hr/> |
| Total Non-Operating Revenues | 2,410,475 |
| | |
| NET LOSS BEFORE OPERATING TRANSFERS | (259,629) |
| | |
| OPERATING TRANSFERS | |
| Operating transfers in | 418,887 |
| Operating transfers out | (14,135) |
| | <hr/> |
| NET INCOME | 145,123 |
| | |
| ADD DEPRECIATION ON CONTRIBUTED CAPITAL FIXED ASSETS | 539,264 |
| | <hr/> |
| NET INCREASE IN RETAINED EARNINGS | 684,387 |
| | |
| RETAINED EARNINGS AT BEGINNING OF YEAR | 7,389,158 |
| | <hr/> |
| RETAINED EARNINGS AT END OF YEAR | \$8,073,545 |
| | <hr/> |

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana
PROPRIETARY FUND TYPE - ENTERPRISE FUNDS

Statement E

Combined Statement of Cash Flows
For the Year Ended December 31, 1998

| | |
|---|----------------------|
| Cash flows from operating activities: | |
| Cash received from customers | \$6,867,689 |
| Cash operating grants received from other governments | 171,538 |
| Cash payments for goods and services | (7,938,981) |
| Cash payments to employees | (1,490,194) |
| | <hr/> |
| Net cash used in operating activities | (2,389,948) |
| | |
| Cash flows from noncapital financing activities: | |
| Ad valorem tax collections | 2,151,908 |
| Other nonoperating revenues | 67,586 |
| Operating transfers in | 418,887 |
| Short-term loan from other funds | 648,415 |
| | <hr/> |
| Net cash provided in non-capital financing activities | 3,286,796 |
| | |
| Cash flows from capital and related financing activities: | |
| Acquisition/construction of capital assets | (831,299) |
| Increase in intergovernmental receivables | (338,495) |
| Operating transfers out | (14,135) |
| Decrease in contracts and retainage payable | (4,528) |
| Principal paid on bonds | (190,000) |
| | <hr/> |
| Net cash used for capital and related financing activities | (1,378,457) |
| | |
| Cash flows from investing activities: | |
| Interest received on time deposits | 233,511 |
| Payments for investments | (1,000,000) |
| | <hr/> |
| Net cash used in investing activities | (766,489) |
| | |
| Net decrease in cash and cash equivalents | (1,248,098) |
| | |
| Cash and cash equivalents at beginning of year | 3,862,939 |
| | <hr/> |
| Cash and cash equivalents at end of year | \$2,614,841 |
| | <hr/> |
| | |
| Reconciliation of operating loss to net cash used in operating activities: | |
| Operating loss | (\$2,670,104) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | |
| Depreciation | 1,244,439 |
| Change in assets and liabilities: | |
| Increase in receivables and other current assets | (111,553) |
| Increase in accounts payable | 73,491 |
| Decrease in other liabilities | (926,221) |
| | <hr/> |
| Net cash provided (used) in operating activities | (\$2,389,948) |
| | <hr/> |

The accompanying notes are an integral part of this statement.

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana
Notes to the Financial Statements
December 31, 1998

INTRODUCTION:

The Plaquemines Parish Government (the Parish) is the governing authority for Plaquemines Parish and is a political subdivision of the State of Louisiana. For administrative and reporting purposes, the Parish is known as the Plaquemines Parish Government. The parish council consists of nine members who are elected to represent each of the nine districts. The parish president, elected by the voters of the Parish, is the chief executive officer of the Parish and is responsible for carrying out the policies adopted by the Parish and for administration of all parish departments, offices and agencies. The parish council and the parish president serve four-year terms which expire on December 31, 2002.

Plaquemines Parish occupies 1,986 square miles with a population of approximately 26,000. The Parish maintains approximately 116 miles of roads, of which 57 miles are paved, 35 miles are asphalt, and 24 miles are shelled. The Parish Council office is located in the parish courthouse in Pointe a la Hache while the administration offices and the road maintenance facilities are located in Port Sulphur and Belle Chasse. The Parish has a total of approximately 560 employees.

Louisiana Revised Statute 33:1236 gives the Parish various powers in regulating and directing the affairs of the Parish and its inhabitants. The more notable of those are the powers to make regulations for its own government; to regulate the construction and maintenance of roads, bridges and to maintain drainage systems; to regulate the sale of alcoholic beverages; and to provide for the health and welfare of the poor, disadvantaged and unemployed in the Parish. Funding to accomplish these tasks is provided by ad valorem taxes, sales taxes, beer and alcoholic beverage permits, state revenue sharing, various state and federal grants, service charges and royalties from oil and gas.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Parish have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the Parish, for reporting purposes, the Plaquemines Parish Government is the reporting entity for Plaquemines Parish. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Plaquemines Parish Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

1. Appointing a voting majority of an organization's governing body and:
 - a. The ability of the parish government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the parish government
2. Organizations for which the parish government does not appoint a voting majority but are fiscally dependent upon the parish government.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Parish has determined that the following component units are part of the reporting entity:

| <u>Component Unit</u> | <u>Fiscal Year End</u> | <u>Criteria Used</u> |
|--|----------------------------|--------------------------|
| Clerk of Court | June 30 | 2 |
| Tax Assessor | December 31 | 2 |
| District Attorney | December 31 | 2 |
| Plaquemines Parish Comprehensive Care Center | December 31 | 1a, 1b |
| Plaquemines Parish Economic Development Board | December 31 | 1a, 1b |

The Parish has chosen to issue financial statements of the primary government only; therefore, none of the previously listed component units are included in the accompanying financial statements.

Organizations for which the Parish maintains accounting records are considered part of the primary government and include the Twenty-Fifth Judicial District Criminal Court Fund.

GASB Statement 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government's financial statements are not a substitute for the reporting entity's financial statements. The accompanying primary government financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. These financial statements are not intended to and do not report on the reporting entity but, rather, are intended to reflect only the financial statements of the primary government.

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Considered in the determination of component units of the reporting entity were the Plaquemines Parish Sheriff, School Board, Indigent Defender Board, and the various municipalities in the Parish. It was determined that these governmental entities are not component units of the Plaquemines Parish Government reporting entity because they have separately elected governing bodies, are legally separate and are fiscally independent of the Plaquemines Parish Government.

C. FUND ACCOUNTING

The Parish uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable and available financial resources.

Funds of the Parish are classified into three categories: governmental, proprietary and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type are as follows:

1. Governmental Funds - used to account for all or most of the Parish's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:
 - a. General Fund - the general operating fund of the Parish accounts for all financial resources, except those required to be accounted for in other funds.
 - b. Special Revenue Funds - account for the proceeds of specified revenue sources that are legally restricted to expenditures for specified purposes.
 - c. Debt Service Funds - account for transactions relating to resources retained and used for payment of interest and principal on those long-term obligations recorded in the general long-term obligations account group.
 - d. Capital Projects Funds - account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

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2. Proprietary Funds - used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

- a. Enterprise Funds - account for operations (1) where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

3. Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Parish. Fiduciary funds include:

- a. Agency Funds - account for assets that the Parish holds on behalf of others as their agent. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental fund types and agency funds. The governmental funds use the following practices in recording revenues and expenditures.

1. Revenues

Ad valorem taxes and the related state revenue sharing (which are based on population and homesteads in the Parish) are recorded in the fiscal year whose annual operating budgets they are intended to finance. The 1998 ad valorem taxes that became due on November 30, 1998, are recorded as deferred revenue at December 31, 1998, and will be included as revenue in 1999. The taxes are generally collected in December of the current year and in January and February of the ensuing year.

Sales and use taxes are recorded as revenue when received by the third party collector.

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Federal and state grants are recorded when funds are measurable and available.

Oil royalty and mineral income, which is included in Use of Money and Property, is recorded when the revenue becomes available to the Parish.

Interest income on interest-bearing demand deposits, which is also included in Use of Money and Property, is recorded at the end of each month when credited by the bank.

Interest income on time deposits and treasury bills is recorded when the time deposits and treasury bills have matured and the interest is available. Interest income on investments is recorded when earned.

Substantially all other revenues are recorded when they become available to the Parish.

2. Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term obligations which are recognized when due.

3. Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid and sales of fixed assets are accounted for as other financing sources (uses) as the underlying events occur.

The Proprietary funds are accounted for on a flow of economic resources measurement focus and on a determination of net income and capital maintenance. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds use the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized at the time the liabilities are incurred.

E. BUDGET PRACTICES

The proposed budget for the Parish for the year ended December 31, 1998, was completed and made available for public inspection on October 23, 1997. The operating and capital improvement budgets were formally adopted by ordinance 97-262 and ordinance 97-263, dated December 4, 1997.

Formal budgetary integration is employed as a management control device for the General, Special Revenue and Enterprise Funds. Budget comparison is used to control the operations of the Parish.

With the exception of a few departments which are controlled at the department or division level, the Parish exercises budgetary control at the department/function level. Unexpended appropriations lapse at year end and must be reappropriated in the next year's budget to be expended.

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The Parish's adopted budget is on the modified accrual basis of accounting. The Budget Comparison Statement included in the accompanying financial statements contains the original adopted budget and all subsequent amendments for the General and Special Revenue Funds.

Amendments to the operating budget must be adopted by ordinance of the parish council.

F. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditure of funds are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General and Special Revenue Funds.

Appropriations are valid only for the year in which they are made, and any part of such appropriation that is not encumbered or expended, lapses at the end of the year.

Encumbrances outstanding at year end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Parish may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

H. INVESTMENTS

Investments are limited by R.S.33:2955 and the Parish's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

I. INTERFUND RECEIVABLES/PAYABLES

Interfund receivables/payables are used to account for amounts owed to a particular fund by another fund. This includes only short-term obligations such as expenditures that are the legal responsibility of one fund paid by another fund, with the understanding that the latter will be reimbursed by the former fund.

J. PREPAID ITEMS

The Parish establishes prepaid expenditures for liability insurance, payments in advance, travel advances and postage. Payments made for such items that will benefit periods beyond December 31, 1998, are recorded as prepaid items.

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K. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are reported in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest costs incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost. Approximately 80 percent of general fixed assets are valued at historical cost, while the remaining 20 percent are valued at estimated cost based on the actual cost of like items.

Fixed assets used in the proprietary fund operations are included on the balance sheets of the funds net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operations are charged as an expense against operations. Depreciation is computed using the straight-line method over the following useful lives:

| | |
|---------------------------|------------|
| Building and improvements | 35 years |
| Machinery and equipment | 3-35 years |
| Waterlines | 12 years |

Contributed capital used to purchase fixed assets is being amortized based on the depreciation associated with those assets; this decreases contributed capital by the amount amortized.

L. COMPENSATED ABSENCES

The Parish has the following policy relating to annual leave and sick leave:

1. Annual Leave - depending upon length of service, full-time employees of the Parish earned from 4 to 8 hours of annual leave for each bi-weekly pay period worked. The annual leave may be accumulated, up to 240 hours per employee at year end, and is recorded as a current liability as of December 31, 1998.
2. Sick Leave - full-time employees of the Parish earned and accumulated 4 hours of sick leave for each bi-weekly pay period worked. Sick leave does not vest and employees are not compensated for unused sick leave upon termination.

M. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are reported in the general long-term debt account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

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N. FUND EQUITY

1. Contributed Capital - contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources. This depreciation is closed to the contributed capital account and is reflected as an adjustment to net income.
2. Reserves - reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.
3. Designated Fund Balances - designated fund balances represent tentative plans for future use of financial resources.

O. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is being reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

P. SALES TAXES

The Parish collects a one-percent sales tax that may be used to operate the Parish and provide public services and facilities. In addition, the Parish collects a two-percent sales tax for the Plaquemines Parish School Board and remits those collections each month to the School Board, net of collection expenses. One-third *collection expenses are paid by the Parish and two-thirds by the School Board.*

Q. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Such data is also not comparable to a consolidation, and interfund eliminations have not been made in the aggregation of this data.

