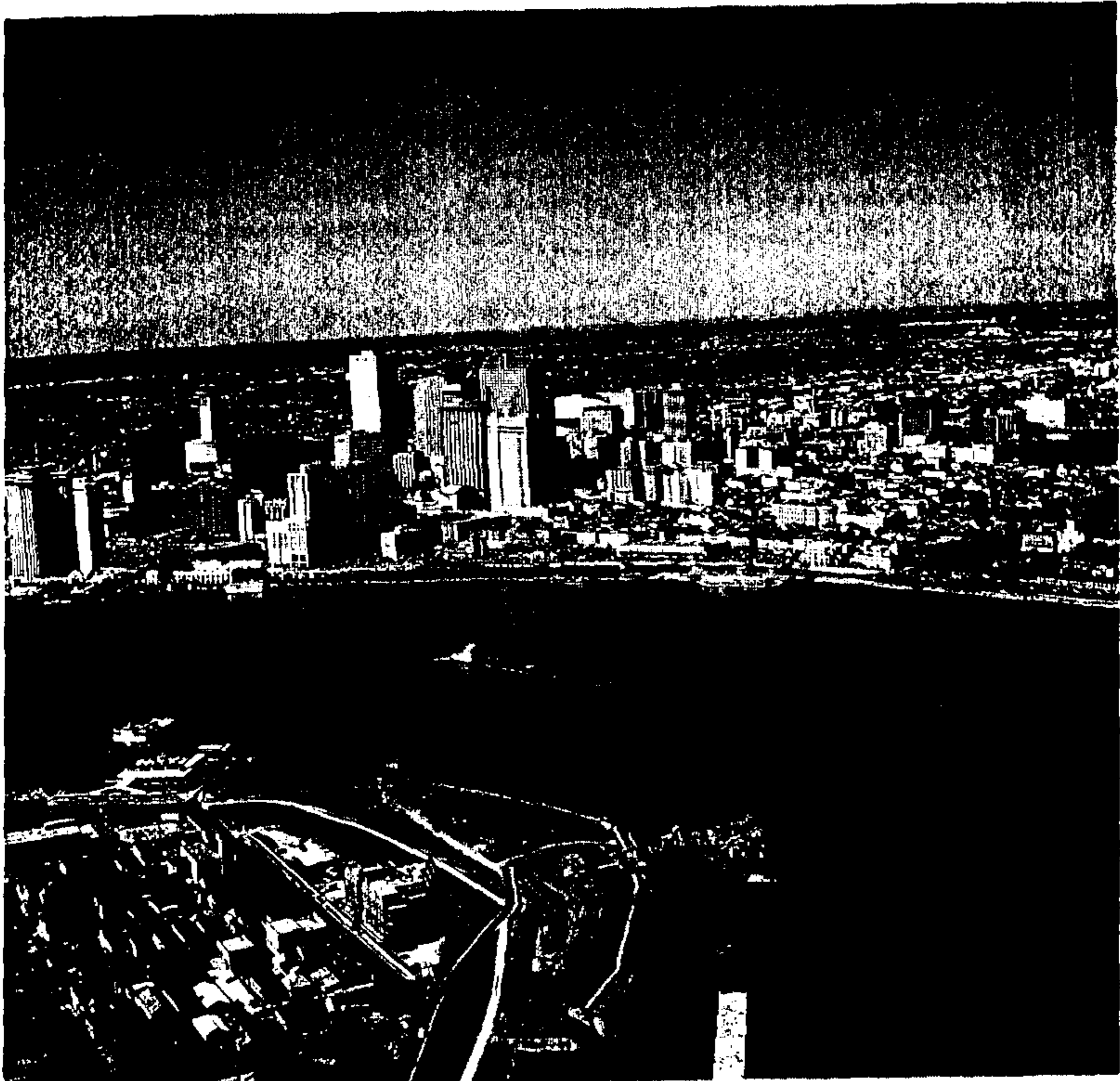


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Sewerage and Water Board

OF NEW ORLEANS, LA.



Under pro
report is a public document. A
copy of the report has been submit-
ted to the audited, or reviewed,
city and other appropriate public
officials. The report is available for
public inspection at the Baton
Rouge office of the Legislative Audi-
tor and, upon request, at the
office of the auditor of the

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 1998

Release Date 8-11-99

ABOUT THE COVER:

The Mississippi River flows through New Orleans at a rate of 300 billion gallons per day, providing commerce, recreation, spectacular views and one of life's necessities--drinking water--for the citizens of the City. Maintaining a delicate balance between nature and human needs, the Sewerage and Water Board of New Orleans uses this great natural resource to help provide services to its customers. Raw river water is carefully treated and transformed into quality drinking water which is distributed to homes and businesses. Wastewater is treated to highest standards before being returned to the river. The levees, which prevent the Mississippi from overflowing its banks, also trap every drop of rainwater which falls in the city, requiring the Board to remove runoff via a massive and complex network of canals and drainage pumping stations. As the 21st Century approaches, the Sewerage and Water Board remains committed to meet the challenge of "Tackling America's Toughest Water Problems."