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2. USE OF ESTIMATES

In preparing the primary government financial statements, the Parish is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. LEVIED TAXES

The following is a summary of authorized and levied ad valorem taxes for the year ended December 31, 1998:

| <u>Parishwide Taxes</u> | <u>Authorized Millage</u> | <u>Levied Millage</u> | <u>Expiration Date</u> |
|-------------------------------------|-------------------------------|---------------------------|----------------------------|
| Parish (alimony tax) | 4.43 | 4.43 | 12/31/2009 |
| Road Maintenance | 1.82 | 1.82 | 12/31/2009 |
| Water | 2.42 | 2.42 | 12/31/2009 |
| Library | 1.21 | 1.21 | 12/31/2009 |
| Pollution Control | 2.42 | 2.42 | 12/31/2009 |
| Public Health | 1.21 | 1.21 | 12/31/2009 |
| Garbage and Waste Disposal | 3.61 | 3.61 | 12/31/2009 |
| Solid Waste and Wastewater Disposal | <u>1.21</u> | <u>1.21</u> | 12/31/2009 |
| Total | <u>18.33</u> | <u>18.33</u> | |

The following are the principal taxpayers for the Parish:

| <u>Taxpayer</u> | <u>Type of Business</u> | <u>Assessed Value</u> | <u>Percentage</u> |
|------------------------|-------------------------|-----------------------|-------------------|
| Chevron | Oil/Gas | \$32,812,550 | 7.62% |
| BP Oil | Oil/Gas | 31,434,365 | 7.30% |
| Ocean Energy | Oil/Gas | 21,590,295 | 5.01% |
| Kirby Inland Marine | Watercraft | 17,290,820 | 4.01% |
| Electro Coal Transfer | Coal | 12,373,830 | 2.87% |
| General American | Railcars | 10,149,370 | 2.36% |
| Freeport McMoran, Inc. | Sulphur | 9,210,125 | 2.14% |
| Southern Natural Gas | Oil/Gas | 8,900,140 | 2.07% |
| Hollywood Marine | Watercraft | 8,773,000 | 2.04% |
| Harvest State Coop | Grain | <u>7,587,095</u> | <u>1.76%</u> |
| Total | | <u>\$160,121,590</u> | <u>37.18%</u> |

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4. CASH AND CASH EQUIVALENTS

At December 31, 1998, the Parish has cash equivalents (book balances) totaling \$27,582,954 as follows:

| | |
|-----------------------|---------------------|
| Demand Deposits | (\$401,501) |
| Money Market Accounts | 8,361,759 |
| Restricted Cash | 5,622,696 |
| Time Deposits | <u>14,000,000</u> |
| Total | <u>\$27,582,954</u> |

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledged securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must, at all times, equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Restricted cash includes balances for bond indebtedness and escrow accounts.

At December 31, 1998, the Parish had \$29,089,251 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$49,893,050 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 1).

5. INVESTMENTS

At December 31, 1998, the Parish holds a certificate of deposit totaling \$1,000,000 with a fair value of \$1,016,468. The certificate is stated on the balance sheet at cost. The certificate is in the name of the Parish and is held by the custodial bank selected by the Parish. This certificate matures subsequent to year end for a value of \$1,026,125.

The Parish employees may participate in a deferred compensation plan (Note 10). At December 31, 1998, the plan administrator held life insurance contracts and annuities for plan participants valued at \$113,270. These assets are valued at cash surrender value for the life insurance contracts and at fair market value for the annuities.

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6. RECEIVABLES

At December 31, 1998, the Parish has net receivables totaling \$15,341,012 as follows:

| <u>Class of Receivable</u> | <u>General Fund</u> | <u>Special Revenue Funds</u> | <u>Capital Projects Funds</u> | <u>Enterprise Funds</u> |
|--------------------------------------|---------------------|------------------------------|-------------------------------|-------------------------|
| Taxes: | | | | |
| Ad valorem | \$1,907,984 | \$3,902,108 | \$--- | \$2,084,570 |
| Sales | 543,346 | --- | --- | --- |
| Other | 56,884 | 42,707 | --- | 25,372 |
| Intergovernmental: | | | | |
| Federal | 94,427 | --- | --- | 1,556,486 |
| State | 167,752 | --- | 711,753 | 670,122 |
| Local | 632,944 | 101 | --- | --- |
| Accounts | --- | 103,384 | --- | 1,180,621 |
| Payroll | 42,075 | --- | --- | --- |
| Other | <u>2,832,435</u> | <u>264,643</u> | <u>17,467</u> | <u>53,257</u> |
| Gross Receivables | 6,277,847 | 4,312,943 | 729,220 | 5,570,428 |
| Less allowance for doubtful accounts | <u>(1,399,552)</u> | <u>(78,042)</u> | <u>(4,648)</u> | <u>(67,184)</u> |
| Net Receivables | <u>\$4,878,295</u> | <u>\$4,234,901</u> | <u>\$724,572</u> | <u>\$5,503,244</u> |

7. FIXED ASSETS

The changes in the general fixed asset account group follow:

| | <u>Balance January 1, 1998</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance December 31, 1998</u> |
|-----------------------------------|--------------------------------|--------------------|----------------------|----------------------------------|
| Land | \$7,838,461 | \$--- | \$--- | \$7,838,461 |
| Buildings | 63,854,041 | --- | --- | 63,854,041 |
| Improvements other than buildings | 21,247,788 | --- | --- | 21,247,788 |
| Machinery and equipment | <u>18,486,142</u> | <u>2,584,046</u> | <u>(1,442,611)</u> | <u>19,627,577</u> |
| Total | <u>\$111,426,432</u> | <u>\$2,584,046</u> | <u>(\$1,442,611)</u> | <u>\$112,567,867</u> |

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A summary of Proprietary Fund plant and equipment follows:

| | Water and Sewer Fund | Port Harbor Fund | Golf Course Fund | Boat Harbors Fund | Total |
|-----------------------------------|----------------------------|---------------------|------------------------|-------------------------|---------------------|
| Buildings | \$11,477,440 | \$5,287,055 | \$362,983 | \$--- | \$17,127,478 |
| Improvements other than buildings | 20,455,025 | --- | --- | --- | 20,455,025 |
| Machinery and equipment | 1,167,321 | 858,503 | 104,746 | 361,869 | 2,492,439 |
| Construction in progress | <u>12,336,279</u> | <u>---</u> | <u>---</u> | <u>---</u> | <u>12,336,279</u> |
| Sub-Total | 45,436,065 | 6,145,558 | 467,729 | 361,869 | 52,411,221 |
| Less accumulated depreciation | <u>(22,536,324)</u> | <u>(1,215,384)</u> | <u>(199,616)</u> | <u>(281,450)</u> | <u>(24,232,774)</u> |
| Total | <u>\$22,899,741</u> | <u>\$4,930,174</u> | <u>\$268,113</u> | <u>\$80,419</u> | <u>\$28,178,447</u> |

8. PENSION PLAN

Plan Description:

Substantially all employees of the Parish are members of the Parochial Employees' Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Parish are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental-plan-only before January 1, 1980, the benefit is equal to one percent of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980, plus 3 percent of final-average salary for each year of service credited after the revision date. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

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The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619 or by calling (504) 928-1361.

Funding Policy:

Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary, and the Parish is required to contribute at an actuarially determined rate. The current rate is 7.75 percent of annual covered payroll. Contributions to the System include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Parish are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Parish contributions to the System under Plan A for the years ending December 31, 1998, 1997, and 1996, were \$895,141, \$782,647 and \$656,276, respectively, equal to the required contributions for each year.

9. OTHER POSTEMPLOYMENT BENEFITS

In accordance with parish ordinances adopted in 1987 and subject to the availability of budgeted funds, eligible retired parish employees are entitled to receive supplemental retirement pay from the Parish. Eligible employees are defined as those who have worked 40 hours per week for a minimum of 10 years and have reached normal retirement age of 60 while employed and receive less than \$300 per month in Parochial Employees' Retirement System of Louisiana retirement benefits. Eligible retirees receive Supplemental Benefits at the rate of \$15 per month for each year of service not to exceed 20 years or a maximum amount of \$200 per month. Total amount paid to 14 retirees in 1998 was approximately \$28,755.

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10. DEFERRED COMPENSATION PLAN

The Parish offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by a third party, the State Mutual Life Assurance Company of America. The plan, which is available to all employees, permits employees to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The deferred compensation liability and asset are equal to the total cash balances for each participant's account as of December 31, 1998. 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 intends to honor its moral obligation to the participants implicit in the program. Investments under the plan total \$113,270, as reflected on Statement A.

11. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Parish provides certain continuing health care and life insurance benefits for its retired employees as authorized by resolution 96-349. Substantially all of the Parish's employees become eligible for these benefits when they reach normal retirement age while working for the Parish. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid in full by the Parish or jointly by the employee and the Parish, depending upon the retiree's individual situation. The Parish recognizes the cost of providing these benefits as an expenditure when paid. For 1998, the cost to the Parish for 119 retirees totaled \$381,125.

12. ACCOUNTS, SALARIES AND OTHER PAYABLES

The payables of \$1,863,627 at December 31, 1998, are as follows:

| <u>Class of Payable</u> | <u>General Fund</u> | <u>Special Revenue Funds</u> | <u>Proprietary Funds</u> |
|-------------------------|-------------------------|--------------------------------------|------------------------------|
| Salaries | \$361,214 | \$--- | \$--- |
| Withholdings | 538,121 | --- | --- |
| Accounts | 544,935 | 221,228 | 116,694 |
| Others | <u>81,435</u> | <u>---</u> | <u>---</u> |
| Total | <u>\$1,525,705</u> | <u>\$221,228</u> | <u>\$116,694</u> |

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13. COMPENSATED ABSENCES

At December 31, 1998, employees of the Parish have accumulated and vested \$586,140 of annual leave benefits, which is recorded as a current liability in the General Fund, Special Revenue Funds and Enterprise Funds in the amounts of \$375,239, \$153,530 and \$57,371, respectively.

14. CAPITAL LEASES

The Parish records items under capital leases as assets and obligations in the accompanying financial statements. The Parish entered into numerous capital lease agreements for copier machines with varying lease terms and amounts.

The following is a schedule of future minimum lease payments together with the present value of the net minimum lease payments as of December 31, 1998.

| | General Long-Term <u>Obligations</u> | Enterprise Funds <u>_____</u> |
|---|--|-------------------------------------|
| Fiscal year: | | |
| 1999 | \$71,765 | \$10,484 |
| 2000 | 49,862 | 7,714 |
| 2001 | 28,143 | 6,444 |
| 2002 | <u>7,213</u> | <u>2,014</u> |
| Total minimum lease payments | 156,983 | 26,656 |
| Less amount representing interest | <u>(15,164)</u> | <u>(2,820)</u> |
| Present value of net minimum lease payments | <u>\$141,819</u> | <u>\$23,836</u> |

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15. COMMITMENTS UNDER CONTRACT

In accordance with parish resolution 94-214 dated July 28, 1994, and ordinance 94-242 dated August 11, 1994, and amended by ordinance 97-40 dated March 13, 1997, the Parish entered into a contract with Environmental Operators, Inc., for the receipt and disposal of solid waste. The contract commenced on October 1, 1994, and ended on September 30, 1996. Thereafter, the contract is automatically renewed for successive terms of two years each unless canceled in writing by either party no less than 120 days prior to expiration of the then current term. If the agreement is terminated on or before December 31, 1999, the contract provides for an early termination fee equal to 50 percent of the then annual fee, which early termination fee shall not be less than \$500,000. The contract provides for a three dollars per cubic yard fee for garbage delivered to a specific site and for monthly fees adjustable annually for changes in the Consumer Price Index, the adjusted monthly fee is \$85,809.

In accordance with parish resolution 97-473 dated December 9, 1997, the Parish entered into a contract with ST Environmental Services, Inc., for the full service contract management, operation, maintenance and repair of its water and sewerage facilities and systems. The contract commenced on January 1, 1998, and ends on December 31, 2002. Thereafter, the contract is automatically renewed for two successive terms of five years each unless canceled in writing by either party no less than 270 days prior to expiration of the then current term. The contract provides for quarterly maintenance and repair expenditures and monthly fees adjustable annually for changes in the Consumer Price Index. The quarterly maintenance and repair expenditure is \$125,000 and the monthly fee is \$329,198.

16. OTHER COMMITMENTS

On March 6, 1964, the Parish and the Department of the Army, United States Corps of Engineers entered into an Act of Assurance and Acts of Supplemental Assurance on May 2, 1973, September 10, 1987, and December 21, 1992, for the construction of the New Orleans to Venice, Louisiana Hurricane Protection Project. The Parish's contributions, which may be met through cash or work-in-kind credit, are due at the beginning of the Corps of Engineers' fiscal year, which begins in September, for that year's projected expenditures. At year end, the Parish establishes a fund balance reserve for the payment due the following September. Projected contributions for which fund balance reserves have not been established are as follows:

| <u>Payment Date</u> | <u>Contribution</u> |
|---------------------|---------------------|
| September 2001 | \$1,400,000 |
| September 2002 | 1,386,000 |
| September 2003 | 857,000 |
| Balance to complete | <u>6,489,000</u> |
| Total | <u>\$10,132,000</u> |

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana
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17. CHANGES IN LONG-TERM OBLIGATIONS - GENERAL LONG-TERM DEBT ACCOUNT GROUP

The following is a summary of the long-term obligation transactions for the year ended December 31, 1998:

| | <u>Capital Leases</u> | <u>Litigation and Claims</u> | <u>General Obligation Bonds</u> | <u>Certificate of Indebtedness</u> | <u>Total</u> |
|---|---------------------------|--------------------------------------|---|--|---------------------|
| Long-term obligations payable at Jan 1, 1998 | \$145,985 | \$9,038,000 | \$23,170,000 | \$570,000 | \$32,923,985 |
| Additions | 58,139 | 1,849,000 | --- | --- | 1,907,139 |
| Deductions | <u>(62,305)</u> | <u>---</u> | <u>(1,360,000)</u> | <u>(570,000)</u> | <u>(1,992,305)</u> |
| Long term obligations payable at Dec 31, 1998 | <u>\$141,819</u> | <u>\$10,887,000</u> | <u>\$21,810,000</u> | <u>\$ -</u> | <u>\$32,838,819</u> |

General obligation bonds and certificates of indebtedness are comprised of the following individual issues:

| <u>Description</u> | <u>Amount Outstanding</u> |
|--|-------------------------------|
| General Obligation Bonds: | |
| \$10,000,000 - Public Improvement Bonds, Series 1991 Due in annual installments ranging from \$280,000 to \$800,000 through August, 2011, with interest from 5.95 percent to 9.0 percent. Debt retirement payments are made from Public Improvement Bonds, Series 1991, Debt Service Fund. | \$7,600,000 |
| \$15,330,000 - Public Improvement Bonds, Series 1992 Due in annual installments ranging from \$115,000 to \$1,895,000 through August, 2008, with interest from 3.2 percent to 6.5 percent. Debt retirement payments are made from Public Improvement Bonds, Series 1992, Debt Service Fund. | <u>14,210,000</u> |
| Total General Obligation Bonds | <u>\$21,810,000</u> |

The general obligation bonds are secured by and payable from 10 percent of the royalties received by the State of Louisiana from mineral leases on state-owned land located within Plaquemines Parish and from a pledge of the full faith and credit of the Parish.

The Certificates of Indebtedness are secured by and payable solely from a pledge and dedication of the excess of annual revenues above statutory, necessary and usual charges in each of the fiscal years during which the certificates are outstanding.

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During 1998, interest payments on bonded debt total \$1,484,440. The annual requirements to amortize all bonded debt outstanding at December 31, 1998, including interest of \$9,050,935 are as follows:

| <u>Fiscal Year</u> | <u>Bonded Debt</u> |
|--------------------|---------------------|
| 1999 | \$2,821,397 |
| 2000 | 2,823,083 |
| 2001 | 2,822,955 |
| 2002 | 2,823,015 |
| 2003 | 2,827,000 |
| 2004-2011 | <u>16,743,485</u> |
| Total | <u>\$30,860,935</u> |

In accordance with Louisiana Revised Statute 39:562, the Parish is legally restricted from incurring general obligation bonded debt for any one of the purposes provided by Louisiana Revised Statute 39:562 in excess of 10 percent of the assessed value of taxable property in the Parish. At December 31, 1998, the statutory limit for each purpose is \$43,069,646.

Advance Refunding

On April 1, 1992, the Parish refunded and defeased, in substance, \$13,360,000 of the Public Improvement Bonds Series 1988 (outstanding 4/12/92, \$17,785,000) maturing August 1, 1999 to August 1, 2008, (with interest from 7.85% to 8.4%) with the proceeds from Public Improvement Bonds Series 1992 (with interest from 3.2% to 6.5%).

The net proceeds of the Public Improvement Bonds Series 1992 were used to purchase U.S. Treasury securities -- state and local government series. These sources were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments for the Public Improvement Bonds Series 1988, maturing August 1, 1999, to August 1, 2008, to their redemption on August 1, 1998. As a result, the Public Improvement, Series 1988 Bonds maturing August 1, 1999 to August 1, 2008, are considered to be defeased, and the liability for the bonds have been removed from the long-term obligation account group.

On May 1, 1999, the Parish refunded \$6,260,000 of the Public Improvements Bonds Series 1991 with the proceeds from Public Improvements Bonds Series 1999.

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18. CHANGES IN LONG-TERM DEBT - PROPRIETARY FUNDS

The following is a summary of the long-term obligation transactions for the year ended December 31, 1998:

| | <u>Capital Leases</u> | <u>Certificates of Indebtedness</u> | <u>Total</u> |
|--|---------------------------|---|------------------|
| Long-term obligations payable at January 1, 1998 | \$11,499 | \$1,130,000 | \$1,141,499 |
| Additions | 19,182 | --- | 19,182 |
| Deductions | <u>(6,845)</u> | <u>(205,000)</u> | <u>(211,845)</u> |
| Long-term obligations payable at December 31, 1998 | <u>\$23,836</u> | <u>\$925,000</u> | <u>\$948,836</u> |

| <u>Description</u> | <u>Amount Outstanding</u> |
|---|-------------------------------|
| Bonded Debt-Certificates of Indebtedness: | |
| \$2,000,000 - Certificates of Indebtedness, Series 1993 Due in annual installments ranging from \$155,000 to \$250,000 through March, 2003, with interest from 3.2 percent to 5.2 percent. Debt retirement payments are made from Port, Harbor and Terminal District Fund. | <u>\$1,130,000</u> |

The Port, Harbor and Terminal District Fund's \$2,000,000 Certificates of Indebtedness principal payment due March, 1999, in the amount of \$205,000 is recorded as a current liability; the remaining principal of \$925,000 is recorded as a long-term liability.

The Certificates of Indebtedness are secured by and payable solely from a pledge and dedication of the excess of annual revenues of the Plaquemines Port, Harbor and Terminal District above statutory, necessary and usual charges in each of the fiscal years during which the certificates are outstanding.

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During 1998, interest payments on bonded debt totaled \$59,968. The annual requirements to amortize all bonded debt outstanding at December 31, 1998, including interest of \$148,716 are as follows:

| <u>Fiscal Year</u> | <u>Bonded Debt</u> |
|--------------------|--------------------|
| 1999 | \$256,218 |
| 2000 | 256,395 |
| 2001 | 255,610 |
| 2002 | 253,993 |
| 2003 | <u>256,500</u> |
| Total | <u>\$1,278,716</u> |

19. CHANGES IN AGENCY FUNDS

A summary of changes in assets and liabilities follows:

| | <u>Balance</u> <u>January 1, 1998</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>December 31, 1998</u> |
|---------------------|--|---------------------|-----------------------|--|
| Assets: | | | | |
| Cash | \$1,303,937 | \$18,605,963 | (\$18,685,050) | \$1,224,850 |
| Investments | <u>146,811</u> | <u>14,127</u> | <u>(47,668)</u> | <u>113,270</u> |
| Total Assets | <u>\$1,450,748</u> | <u>\$18,620,090</u> | <u>(\$18,732,718)</u> | <u>\$1,338,120</u> |
| Liabilities: | | | | |
| Interfund payables | \$402,718 | \$6,294,018 | (\$6,318,350) | \$378,386 |
| Deposits due others | 951,779 | 11,911,627 | (11,993,923) | 869,483 |
| Other liabilities | <u>96,251</u> | <u>414,445</u> | <u>(420,445)</u> | <u>90,251</u> |
| Total Liabilities | <u>\$1,450,748</u> | <u>\$18,620,090</u> | <u>(\$18,732,718)</u> | <u>\$1,338,120</u> |

PLAQUEMINES PARISH GOVERNMENT

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20. CRIMINAL COURT FUND

Louisiana Revised Statute 15:571.11 requires that one-half of any balance remaining in the Criminal Court Fund at year-end be transferred to the Parish General Fund. The following details the amount due at December 31, 1998:

| | |
|----------------------------------|------------------|
| Balance due at January 1, 1998 | \$277,593 |
| Amount due for 1998 | <u>289,122</u> |
| Total | 566,715 |
| Remitted during 1998 | <u>(277,593)</u> |
| Balance due at December 31, 1998 | <u>\$289,122</u> |

21. INTERFUND RECEIVABLES/PAYABLES

Interfund receivables/payables at December 31, 1998, are as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|----------------------------|-------------------------------|--------------------|
| General Fund | Road Maintenance | \$43,418 |
| General Fund | Public Health | 47,858 |
| General Fund | Solid Waste | 46,860 |
| General Fund | Library | 10,570 |
| General Fund | Criminal Court | 289,122 |
| General Fund | Judicial Court Reporter | 945 |
| General Fund | 911 Services | 80,813 |
| General Fund | Water and Sewer | 6,353,237 |
| General Fund | Port, Harbor and Terminal | 679,739 |
| General Fund | Golf Course | 22,369 |
| General Fund | Boat Harbors | 57,948 |
| General Fund | Sales Tax | 378,386 |
| General Fund | Capital Projects Fund-Ironton | 234,496 |
| Capital Projects Fund-1988 | Capital Projects-1991 | 38,172 |
| Capital Projects Fund-1991 | Capital Projects-1988 | 322,387 |
| Port, Harbor and Terminal | General Fund | 23 |
| Total | | <u>\$8,606,343</u> |

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22. INTERFUND TRANSFERS

The following is a summary of interfund transfers during 1998:

| <u>Transfers In</u> | <u>Transfers Out</u> | <u>Amount</u> |
|---|--------------------------|--------------------|
| Road Maintenance | General Fund | \$1,709,441 |
| Public Health | General Fund | 1,144,445 |
| Solid Waste | General Fund | 553,845 |
| Road Maintenance | Transportation | 119,000 |
| Certificates of Indebtedness, Series 1993 (Debt Service) | General Fund | 112,695 |
| Certificates of Indebtedness, Series 1994 (Debt Service) | General Fund | 122,500 |
| Certificates of Indebtedness, Series 1994 (Debt Service) | Road Maintenance | 113,077 |
| Certificates of Indebtedness, Series 1994 (Debt Service) | Public Health | 94,231 |
| Certificates of Indebtedness, Series 1994 (Debt Service) | Solid Waste | 108,366 |
| Certificates of Indebtedness, Series 1994 (Debt Service) | Library | 18,846 |
| Certificates of Indebtedness, Series 1994 (Debt Service) | Port Harbor and Terminal | 14,135 |
| 911 Services | General Fund | 290,964 |
| Capital Improvements | General Fund | 4,195,858 |
| Capital Improvements-Ironton | General Fund | 37,448 |
| Capital Improvements-Diamond Center | General Fund | 10,326 |
| Golf Course | General Fund | 79,056 |
| Boat Harbors | General Fund | <u>339,831</u> |
| Total | | <u>\$9,064,064</u> |

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23. RESERVED AND DESIGNATED RETAINED EARNINGS/FUND BALANCES

The following is a detail of the composition of fund balance reserves and designations and retained earnings reserves, as presented on Statement A:

| | <u>General Fund</u> | <u>Special Revenue Funds</u> | <u>Capital Projects Fund</u> | <u>Total</u> |
|---|---------------------|--------------------------------------|--------------------------------------|---------------------|
| Reserved: | | | | |
| Encumbrances | \$540,367 | \$222,775 | \$--- | \$763,142 |
| Prepaid items | 1,229,886 | --- | --- | 1,229,886 |
| Capital projects | 2,809,481 | --- | --- | 2,809,481 |
| Corp of Engineers due 1999 | <u>1,229,000</u> | <u>---</u> | <u>---</u> | <u>1,229,000</u> |
| Total | <u>\$5,808,734</u> | <u>\$222,775</u> | <u>---</u> | <u>\$6,031,509</u> |
| Designated: | | | | |
| Emergencies | \$1,000,000 | \$--- | \$--- | \$1,000,000 |
| Self-insurance | 1,000,000 | --- | --- | 1,000,000 |
| Infrastructure | 411,000 | --- | --- | 411,000 |
| Bond indebtedness | 4,138,893 | --- | --- | 4,138,893 |
| Capital projects | <u>3,516,589</u> | <u>10,687</u> | <u>6,317,725</u> | <u>9,845,001</u> |
| Total | <u>\$10,066,482</u> | <u>\$10,687</u> | <u>\$6,317,725</u> | <u>\$16,394,894</u> |
| Retained earnings - reserved for capital projects - enterprise funds | | | | <u>\$158,287</u> |

Reserved for Encumbrances

The reserve for encumbrances in the amount of \$763,142 represents that portion of the applicable appropriation that is committed under purchase order or contract but which does not constitute expenditures or liabilities.

Reserved for Prepaid Items

The reserve for prepaid items in the amount of \$1,229,886 represents payments to vendors for expenditures that will apply to periods after December 31, 1998. Included in this total is payment of \$950,000, made in September, 1998, to the Corp of Engineers for the Parish's estimated contribution to the New Orleans to Venice Hurricane Protection Project to fund construction during the Corp of Engineer's 1999 fiscal year, which began in September, 1998.

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Reserved for Corp of Engineers Due 1999

The reserve for Corp of Engineers in the amount of \$1,229,000 represents the estimated funding requirements for the Parish's contribution to the New Orleans to Venice Hurricane Protection Project. This contribution is due in September, 1999, to fund construction during the Corp of Engineer's 2000 fiscal year, which begins in September 1999.

Designated for Emergencies

The Parish has designated funds in the amount of \$1,000,000 for emergency purposes.

Designated for Self-Insurance

The Parish is self-insured for liability claims relative to commercial liability (auto, employer's and general) up to \$1,000,000, which is supplemented by an excess umbrella liability policy of \$10,000,000. Coverage is maintained through an insurer rated A+ by A.M. Best Rating. The Parish is self-insured for worker's compensation with an aggregate of \$400,000 supplemented by an excess policy with coverage up to the statutory limits on Part A and \$1,000,000 on Part B. The Parish maintains all marine coverages through companies rated at least A- by A.M. Best. The Parish maintains vessel pollution coverage up to \$55,000,000 through a combination of primary, umbrella and excess coverages. Coverage on fixed ferry landings is subject to a \$10,000 deductible and covered up to scheduled values. Vessel hull and machinery coverages are subject to varying deductibles and are limited to the vessel's scheduled values. Protection and indemnity for vessels and crew are insured through primary, umbrella and excess policies up to a total of \$51,000,000.

Designated for Infrastructure

In accordance with parish resolution 97-143, dated August 28, 1997, the Parish has designated funds in the amount of \$411,000 for the construction, repair, maintenance, upgrading and development of infrastructure.

Designated for Bond Indebtedness

In accordance with parish resolution 96-220, dated August 8, 1996, the Parish has designated funds in the amount of \$4,138,893 for payment of bonded indebtedness.

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Designated/Reserved for Capital Projects

The detail of reserves and designations for capital projects is as follows:

| <u>Fund/Project</u> | <u>Designations</u> | <u>Reserves</u> |
|---|---------------------|-----------------|
| GENERAL FUND | | |
| Drainage-Hyman Pelas Lane | \$300,000 | \$--- |
| Drainage-Noble Manor | 100,000 | --- |
| Renovations-Belle Chasse Civic Center | 10,000 | --- |
| Renovations-Buras Auditorium | 64,791 | --- |
| Renovations-Recreation/Transportation | 2,848 | --- |
| Renovations-Freeport Building | 26,134 | --- |
| Renovations-Port Sulphur Fire Dept/Lockup | 21,140 | --- |
| Renovations-Braithwaite Fire Station | 7,700 | --- |
| Asbestos Removal-Courthouse | 10,891 | --- |
| Animal Shelter | 80,000 | --- |
| Overlay Epsilon Street | 8,436 | --- |
| Hardsurface-Bergeron Road | 65,000 | --- |
| Hardsurface-West Paula Drive | 25,000 | --- |
| Hardsurface-Griffin Lane | 25,000 | --- |
| Hardsurface-First Street PS | 10,000 | --- |
| Hardsurface-Second Street PS | 10,000 | --- |
| Hardsurface-O'Brien Substation | 15,000 | --- |
| Ironton Road & Street Improvements | 6,532 | --- |
| Overlay-Boothville River Road/Morgan/Hwy 11 | 30,560 | --- |
| Overlay-Buras School Lane | 3,080 | --- |
| Overlay-Venice Marina Road | 85,000 | --- |
| Overlay-Cypress Park Parking Lot | 4,326 | --- |
| Road Maintenance-Parish Wide | 25,062 | --- |
| Road Repair-Walker/East Bayou | 2,656 | --- |
| Running Track-Port Sulphur | 15,375 | --- |
| Running Track-Roger Halphen | 14,626 | --- |
| Running Track-Belle Chasse Senior Center | 15,000 | --- |
| Running Track-Port Sulphur Senior Center | 11,500 | --- |
| Running Track-Boothville Senior Center | 11,500 | --- |
| Running Track-East Pointe a la Hache | 10,000 | --- |
| Running Track-Diamond | 14,875 | --- |
| Field Lighting-Belle Chasse High School | 266 | --- |
| Field Lighting-Cypress Park | 266 | --- |
| Field Lighting-Davant | 39,984 | --- |
| Field Lighting-Boothville Weather Station | 266 | 43,295 |

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| <u>Fund/Project</u> | <u>Designations</u> | <u>Reserves</u> |
|---|---------------------|--------------------|
| GENERAL FUND (cont'd) | | |
| Recreational Park-Diamond | \$39,658 | \$--- |
| Diamond Community Center | 64,674 | --- |
| Renovations-Port Sulphur Civic Center | 836 | --- |
| Renovations-State Fire Marshall | 13,672 | --- |
| Replacement 911 System | 146,036 | --- |
| Utility Relocation-City Price/Homeplace | 28,747 | 727,335 |
| Utility Relocation-Citrus Lands to W PAH | 164,650 | --- |
| Waterlines-Venice Area | (936) | 330,640 |
| Waterline-Happy Jack | 21,629 | --- |
| Waterline-Woodland to Hebert | 11,088 | 168,912 |
| Waterline-Manich to White Ditch | 1,003,435 | --- |
| Waterline-Hwy 11 to Dollut | 38,303 | 34,969 |
| Annual Water & Wastewater Maintenance | 112,401 | 429,730 |
| Water Towers-Clean, Repair & Paint | 45,406 | --- |
| Water Plant Disinfection System | 291,995 | --- |
| Saltwater Mitigation-Empire & PS Pumps | --- | 82,600 |
| Plant Repair-Buras Wastewater | (46,807) | 992,000 |
| Sewer Plant-Belle Chasse Additional | 492,500 | --- |
| Sewer Treatment-Boat Harbors | 16,488 | --- |
| Total General Fund | <u>\$3,516,589</u> | <u>\$2,809,481</u> |
| SPECIAL REVENUE FUNDS | | |
| <u>911 Services Fund</u> | | |
| Renovations-Port Sulphur Jail Addition | \$8,687 | \$--- |
| GIS Mapping Program | 2,000 | --- |
| Total Special Revenue Funds | <u>\$10,687</u> | <u>\$---</u> |
| CAPITAL IMPROVEMENTS FUNDS | | |
| <u>1991 General Obligation Bonds</u> | | |
| Freshwater Diversion Projects | \$6,216,977 | \$--- |
| <u>1993 Certificate of Indebtedness</u> | | |
| Sewer Repairs E through L Street | 100,748 | --- |
| Total Capital Improvements Funds | <u>\$6,317,725</u> | <u>\$---</u> |

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| <u>Fund/Project</u> | <u>Designations</u> | <u>Reserves</u> |
|---|---------------------|------------------|
| ENTERPRISE FUNDS | | |
| <u>Water and Sewer Fund</u> | | |
| Sewer & Water Repairs-Parishwide | \$--- | \$33,287 |
| Saltwater Mitigation-Belle Chasse Expansion | <u>---</u> | <u>125,000</u> |
| Total Enterprise Funds | <u>\$---</u> | <u>\$158,287</u> |

24. CONTRIBUTED CAPITAL

Amounts contributed to the enterprise funds for acquisition of fixed assets are recognized as contributed capital. Contributed capital is amortized based upon the depreciation recognized on that portion of the assets acquired from such contributions. This depreciation is closed to the contributed capital account and is reflected as an adjustment to net income on Statement D. The following is a summary of changes in contributed capital for the year ended December 31, 1998.

| | <u>Water and Sewer Fund</u> | <u>Port Harbor Fund</u> | <u>Golf Course Fund</u> | <u>Boat Harbor Fund</u> | <u>Total</u> |
|--|-------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------|
| Contributed capital at December 31, 1997 | \$15,202,865 | \$2,398,931 | \$253,066 | \$1,511 | \$17,856,373 |
| Additions | 2,983,846 | --- | --- | 13,507 | 2,997,353 |
| Amortization of contributed capital with current year depreciation | <u>(463,642)</u> | <u>(65,475)</u> | <u>(9,242)</u> | <u>(905)</u> | <u>(539,264)</u> |
| Contributed capital at December 31, 1998 | <u>\$17,723,069</u> | <u>\$2,333,456</u> | <u>\$243,824</u> | <u>\$14,113</u> | <u>\$20,314,462</u> |

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25. ENTERPRISE FUNDS (Segment Information)

In accordance with GASB Codification Section 2500, the segment information for the Parish's enterprise funds as of and for the year ended December 31, 1998, is as follows:

| | <u>Water and Sewer Fund</u> | <u>Port Harbor Fund</u> | <u>Golf Course Fund</u> | <u>Boat Harbors Fund</u> | <u>Total</u> |
|----------------------------------|-------------------------------------|-----------------------------|---------------------------------|----------------------------------|--------------|
| Operating revenues | \$4,578,978 | \$2,175,941 | \$31,904 | \$363,957 | \$7,150,780 |
| Operating expenses: | | | | | |
| Depreciation | 1,030,660 | 186,156 | 14,119 | 13,504 | 1,244,439 |
| Other | 5,685,123 | 2,094,481 | 107,341 | 689,500 | 8,576,445 |
| Operating income (loss) | (2,136,805) | (104,696) | (89,556) | (339,047) | (2,670,104) |
| Nonoperating revenues (expenses) | | | | | |
| Interest | 39,496 | 193,811 | --- | 204 | 233,511 |
| Ad valorem taxes | 2,151,908 | --- | --- | --- | 2,151,908 |
| Other | 31,769 | (6,078) | 1,258 | (1,893) | 25,056 |
| Transfers in(out) | --- | (14,135) | 79,056 | 339,831 | 404,752 |
| Net income (loss) | 86,368 | 68,902 | (9,242) | (905) | 145,123 |
| Net working capital | (2,037,869) | 3,286,860 | (24,289) | (66,306) | 1,158,396 |
| Total assets | 27,761,886 | 9,176,231 | 272,261 | 88,308 | 37,298,686 |
| Capital contributions | 17,723,069 | 2,333,456 | 243,824 | 14,113 | 20,314,462 |
| Total fund equity | 20,854,471 | 7,275,599 | 243,824 | 14,113 | 28,388,007 |

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana
Notes to Financial Statements
December 31, 1998

26. LITIGATION AND CLAIMS

The Parish's legal representatives have reviewed all litigation and claims in order to evaluate the likelihood of an unfavorable outcome to the Parish and to arrive at an estimate of the amount of potential loss to the Parish. At December 31, 1998, as a result of this review, in the opinion of the Parish's legal representatives, an unfavorable outcome is probable in cases involving exposure assessed at an aggregate amount of approximately \$11,512,645. Each general liability claim up to \$1,000,000 is covered by the self-insurance program, as described in Note 23. Each claim exceeding \$1,000,000 is covered by an umbrella liability policy up to \$10,000,000. The Parish is responsible for replenishing its designation of self-insurance to cover additional claims. A current liability in the amount of \$625,645 and a long-term obligation in the amount of \$10,887,000 have been established for claims which, in the opinion of the Parish's legal counsel, will probably result in an unfavorable outcome. The long-term obligations are transferred to the General Fund as a current liability when the amount is determinable and funds are appropriated. No provisions for the Parish's possible loss contingencies have been made in the financial statements.

28. FOOD DISTRIBUTION PROGRAM

The Food Distribution Program is operated by the Parish under an agreement with the Louisiana Department of Agriculture. Under this program, the Parish is responsible for the issuance of donated food commodities for use in feeding persons in needy households. The value of the donated food commodities received and issued for the year totaled \$8,454 and is not recorded in the accompanying financial statements.

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended December 31, 1998

SPECIAL REVENUE FUNDS

ROAD MAINTENANCE FUND

The Road Maintenance Fund accounts for the expenditures in connection with the maintenance and upkeep of the Parish's road system. Revenues of this fund are derived principally from ad valorem taxes and a state mowing and litter collection agreement as well as transfers from the General Fund.

PUBLIC HEALTH FUND

The Public Health Fund accounts for the expenditures in connection with the health and welfare of parish residents through Water Quality, Ambulance Services, Parish Physician and Animal Control. Revenues of this fund are derived principally through ad valorem taxes and fees collected from Ambulance Services and Animal Control as well as transfers from the General Fund.

SOLID WASTE FUND

The Solid Waste Fund accounts for the operation of a parish-wide system for the collection and disposal of solid waste. Revenues of this fund are derived principally from ad valorem taxes and sanitation fees.

LIBRARY FUND

The Library Fund accounts for the costs of operating parish libraries, which are located in Buras, Port Sulphur and Belle Chasse. Revenues of this fund are derived principally from ad valorem taxes and library fines and fees.

DWI COURT ADMINISTERED FUND

The DWI Court Administered Fund accounts for fines collected by the sheriff's office and remitted to the Parish for the administration of a substance abuse center.

JUDICIAL COURT REPORTER FUND

The Judicial Court Reporter Fund accounts for judicial fees collected by the Clerk of Court and remitted to the Parish for payment of court reporter costs.

TRANSPORTATION FUND

The Transportation Fund accounts for expenditures in connection with the maintenance and upkeep of the Parish's road system. Revenues of this fund are derived from the State of Louisiana through the Parish Transportation Fund. Use of this fund is restricted by Louisiana Revised Statute 48:753.

SCHOOL AND ROAD FUND

The School and Road Fund accounts for federal-shared revenue from mineral royalties of the Delta-Breton National Wildlife Refuge.

CRIMINAL COURT FUND

The Criminal Court Fund for the Twenty-Fifth Judicial District was established under Section 571.11 of Title 15 of the Louisiana Revised Statutes of 1950, which provide that fines and forfeitures imposed by district courts and district attorney conviction fees in criminal cases be transferred to the parish treasurer and deposited into a special account to be used for the expenses of the Criminal Court of the Parish. Expenditures are made from the fund on motion of the district attorney and approval of the district judges.

911 FUND

The 911 Fund accounts for the operations of a parish-wide 911 emergency system. Financing for this fund is derived primarily from fees collected from parish residents.

WITNESS FEE FUND

The Witness Fee Fund accounts for fees collected by the sheriff's office and remitted to the Parish for payment of witness fees, as authorized by LSA-R.S. 15:255.

PLAQUEMINES PARISH GOVERNMENT
 Pointe a la Hache, Louisiana
SPECIAL REVENUE FUNDS

Combining Balance Sheet, December 31, 1998

| | ROAD MAINTENANCE | PUBLIC HEALTH | SOLID WASTE | LIBRARY | DWI COURT ADMIN. | JUDICIAL COURT REPORTER | TRANSPOR-TATION | PUBLIC SCHOOL & ROAD | CRIMINAL COURT | 911 | WITNESS FEES | TOTAL |
|---|------------------|------------------|--------------------|------------------|------------------|-------------------------|-----------------|----------------------|------------------|------------------|-----------------|--------------------|
| ASSETS | | | | | | | | | | | | |
| Cash and cash equivalents | \$74,880 | \$286,631 | \$164,726 | \$199,918 | \$24,349 | \$--- | \$76,087 | \$138,298 | \$537,058 | \$4,508 | \$4,197 | \$1,510,652 |
| Receivables (net of allowance for uncollectibles) | \$57,511 | \$17,203 | 2,163,635 | \$17,203 | 450 | 945 | --- | 101 | 41,941 | 129,324 | 6,588 | 4,234,901 |
| TOTAL ASSETS | \$932,391 | \$803,834 | \$2,328,361 | \$717,121 | \$24,799 | \$945 | \$76,087 | \$138,399 | \$578,999 | \$133,832 | \$10,785 | \$5,745,553 |
| LIABILITIES AND FUND EQUITY | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | |
| Accounts, salaries and other payables | \$56,918 | \$16,117 | \$131,558 | \$6,870 | \$--- | \$--- | \$--- | \$--- | \$755 | \$4,115 | \$4,895 | \$221,228 |
| Contracts and retainage payable | --- | --- | --- | --- | --- | --- | 6,037 | --- | --- | 15,861 | --- | 21,898 |
| Interfund payables | 43,418 | 47,858 | 46,860 | 10,570 | --- | 945 | --- | --- | 289,122 | 80,813 | --- | \$19,586 |
| Deferred revenues | 754,839 | 505,034 | 2,011,781 | 505,034 | --- | --- | --- | --- | --- | --- | --- | 3,776,688 |
| Other liabilities | 22,867 | 15,203 | 60,561 | 15,203 | --- | --- | --- | --- | --- | --- | --- | 113,834 |
| Compensated absences payable | 43,995 | 45,433 | 44,804 | 19,298 | --- | --- | --- | --- | --- | --- | --- | 153,530 |
| Total Liabilities | 922,037 | 629,645 | 2,295,564 | 556,975 | --- | 945 | 6,037 | --- | 289,877 | 100,789 | 4,895 | 4,806,764 |
| Fund Equity-Fund Balances: | | | | | | | | | | | | |
| Reserved: | | | | | | | | | | | | |
| Encumbrances | 10,354 | 174,189 | 32,797 | 5,435 | --- | --- | --- | --- | --- | --- | --- | 222,775 |
| Unreserved: | | | | | | | | | | | | |
| Designated for capital projects | --- | --- | --- | --- | --- | --- | --- | --- | --- | 10,687 | --- | 10,687 |
| Undesignated | --- | --- | --- | 154,711 | 24,799 | --- | 70,050 | 138,399 | 289,122 | 22,356 | 5,890 | 705,327 |
| Total Fund Equity | 10,354 | 174,189 | 32,797 | 160,146 | 24,799 | --- | 70,050 | 138,399 | 289,122 | 33,043 | 5,890 | 938,789 |
| TOTAL LIABILITIES AND FUND EQUITY | \$932,391 | \$803,834 | \$2,328,361 | \$717,121 | \$24,799 | \$945 | \$76,087 | \$138,399 | \$578,999 | \$133,832 | \$10,785 | \$5,745,553 |

PLAQUEMINES PARISH GOVERNMENT
 Pointe a la Hache, Louisiana
SPECIAL REVENUE FUNDS

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 1998

| | ROAD MAINTENANCE | PUBLIC HEALTH | SOLID WASTE | LIBRARY | DWI COURT ADMIN. | JUDICIAL COURT REPORTER | TRANSPOR-TATION | PUBLIC SCHOOL & ROAD | CRIMINAL COURT | 911 | WITNESS FEES | TOTAL |
|---|--------------------|------------------|------------------|------------------|------------------|-------------------------|------------------|----------------------|------------------|------------------|----------------|--------------------|
| REVENUES | | | | | | | | | | | | |
| Taxes: | | | | | | | | | | | | |
| Ad valorem | \$777,060 | \$516,617 | \$2,057,931 | \$516,617 | \$--- | \$--- | \$--- | \$--- | \$--- | \$--- | \$--- | \$3,868,225 |
| Intergovernmental revenues: | | | | | | | | | | | | |
| Federal grants | 25,533 | 17,272 | 67,586 | 17,272 | --- | --- | --- | --- | --- | --- | --- | 127,663 |
| State funds: | | | | | | | | | | | | |
| Parish transportation funds | --- | --- | --- | --- | --- | --- | 321,426 | --- | --- | --- | --- | 321,426 |
| State revenue sharing | 14,382 | 9,564 | 38,094 | 9,564 | --- | --- | --- | --- | --- | --- | --- | 71,604 |
| Other | 168,743 | --- | --- | 16,459 | --- | --- | --- | --- | --- | --- | --- | 185,202 |
| Other | --- | --- | --- | --- | --- | --- | --- | --- | --- | 113,000 | --- | 113,000 |
| Fees, charges and commissions for services | 21 | 427,751 | 653,983 | --- | --- | 13,030 | --- | --- | 875 | 141,811 | 49,000 | 1,286,451 |
| Fines and forfeitures | --- | --- | --- | 4,251 | 2,850 | --- | --- | --- | 282,120 | --- | --- | 289,221 |
| Use of money and property | 21,511 | 16,345 | 71,416 | 28,022 | 918 | 631 | 4,146 | --- | 27,098 | 8,969 | --- | 179,056 |
| Other revenues | 178 | 153 | --- | 43,764 | --- | --- | --- | 15,722 | --- | --- | --- | 59,817 |
| Total Revenues | 1,007,428 | 987,682 | 2,889,010 | 635,949 | 3,768 | 13,661 | 325,572 | 15,722 | 310,093 | 263,780 | 49,000 | 6,501,665 |
| EXPENDITURES | | | | | | | | | | | | |
| General government: | | | | | | | | | | | | |
| Judicial | --- | --- | --- | --- | 323 | 13,661 | --- | --- | 9,442 | --- | 48,555 | 71,981 |
| Public works | 2,751,556 | --- | 3,304,315 | --- | --- | --- | 216,972 | --- | --- | --- | --- | 6,272,843 |
| Health and welfare | --- | 1,881,623 | --- | --- | --- | --- | --- | --- | --- | 737,798 | --- | 2,619,421 |
| Culture and recreation | --- | --- | --- | 562,384 | --- | --- | --- | --- | --- | --- | --- | 562,384 |
| Total Expenditures | 2,751,556 | 1,881,623 | 3,304,315 | 562,384 | 323 | 13,661 | 216,972 | --- | 9,442 | 737,798 | 48,555 | 9,526,629 |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | (1,744,128) | (893,941) | (415,305) | 73,565 | 3,445 | --- | 108,600 | 15,722 | 300,651 | (474,018) | 445 | (3,024,964) |
| OTHER FINANCING SOURCES (Uses) | | | | | | | | | | | | |
| Operating transfers in | 1,828,441 | 1,144,445 | 553,845 | --- | --- | --- | --- | --- | --- | 290,964 | --- | 3,817,695 |
| Operating transfers out | (113,077) | (94,231) | (108,366) | (18,846) | --- | --- | (119,090) | --- | --- | --- | --- | (453,520) |
| Total Other Financing Sources (Uses) | 1,715,364 | 1,050,214 | 445,479 | (18,846) | --- | --- | (119,000) | --- | --- | 290,964 | --- | 3,364,175 |
| EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | (28,764) | 156,273 | 30,174 | 54,719 | 3,445 | --- | (10,400) | 15,722 | 300,651 | (183,054) | 445 | 339,211 |
| FUND BALANCES AT BEGINNING OF YEAR | 39,118 | 17,916 | 2,623 | 105,427 | 21,354 | --- | 80,450 | 122,677 | 277,593 | 216,097 | 5,445 | 888,700 |
| Residual equity transfer | --- | --- | --- | --- | --- | --- | --- | --- | (289,122) | --- | --- | (289,122) |
| FUND BALANCES AT END OF YEAR | \$10,354 | \$174,189 | \$32,797 | \$160,146 | \$24,799 | \$--- | \$70,050 | \$138,399 | \$289,122 | \$33,043 | \$5,890 | \$938,789 |

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended December 31, 1998

DEBT SERVICE FUNDS

PUBLIC IMPROVEMENT BONDS, SERIES 1988 FUND

The Public Improvement Bonds, Series 1988 Fund accumulates monies for the Series 1988 Public Improvement Bonds dated August 1, 1988. Funding is provided by royalties from the State of Louisiana from mineral leases on state-owned land located within Plaquemines Parish.

PUBLIC IMPROVEMENT BONDS, SERIES 1991 FUND

The Public Improvement Bonds, Series 1991 Fund accumulates monies for the Series 1991 Public Improvement Bonds dated October 1, 1991. Funding is provided by royalties from the State of Louisiana from mineral leases on state-owned land located within Plaquemines Parish.

PUBLIC IMPROVEMENT BONDS, SERIES 1992 FUND

The Public Improvement Bonds, Series 1992 Fund accumulates monies for the Series 1992 Public Improvement Bonds dated April 1, 1992. Funding is provided by royalties from the State of Louisiana from mineral leases on state-owned land located within Plaquemines Parish.

CERTIFICATES OF INDEBTEDNESS, SERIES 1993

The Certificates of Indebtedness, Series 1993 Fund accumulates monies for the Series 1993 Certificates of Indebtedness dated January 1, 1993. Funding is provided from the excess of the annual revenues above statutory, necessary and usual charges in each of the fiscal years the certificates are outstanding.

CERTIFICATES OF INDEBTEDNESS, SERIES 1994

The Certificates of Indebtedness, Series 1994 Fund accumulates monies for the Series 1994 Certificates of Indebtedness dated April 1, 1994. Funding is provided from the excess of the annual revenues above statutory, necessary and usual charges in each of the fiscal years the certificates are outstanding.

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana
DEBT SERVICE FUNDS

Schedule 3

Combining Balance Sheet, December 31, 1998

| | PUBLIC IMPROVEMENT BONDS | | | CERTIFICATES OF INDEBTEDNESS | | TOTAL |
|------------------------------------|--------------------------|-------------|-------------|------------------------------|-------------|-----------|
| | SERIES 1988 | SERIES 1991 | SERIES 1992 | SERIES 1993A | SERIES 1994 | |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$380,000 | \$ --- | \$ --- | \$ --- | \$ --- | \$380,000 |
| LIABILITIES AND FUND EQUITY | | | | | | |
| <i>Liabilities:</i> | | | | | | |
| Matured bonds and interest payable | \$380,000 | \$ --- | \$ --- | \$ --- | \$ --- | \$380,000 |

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana
DEBT SERVICE FUNDS

Schedule 4

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 1998

| | PUBLIC IMPROVEMENT BONDS | | | CERTIFICATES OF INDEBTEDNESS | | TOTAL |
|---|--------------------------|----------------|------------------|------------------------------|------------------|------------------|
| | SERIES 1988 | SERIES 1991 | SERIES 1992 | SERIES 1993A | SERIES 1994 | |
| REVENUES | | | | | | |
| Intergovernmental revenue: | | | | | | |
| State funds: | | | | | | |
| Parish royalty fund | \$869,225 | \$916,813 | \$1,044,664 | \$ --- | \$ --- | \$2,830,702 |
| Other Revenues | 34 | --- | --- | --- | --- | 34 |
| Total Revenues | 869,259 | 916,813 | 1,044,664 | --- | --- | 2,830,736 |
| EXPENDITURES | | | | | | |
| Debt service: | | | | | | |
| Principal retirement | 805,000 | 410,000 | 145,000 | 110,000 | 460,000 | 1,930,000 |
| Interest and bank charges | 62,790 | 506,213 | 901,588 | 2,695 | 11,155 | 1,484,441 |
| Other expenditures | 1,469 | 600 | 1,140 | --- | --- | 3,209 |
| Total Expenditures | 869,259 | 916,813 | 1,047,728 | 112,695 | 471,155 | 3,417,650 |
| EXCESS OF EXPENDITURES OVER REVENUES | --- | --- | (3,064) | (112,695) | (471,155) | (586,914) |
| OTHER FINANCING SOURCES | | | | | | |
| Operating transfers in | --- | --- | --- | 112,695 | 471,155 | 583,850 |
| EXCESS OF EXPENDITURES OVER REVENUES AND OTHER SOURCES | --- | --- | (3,064) | --- | --- | (3,064) |
| FUND BALANCES AT BEGINNING OF YEAR | --- | --- | 3,064 | --- | --- | 3,064 |
| FUND BALANCES AT END OF YEAR | \$ --- | \$ --- | \$ --- | \$ --- | \$ --- | \$ --- |

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended December 31, 1998

CAPITAL PROJECTS FUNDS

1988 GENERAL OBLIGATION BOND CONSTRUCTION FUND

The 1988 General Obligation Bond Construction Fund is used to account for the construction of levees, Belle Chasse Pumping Station No. 2 and freshwater diversion structures. Financing is being provided from the sale of \$19,000,000 in general obligation bonds on August 16, 1988, of which, \$15,000,000 is for levees; \$1,500,000 is for the Belle Chasse Pumping Station No. 2; and \$2,500,000 is for freshwater diversion structures.

1991 GENERAL OBLIGATION BOND CONSTRUCTION FUND

The 1991 General Obligation Bond Construction Fund is used for the construction of freshwater diversion structures. Financing is being provided from the sale of \$10,000,000 in general obligation bonds on December 11, 1991.

SERIES 1993 CERTIFICATES OF INDEBTEDNESS

The Series 1993 Certificates of Indebtedness Fund is used for repairing sewer lines from the sewer lift station on "E" Street Through "L" Street. Financing is provided from the sale of the \$500,000 certificate of indebtedness on February 9, 1993.

CAPITAL IMPROVEMENTS FUND

The Capital Improvements Fund is used to account for the purchase or construction of various major capital facilities or equipment which are being financed from the General Fund.

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana
CAPITAL PROJECTS FUND

Schedule 5

Combining Balance Sheet, December 31, 1998

| | SERIES 1988 GENERAL OBLIGATION BONDS | SERIES 1991 GENERAL OBLIGATION BONDS | SERIES 1993 CERTIFICATES OF INDEBTEDNESS | CAPITAL IMPROVEMENTS | IRONTON ROADS & STREETS IMPROVEMENTS | DIAMOND COMMUNITY CENTER | TOTAL |
|--|---|---|--|-------------------------|--|--------------------------------|--------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$34,309 | \$5,718,096 | \$100,748 | \$ --- | \$ --- | \$ --- | \$5,853,153 |
| Receivables (net of allowances for uncollectibles) | 249,906 | 214,666 | --- | --- | 260,000 | --- | 724,572 |
| Interfund receivable | 38,172 | 322,387 | --- | --- | --- | --- | 360,559 |
| TOTAL ASSETS | \$322,387 | \$6,255,149 | \$100,748 | \$ --- | \$260,000 | \$ --- | \$6,938,284 |
| LIABILITIES AND FUND EQUITY | | | | | | | |
| Liabilities: | | | | | | | |
| Contracts and retainage payable | \$ --- | \$ --- | \$ --- | \$ --- | \$25,504 | \$ --- | \$25,504 |
| Interfund payable | 322,387 | 38,172 | --- | --- | 234,496 | --- | 595,055 |
| | 322,387 | 38,172 | --- | --- | 260,000 | --- | 620,559 |
| Fund Equity-Fund Balances: | | | | | | | |
| Unreserved | | | | | | | |
| Designated for capital projects | --- | 6,216,977 | 100,748 | --- | --- | --- | 6,317,725 |
| TOTAL LIABILITIES AND FUND EQUITY | \$322,387 | \$6,255,149 | \$100,748 | \$ --- | \$260,000 | \$ --- | \$6,938,284 |

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana
CAPITAL PROJECTS FUND

Schedule 6

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 1998

| | SERIES 1988 GENERAL OBLIGATION BONDS | SERIES 1991 GENERAL OBLIGATION BONDS | SERIES 1993 CERTIFICATES OF INDEBTEDNESS | CAPITAL IMPROVEMENTS | IRONTON ROADS & STREETS IMPROVEMENTS | DIAMOND COMMUNITY CENTER | TOTAL |
|---|---|---|--|-------------------------|--|--------------------------------|-------------|
| REVENUES | | | | | | | |
| Intergovernmental revenues: | | | | | | | |
| State funds: | | | | | | | |
| Grant | \$ --- | \$ --- | \$ --- | \$ --- | \$259,100 | \$ --- | \$259,100 |
| Use of money and property | --- | 294,733 | 5,331 | --- | --- | --- | 300,064 |
| Total Revenues | --- | 294,733 | 5,331 | --- | 259,100 | - | 559,164 |
| EXPENDITURES | | | | | | | |
| Public works | --- | --- | --- | 4,195,858 | 296,548 | 10,326 | 4,502,732 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | --- | 294,733 | 5,331 | (4,195,858) | (37,448) | (10,326) | (3,943,568) |
| OTHER FINANCING SOURCES | | | | | | | |
| Operating transfers in | --- | --- | --- | 4,195,858 | 37,448 | 10,326 | 4,243,632 |
| EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES | --- | 294,733 | 5,331 | --- | --- | --- | 300,064 |
| FUND BALANCES AT BEGINNING OF YEAR | --- | 5,922,244 | 95,417 | --- | --- | --- | 6,017,661 |
| FUND BALANCES AT END OF YEAR | \$ --- | \$6,216,977 | \$100,748 | \$ --- | \$ --- | \$ --- | \$6,317,725 |

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
As of and for the Year ended December 31, 1998

ENTERPRISE FUNDS

WATERWORKS AND SEWER FUND

The Waterworks and Sewer Fund accounts for the operations of the water and sewer systems of the Parish. Water and sewer plants are located at various locations throughout the parish.

PORT HARBOR AND TERMINAL DISTRICT FUND

The Port, Harbor and Terminal District Fund accounts for the operations of the Parish's Port, Harbor and Terminal District.

GOLF COURSE FUND

The Golf Course Fund accounts for the operations of the Parish's golf course located in Port Sulphur.

BOAT HARBORS FUND

The Boat Harbors Fund accounts for the maintenance and upkeep of the Parish's boat harbors, boatways, shipyards and oyster docks. Boat Harbors are located at Buras, Venice, Pointe a la Hache and Port Eads. Shipyards are located at Empire and Pointe a la Hache. Oyster docks are located in Empire, Buras and Pointe a la Hache.

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana
ENTERPRISE FUNDS

Schedule 7

Combining Balance Sheet, December 31, 1998

| | <u>WATER AND SEWER</u> | <u>PORT, HARBOR AND TERMINAL</u> | <u>GOLF COURSE</u> | <u>BOAT HARBORS</u> | <u>TOTAL</u> |
|---|----------------------------|--------------------------------------|--------------------|-------------------------|---------------------|
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Cash and cash equivalents | \$5,132 | \$2,603,976 | \$4,148 | \$1,585 | \$2,614,841 |
| Investments | --- | 1,000,000 | --- | --- | 1,000,000 |
| Receivables (net of allowance for uncollectibles) | 4,854,882 | 642,058 | --- | 6,304 | 5,503,244 |
| Interfund receivables | --- | 23 | --- | --- | 23 |
| Prepaid items | 2,131 | --- | --- | --- | 2,131 |
| Total Current Assets | 4,862,145 | 4,246,057 | 4,148 | 7,889 | 9,120,239 |
| Property, Plant and Equipment: | | | | | |
| Buildings | 11,477,440 | 5,287,055 | 362,983 | --- | 17,127,478 |
| Improvements other than buildings | 20,455,025 | --- | --- | --- | 20,455,025 |
| Machinery and equipment | 1,167,321 | 858,503 | 104,746 | 361,869 | 2,492,439 |
| Construction in progress | 12,336,279 | --- | --- | --- | 12,336,279 |
| Less accumulated depreciation | (22,536,324) | (1,215,384) | (199,616) | (281,450) | (24,232,774) |
| Net Property, Plant and Equipment | 22,899,741 | 4,930,174 | 268,113 | 80,419 | 28,178,447 |
| TOTAL ASSETS | \$27,761,886 | \$9,176,231 | \$272,261 | \$88,308 | \$37,298,686 |
| LIABILITIES AND FUND EQUITY | | | | | |
| Liabilities: | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$92,717 | \$13,089 | \$3,790 | \$7,098 | \$116,694 |
| Contracts payable | 50,488 | --- | --- | --- | 50,488 |
| Retainage payable | 194,086 | --- | --- | --- | 194,086 |
| Bonds payable | --- | 205,000 | --- | --- | 205,000 |
| Interfund payable | 6,353,237 | 679,739 | 22,369 | 57,948 | 7,113,293 |
| Other liabilities | 203,551 | 21,350 | --- | 10 | 224,911 |
| Compensated absences payable | 5,935 | 40,019 | 2,278 | 9,139 | 57,371 |
| Total current liabilities | 6,900,014 | 959,197 | 28,437 | 74,195 | 7,961,843 |
| Long-term liabilities: | | | | | |
| Capital lease payable | 7,401 | 16,435 | --- | --- | 23,836 |
| Bonds payable | --- | 925,000 | --- | --- | 925,000 |
| Total long-term liabilities | 7,401 | 941,435 | --- | --- | 948,836 |
| Total Liabilities | 6,907,415 | 1,900,632 | 28,437 | 74,195 | 8,910,679 |
| Fund Equity: | | | | | |
| Contributed capital | 17,723,069 | 2,333,456 | 243,824 | 14,113 | 20,314,462 |
| Retained earnings: | | | | | |
| Reserved for capital projects | 158,287 | --- | --- | --- | 158,287 |
| Unreserved | 2,973,115 | 4,942,143 | --- | --- | 7,915,258 |
| Total Fund Equity | 20,854,471 | 7,275,599 | 243,824 | 14,113 | 28,388,007 |
| TOTAL LIABILITIES AND FUND EQUITY | \$27,761,886 | \$9,176,231 | \$272,261 | \$88,308 | \$37,298,686 |

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana
ENTERPRISE FUNDS

Schedule 8

Combining Schedule of Revenues, Expenses and Changes in Retained Earnings
For the Year Ended December 31, 1998

| | <u>WATER AND SEWER</u> | <u>PORT, HARBOR AND TERMINAL</u> | <u>GOLF COURSE</u> | <u>BOAT HARBORS</u> | <u>TOTAL</u> |
|---|----------------------------|--------------------------------------|--------------------|-------------------------|--------------------|
| OPERATING REVENUES | | | | | |
| Charges for services | \$4,576,278 | \$2,004,403 | \$31,904 | \$363,957 | \$6,976,542 |
| Other | 2,700 | 171,538 | --- | --- | 174,238 |
| Total Operating Revenues | <u>4,578,978</u> | <u>2,175,941</u> | <u>31,904</u> | <u>363,957</u> | <u>7,150,780</u> |
| OPERATING EXPENSES | | | | | |
| Personal services | 257,848 | 961,988 | 61,201 | 211,644 | 1,492,681 |
| Contractual services, supplies, materials and other | 5,427,275 | 1,132,493 | 46,140 | 477,856 | 7,083,764 |
| Depreciation | 1,030,660 | 186,156 | 14,119 | 13,504 | 1,244,439 |
| Total Operating Expenses | <u>6,715,783</u> | <u>2,280,637</u> | <u>121,460</u> | <u>703,004</u> | <u>9,820,884</u> |
| OPERATING LOSS | <u>(2,136,805)</u> | <u>(104,696)</u> | <u>(89,556)</u> | <u>(339,047)</u> | <u>(2,670,104)</u> |
| NON-OPERATING REVENUES (Expenses) | | | | | |
| Interest income | 39,496 | 193,811 | --- | 204 | 233,511 |
| Ad valorem taxes | 2,151,908 | --- | --- | --- | 2,151,908 |
| Other | 31,769 | (6,078) | 1,258 | (1,893) | 25,056 |
| Total Non-Operating Revenues (Expenses) | <u>2,223,173</u> | <u>187,733</u> | <u>1,258</u> | <u>(1,689)</u> | <u>2,410,475</u> |
| NET INCOME (Loss) BEFORE OPERATING TRANSFERS | 86,368 | 83,037 | (88,298) | (340,736) | (259,629) |
| OPERATING TRANSFERS | | | | | |
| Operating transfers in | --- | --- | 79,056 | 339,831 | 418,887 |
| Operating transfers out | --- | (14,135) | --- | --- | (14,135) |
| NET INCOME (Loss) | 86,368 | 68,902 | (9,242) | (905) | 145,123 |
| ADD DEPRECIATION ON CONTRIBUTED CAPITAL FIXED ASSETS | | | | | |
| | 463,642 | 65,475 | 9,242 | 905 | 539,264 |
| NET INCREASE IN RETAINED EARNINGS | 550,010 | 134,377 | --- | --- | 684,387 |
| RETAINED EARNINGS AT BEGINNING OF YEAR | 2,581,392 | 4,807,766 | --- | --- | 7,389,158 |
| RETAINED EARNINGS AT END OF YEAR | <u>\$3,131,402</u> | <u>\$4,942,143</u> | <u>\$ ---</u> | <u>\$ ---</u> | <u>\$8,073,545</u> |

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana
ENTERPRISE FUNDS

Schedule 9

Combining Schedule of Cash Flows
For the Year Ended December 31, 1998

| | <u>WATER AND SEWER</u> | <u>PORT, HARBOR AND TERMINAL</u> | <u>GOLF COURSE</u> | <u>BOAT HARBORS</u> | <u>TOTAL</u> |
|---|----------------------------|--------------------------------------|--------------------|-------------------------|----------------------|
| Cash flows from operating activities: | | | | | |
| Cash received from customers | \$4,467,518 | \$2,010,565 | \$31,904 | \$357,702 | \$6,867,689 |
| Cash operating grants received from other governments | --- | 171,538 | --- | --- | 171,538 |
| Cash payments for goods and services | (6,269,543) | (1,144,537) | (43,108) | (481,793) | (7,938,981) |
| Cash payments to employees | (251,913) | (961,463) | (60,926) | (215,892) | (1,490,194) |
| Net cash provided by/(used in) operating activities | <u>(2,053,938)</u> | <u>76,103</u> | <u>(72,130)</u> | <u>(339,983)</u> | <u>(2,389,948)</u> |
| Cash flows from noncapital financing activities: | | | | | |
| Ad valorem tax collections | 2,151,908 | --- | --- | --- | 2,151,908 |
| Other nonoperating revenues | 67,586 | --- | --- | --- | 67,586 |
| Operating transfers in | --- | --- | 79,056 | 339,831 | 418,887 |
| Short-term loan from other funds | 907,321 | (297,968) | 5,232 | 33,830 | 648,415 |
| Net cash provided by/(used in) non-capital financing activities | <u>3,126,815</u> | <u>(297,968)</u> | <u>84,288</u> | <u>373,661</u> | <u>3,286,796</u> |
| Cash flows from capital and related financing activities: | | | | | |
| Acquisition/construction of capital assets | (763,987) | (13,506) | (12,931) | (40,875) | (831,299) |
| (Increase)/decrease in intergovernmental receivables | (342,107) | 3,612 | --- | --- | (338,495) |
| Operating transfers out | --- | (14,135) | --- | --- | (14,135) |
| Decrease in contracts and retainage payable | (4,528) | --- | --- | --- | (4,528) |
| Principal paid on bonds | --- | (190,000) | --- | --- | (190,000) |
| Net cash used in capital and related financing activities | <u>(1,110,622)</u> | <u>(214,029)</u> | <u>(12,931)</u> | <u>(40,875)</u> | <u>(1,378,457)</u> |
| Cash flows from investing activity: | | | | | |
| Interest received on time deposits | 39,496 | 193,811 | --- | 204 | 233,511 |
| Payments for investments | --- | (1,000,000) | --- | --- | (1,000,000) |
| Net cash provided by/(used in) investing activities | <u>39,496</u> | <u>(806,189)</u> | <u>---</u> | <u>204</u> | <u>(766,489)</u> |
| Net increase (decrease) in cash and cash equivalents | <u>1,751</u> | <u>(1,242,083)</u> | <u>(773)</u> | <u>(6,993)</u> | <u>(1,248,098)</u> |
| Cash and cash equivalents at beginning of year | <u>3,381</u> | <u>3,846,059</u> | <u>4,921</u> | <u>8,578</u> | <u>3,862,939</u> |
| Cash and cash equivalents at end of year | <u>\$5,132</u> | <u>\$2,603,976</u> | <u>\$4,148</u> | <u>\$1,585</u> | <u>\$2,614,841</u> |
| Reconciliation of operating loss to net cash provided by/(used in) operating activities: | | | | | |
| Operating loss | (\$2,136,805) | (\$104,696) | (\$89,556) | (\$339,047) | (\$2,670,104) |
| Adjustments to reconcile operating loss to net cash provided by/(used in) operating activities: | | | | | |
| Depreciation | 1,030,660 | 186,156 | 14,119 | 13,504 | 1,244,439 |
| Change in assets and liabilities: | | | | | |
| (Increase)/decrease in receivables and other current assets | (111,460) | 6,162 | --- | (6,255) | (111,553) |
| Increase/(decrease) in accounts payable | 90,483 | (16,077) | 3,032 | (3,947) | 73,491 |
| Increase/(decrease) in other liabilities | (926,816) | 4,558 | 275 | (4,238) | (926,221) |
| Net cash provided by/(used in) operating activities | <u>(\$2,053,938)</u> | <u>\$76,103</u> | <u>(\$72,130)</u> | <u>(\$339,983)</u> | <u>(\$2,389,948)</u> |

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
As of December 31, 1998

FIDUCIARY FUNDS

SALES TAX FUND

The Sales Tax Fund accounts for the collection and distribution of the Plaquemines Parish's 3 percent sales and use tax. Two percent of these funds is dedicated to the Plaquemines Parish School Board. The Parish is the collecting agent for the tax and remits to the School Board its pro rata share of the tax less two-thirds of the collection expenses. The Parish's sales tax ordinance provides that the proceeds can be used for general governmental expenses and for providing public services and facilities in the parish.

DEFERRED COMPENSATION FUND

The Deferred Compensation Fund accounts for the contributions and withdrawals by parish employees who participate in the deferred compensation plan created and organized in accordance with Internal Revenue Code Section 457. The plan is administered by a third party--the State Mutual Life Assurance Company of America. The plan, which is available to all employees, permits employees to defer the income tax on a portion of their salaries until future years.

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana
AGENCY FUNDS

Schedule 10

Combining Balance Sheet, December 31, 1998

| | SALES TAX FUND | DEFERRED COMPENSATION FUND | TOTAL |
|--|----------------------|----------------------------------|--------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$1,224,850 | \$--- | \$1,224,850 |
| Investments | --- | 113,270 | 113,270 |
| TOTAL ASSETS | \$1,224,850 | \$113,270 | \$1,338,120 |
| LIABILITIES AND FUND EQUITY | | | |
| Liabilities: | | | |
| Interfund payable | \$378,386 | \$--- | \$378,386 |
| Deposits due others | 756,213 | 113,270 | 869,483 |
| Other liabilities | 90,251 | --- | 90,251 |
| TOTAL LIABILITIES | \$1,224,850 | \$113,270 | \$1,338,120 |

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
For the Year Ended December 31, 1998

COMPENSATION PAID TO COUNCIL MEMBERS AND PARISH PRESIDENT

The Schedule of Compensation Paid Council Members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the council members is included in the legislative expenditures of the General Fund. In accordance with Article IV, Section 4.07 of the Plaquemines Parish Charter for Local Self-Government, as amended, the members of the council receive \$28,100 per year, payable monthly, except for the Chairman who receives \$29,100.

Compensation paid the parish president is included in executive expenditures of the General Fund. In accordance with the Plaquemines Parish Government's Charter for Local Self-Government, Section 3.09, the president's salary is \$52,000 per year, payable monthly.

FEDERALLY ASSISTED PROGRAMS

In accordance with the Single Audit Act of 1984 and Office of Management and Budget Circular A-133, a schedule of federal financial assistance is presented.

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana

Schedule 11

Schedule of Compensation Paid To Council Members and Parish President
For the Year Ended December 31, 1998

Parish President

Clyde A. Giordano \$52,000

Council Members

District 1 Hosea Ned 28,100
District 2 Edward P. Theriot, Chairperson 29,100
District 3 Judy S. Hodnett 28,100
District 4 Alice M. Ranatza 28,100
District 5 Harold J. Becnel, Sr. 28,100
District 6 William A. Hardin 12,681
District 6 Edwin LaVigne 15,023
District 7 Bartol J. Taliancich 28,100
District 8 Janice C. Acosta, Vice Chairperson 28,100
District 9 Samuel C. Pizzolato 28,100

\$305,504

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana

Schedule 12

Schedule of Expenditures Of Federal Awards
For the Year Ended December 31, 1998

| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR OR CLUSTER TITLE | FEDERAL CFDA NUMBER | PASS-THROUGH ENTITY ID NUMBER | FEDERAL EXPENDITURES |
|---|---------------------------|-------------------------------------|---------------------------|
| United States Department of Agriculture | | | |
| Passed through United Way of America-Emergency Food Assistance Program | 10.568 | 9-3664-00-001 | 55,284 |
| Passed through Louisiana Department of Agriculture and Forestry - Food Distribution | 10.550 | EFAP45-SS | 10,634 |
| Total United States Department of Agriculture | | | <u>15,918</u> |
| United States Department of Health and Human Services | | | |
| Passed through Louisiana Department of Labor - Community Services Block Grant | 93.569 | 98P0075 | 76,864 |
| Passed through Louisiana Department of Social Services - Low-Income Home Energy Assistance | 93.568 | 370-800554-02 | 75,428 |
| Passed through Louisiana Department of Social Services - Job Opportunities and Basic Skills Training | 93.561 | 355-5099 | 7,500 |
| Passed through Louisiana Commissioner on Law Enforcement Office - Violence Against Women Formula Grants | 93.591 | M97-7-004 | 4,808 |
| Total United States Department of Health and Human Services | | | <u>164,600</u> |
| United States Department of the Interior | | | |
| Direct Programs: | | | |
| Payments in-Lieu-of Taxes (Public Law 95-469) | NONE | NONE | 257,579 |
| Payments in-Lieu-of Taxes (Public Law 97-258) | NONE | NONE | 12,526 |
| Total United States Department of the Interior | | | <u>270,105</u> |
| United States Department of Energy | | | |
| Passed through Louisiana Department of Social Services - Weatherization Assistance for Low-Income Persons | 81.042 | 370-4130A | 6,689 |
| Federal Emergency Management Agency | | | |
| Passed through Louisiana Department of Public Safety and Corrections - State Disaster Preparedness Grants | 83.505 | 3067-0090 | 10,838 |
| United States Department of the Army | | | |
| Passed through Louisiana Department of Transportation and Development - Salt Water Mitigation Project Local Cooperation Agreement (Public Law 99-88) | NONE | 502-38-0026 | 1,532,724 |
| United States Department of Housing and Urban Development | | | |
| Passed through Louisiana Division of Administration - Community Development Block Grants/Small Cities Program (Public Law 93-383) | 14.219 | 107-800247 | 259,100 |
| Total Issues/Expenditures | | | <u><u>\$2,259,974</u></u> |

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 1998

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Parish Government and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the primary government financial statements.

PLAQUEMINES PARISH GOVERNMENT
Pointe a la Hache, Louisiana

Supplemental Year 2000 Disclosure (Unaudited)
For the Year Ended December 31, 1998

The Year 2000 issue is the result of shortcomings in many electronic data-processing systems and other equipment that may adversely affect operations in the year 1999 and beyond. For many years, programmers eliminated the first two digits from a year when writing programs. For example, programmers would designate January 1, 1965 as "01/01/65" instead of "01/01/1965". On January 1, 2000 at 12:00:01 a.m., the internal clock in computers and other equipment will roll over from "12/31/99" to "01/01/00". Unfortunately, many programs (if not corrected) will not be able to distinguish between the year 2000 and the year 1900. This may cause the programs to process data inaccurately or to stop processing data altogether. Another factor that may cause problems in programs is the leap-year calculation. Some programs are unable to detect the year 2000 as a leap year. Problems affecting a wide range of governmental activities will likely result if computers and other electronic equipment that are dependent upon date-sensitive coding are not corrected. These problems have the potential for causing a disruption to operations and may temporarily increase the cost of those operations.

Plaquemines Parish Government is taking steps to insure that it is prepared for the Year 2000 problem. The effort is directed primarily towards information systems, communications and emergency services. The implications of the Year 2000 problem was communicated to all departments. Plaquemines Parish Government generally purchases key software systems in lieu of in-house software. Therefore, Plaquemines Parish Government generally must install (and test when necessary) vendor software including updates that are Year 2000 ready. The 1999 work plan includes reconfirming the need for and status of Year 2000 corrections with department heads to provide added assurance that critical risks have been addressed. Additional replacement or remediation activities may result from the 1999 survey work.

Due to the unprecedented nature of the Year 2000 issue and its projected effects, the success of related remediation and replacement efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot provide complete assurance that Parish operations will not be adversely impacted or interrupted.

ARTHUR ANDERSEN LLP

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Plaquemines Parish Council:

We have audited the primary government financial statements of Plaquemines Parish Government (a political subdivision of the State of Louisiana) (the "Parish"), as of and for the year ended December 31, 1998, and have issued our report thereon dated April 27, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards (1994 Revision), issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Parish's internal controls over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the primary government 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.

However, we noted other matters involving the internal control over financial reporting that we have reported to management of Plaquemines Parish Government in a separate letter dated April 27, 1999.

This report is intended for the information of the Council, Parish management, and Federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Arthur Andersen LLP

New Orleans, Louisiana,
April 27, 1999

ARTHUR ANDERSEN LLP

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Plaquemines Parish Council:

Compliance

We have audited the compliance of Plaquemines Parish Government (a political subdivision of the State of Louisiana) (the "Parish"), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement (Revised June 30, 1997) that are applicable to each of its major Federal programs for the year ended December 31, 1998. The Parish's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the Parish's management. Our responsibility is to express an opinion on the Parish's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards (1994 Revision), issued by the Comptroller General of the United States, and OMB Revised Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Parish's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Parish's compliance with those requirements.

In our opinion, the Parish complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended December 31, 1998.

Internal Control Over Compliance

The management of the Parish is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the Parish's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major Federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Council, Parish management, and Federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Arthur Andersen LLP".

New Orleans, Louisiana,
April 27, 1999

ARTHUR ANDERSEN LLP

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE PARISH TRANSPORTATION ACT

To the Plaquemines Parish Council:

We have audited, in accordance with generally accepted auditing standards, the primary government financial statements of Plaquemines Parish Government (a political subdivision of the State of Louisiana) (the "Parish"), as of and for the year ended December 31, 1998, and have issued our report thereon dated April 27, 1999.

In connection with our audit, nothing came to our attention that caused us to believe that the Parish was not in compliance with the terms, covenants, provisions, or conditions of the Parish Transportation Act (Act 508 of 1980), Louisiana Revised Statutes 48:753-754, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the Council, management of the Parish and the Office of Legislative Auditor, State of Louisiana and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in cursive script that reads "Arthur Andersen LLP".

New Orleans, Louisiana,
April 27, 1999

PLAQUEMINES PARISH GOVERNMENT
SCHEDULE OF FINDINGS OF OTHER AUDITORS
YEAR ENDED DECEMBER 31, 1998

The following audits or evaluations of Federal programs were conducted by officials of the Federal grantor agency, the GAO, or others:

- I. **Reviewer:** **State of Louisiana Department of Social Services, Community Services Grants Management**
- Program:** **LIHEAP Program**
- Findings:** **The Plaquemines Parish Community Action Agency remains in compliance with contractual agreements and has satisfactorily administered the LIHEAP Energy Program.**
- Resolution:** **The review indicated no findings to be resolved.**
-
- Program:** **Administrative Operations Evaluations Review - 1998**
- Findings:** **No deficiencies were found during the Administrative Operations Review.**
- Resolution:** **The review indicated no findings to be resolved.**
-
- II. **Reviewer:** **Louisiana Department of Agriculture & Forestry, Food Distribution Division**
- Program:** **Plaquemines Parish Community Action Agency Needy Family Program**
- Findings:** **None**
- Resolution:** **Not applicable**

- III. Reviewer:** State of Louisiana, Department of Labor
- Program:** CSBG Subgrant No. 97P0075
- Findings:** The Plaquemines Parish Community Action Agency operates a program to serve the low income individuals of their community which is in compliance with the CSBG rules and regulations set forth.
- Resolution:** No findings in this report require a response.
- IV. Reviewer:** State of Louisiana, Department of Social Services, Office of Community Services
- Program:** 1998-99 Weatherization Assistance Program Monitoring Report, Contract Number CFMS #515938
- Finding:** Additional repair costs exceeded the \$300 limit in two of the three case records reviewed.
- Resolution:** The Plaquemines Parish Community Action Agency has resolved to comply with the maximum additional cost limit not to exceed the \$300 limit and in the event it does, the Agency will seek approval of added cost by requesting a waiver.
- Finding:** The Agency has not completed its material verification process. Only Vetter's Lumber has returned a verification statement.
- Resolution:** Plaquemines Parish Community Action Agency has attached copies of Vendor Material verification statements.

**Plaquemines Parish Government
Schedule of Findings and Questioned Costs
Year Ended December 31, 1998**

Section I - Summary of Auditor's Results

Financial Statements

| | |
|--|---------------|
| Type of auditor's report issued: | Qualified (1) |
| Internal control over financial reporting - Material weaknesses identified: | None |
| Reportable conditions identified: | None |
| Noncompliance material to financial statements noted: | None |

Federal Awards

| | |
|---|-------------|
| Internal control over major programs - Material weaknesses identified: | None |
| Reportable conditions identified: | None |
| Type of auditor's report issued on compliance for major programs: | Unqualified |
| Audit findings disclosed that are required to be reported in Accordance with Circular A-133, Section 510(a): | None |

Identification of Major Program:

| <u>CFDA No.</u> | <u>Program</u> |
|-----------------|--|
| None | U. S. Department of the Army Passed through Louisiana Department of Transportation and Development - Salt Water Mitigation Project Local Cooperation Agreement |

| | |
|---|-----------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$300,000 |
|---|-----------|

| | |
|--|--------------|
| Auditee qualified as low-risk/not low-risk auditee | Not low-risk |
|--|--------------|

(1) Qualified only for the presentation of the primary government financial information without all component units

| | |
|---|-------------|
| Section II - Financial Statement Findings: | None |
|---|-------------|

| | |
|---|-------------|
| Section III - Federal Award Findings and Questioned Costs: | None |
|---|-------------|

ARTHUR ANDERSEN

Arthur Andersen LLP

Suite 4500
201 St Charles Avenue
New Orleans LA 70170-4500
504 581 5454

April 27, 1999

To the Plaquemines Parish Council:

Under generally accepted auditing standards, auditors are encouraged to report various matters concerning an entity's internal control structure noted during an audit, and are required to report certain of those matters. Matters that are required to be reported are "significant deficiencies in the design or the operation of the internal control structure that, in the auditor's judgment, could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements."

As part of our audit of the general purpose financial statements of Plaquemines Parish Government and the combining and individual fund financial statements of the Parish for the year ended December 31, 1998, we considered the Parish's internal control structure, but only to the extent we felt necessary for the purpose of providing a basis for reliance thereon in determining the nature, timing and extent of the audit tests applied in connection with our audit of the Parish's 1998 financial statements.

Our consideration of the internal control structure did not entail a detailed study and evaluation of any of its elements and was not made for the purpose of making detailed recommendations or evaluating the adequacy of the Parish's internal control structure to prevent or detect errors and irregularities that may occur and not be detected. Further, projection of any evaluation of the internal control structure to future periods is subject to the risk it may become inadequate because of changes in conditions or deterioration in its operating effectiveness.

While the purpose of our consideration of the internal control structure was not to provide assurances thereon, certain matters come to our attention that we are required to report to you. These matters, which were considered by us during our audit and do not modify the opinion expressed in our auditors' report dated April 27, 1999, along with our recommendations, are described in the accompanying memorandum.

The accompanying memorandum on internal control structure is intended solely for the use of the Parish, the Louisiana State Department of Social Services (the

designated cognizant agency) and grantor agencies. To the extent that the cognizant agency and grantor agencies intend to rely upon this letter and the accompanying memorandum, such reliance should take into account the limited basis on which our recommendations were developed, as described above, and the limitations inherent in the internal control structure. In addition, the cognizant agency and grantor agencies should understand that the criteria used by us in considering the internal control structure could differ significantly from the criteria which the cognizant agency and grantor agencies may be using for their purpose.

We wish to express our appreciation for the courtesies and cooperation extended to our representatives during the course of their work. We would be pleased to discuss these recommendations in greater detail or otherwise assist in their implementation.

Very truly yours,

Arthur Andersen LLP

1. TRACKING AND MAINTENANCE OF FIXED ASSETS

A key principle of asset management is that an asset cannot be managed and its associated costs cannot be controlled if there is no indication that the asset exists. Failure to properly track fixed assets can result in potential audit adjustments and underused and nonperforming assets. During the course of our work, we identified the following recommendations:

Periodic Physical Inventory of Fixed Assets

A regularly scheduled physical inventory is a critical control to ensure the existence of fixed assets. During our testing, we noted that the most recent parish-wide physical inventory was taken in 1996. In reviewing the results of these counts, we noted two areas were not easily accountable - fire departments and vehicles. First, as the firehouses are staffed by volunteers and only at night, no firehouse inventory counts were conducted due to scheduling conflicts. Second, given that vehicle and heavy equipment (e.g. tractors) inventories are dispersed throughout the Parish, gathering all vehicles and heavy equipment to be inventoried is impractical. This resulted in numerous unaccounted items. The implementation of the following controls may ensure an accurate count of fixed assets:

- Prepare comprehensive, written physical inventory instructions. Communicate these instructions to personnel performing the count before the count date.
- Assign a designate official to supervise the physical count for each department throughout the Parish supervised by applicable personnel. Additionally, perpetual test counts should be performed by the internal audit department and finance department personnel.

Reconciliation of Fixed Asset System and the General Ledger System

For a proper accounting of fixed assets, a monthly review of additions, deletions, and transfers including a reconciliation to the general ledger system should be completed in a timely manner. During our testing, we noted significant differences between the fixed asset system and general ledger. Timely reconciliations may prevent large discrepancies from occurring. We recommend that a monthly, detailed comparison and reconciliation of the fixed assets system and general ledger be performed with the underlying causes of significant differences being investigated.

Write-offs of Unlocated Fixed Assets

Departmental manager's commitment to the fixed asset policies and procedures is crucial to the success of asset management activities. During our testing, we noted that department managers were not consistently resolving fixed asset reconciliation differences or submitting written confirmation to the finance department with respect to the existence or non-existence of fixed assets upon notification that an item is unaccountable. We recommend that the Parish prepare comprehensive written physical inventory instructions outlining operating personnel responsibility for fixed assets. In addition, an attached cover letter or personal meeting specifying adherence to all procedures and prompt communication of any discrepancies may provide additional guidelines. To garner and maintain the necessary commitment, we also recommend that the Parish :

- *Outline the decision-making process and define specific communication channels to expedite approval of fixed asset disposals, changes or transfers.*
- *Establish reporting timetables and meeting agendas. The asset manager should regularly share information with senior management and encourage input.*

Transfer of Fixed Assets between Departments

Management authorization serves as an important tool to ensure that specific fixed asset transactions are consistent with Parish objectives. During our testing, we noted that fixed assets were physically transferred between departments without the corresponding transfer being recorded on the books. Management should implement *procedures to track equipment transfers. Otherwise, these "unauthorized" transfers will* continue to invalidate the data in the fixed asset system. We recommend the development and implementation of specific policies and procedures that should be followed for transfers between departments.

Management Response

The Parish administration concurs and will implement the recommended procedures.

2. CAPITAL LEASES

Capital leases require the lessee to record an asset on its general ledger. During our testing, we noted that when capital leases are initiated, the Parish has not consistently recorded the associated fixed asset. When a capital lease is initiated, the fixed asset should be recorded with a corresponding amount included in the Investment in General Fixed Assets in the Equity and Other Credits portion of the Balance Sheet. To ensure the proper inclusion of capital lease assets on the general ledger, we recommend that accountants responsible for the capital lease obligation and fixed assets, respectively, review entries upon new capital lease arrangements.

Management Response

The Parish administration concurs and will implement the recommended procedures.

PLAQUEMINES PARISH GOVERNMENT
IMPLEMENTATION OF PRIOR YEAR RECOMMENDATIONS
AS OF DECEMBER 31, 1998

| | <u>Partially</u> <u>Implemented</u> | <u>Not</u> <u>Implemented</u> |
|-------------------------------------|--|----------------------------------|
| Maintenance and Upkeep of Prisoners | | X |
| Internal Audit Planning | | X |
| Water and Sewer Billing Collection | | X |
| Civil Service Employee Files | X | |