Photo by David Harvey

**SEWERAGE AND WATER BOARD
OF NEW ORLEANS**

Comprehensive Annual Financial Report

For the Year Ended

December 31, 1998

**Prepared by:
Finance Administration
Ethel H. Williams
Utility Financial Administrator**

MISSION STATEMENT

To be one of the best and most respected suppliers of sewer, water, and drainage services in the south-central United States by providing quality, reliable, and cost effective services to our Customers while maintaining fair and ethical treatment of our well-trained and highly motivated employees.

OUR VALUES

Open, honest communication

Trust and respect for each other

Offering and encouraging education and opportunity to employees

Fostering enthusiasm among employees through example of the managers/supervisors

Providing direction and planning and encouraging interdepartmental team work

Assuring reliability in providing services to customers

KEY RESULT AREAS

Customer Satisfaction

Cost Effectiveness

Employee Satisfaction

Capabilities Improvement through Training

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Comprehensive Annual Financial Report

Year ended December 31, 1998

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SEWERAGE AND WATER BOARD OF NEW ORLEANS

Comprehensive Annual Financial Report

Year ended December 31, 1998

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SEWERAGE AND WATER BOARD OF NEW ORLEANS

Comprehensive Annual Financial Report

Year ended December 31, 1998

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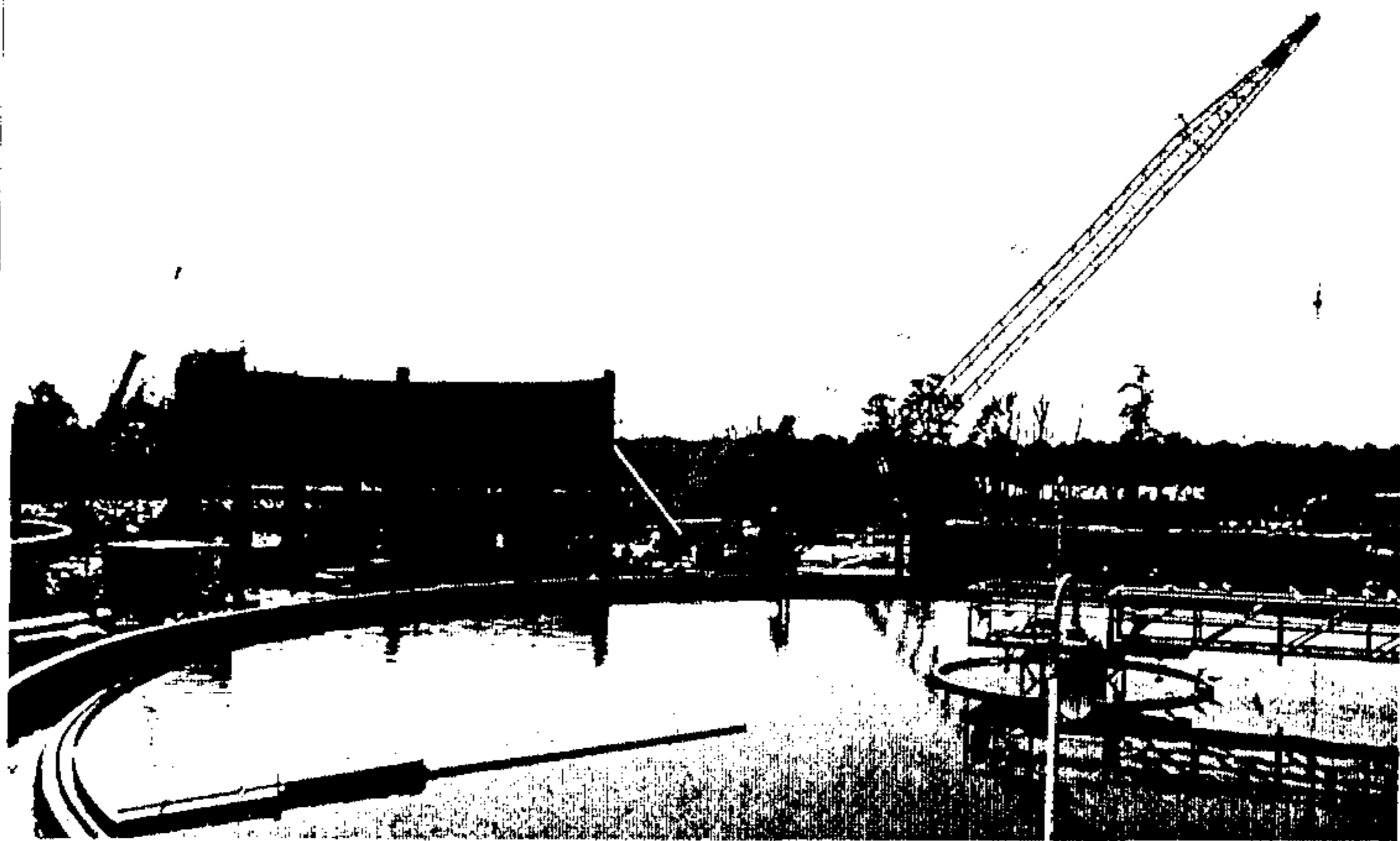
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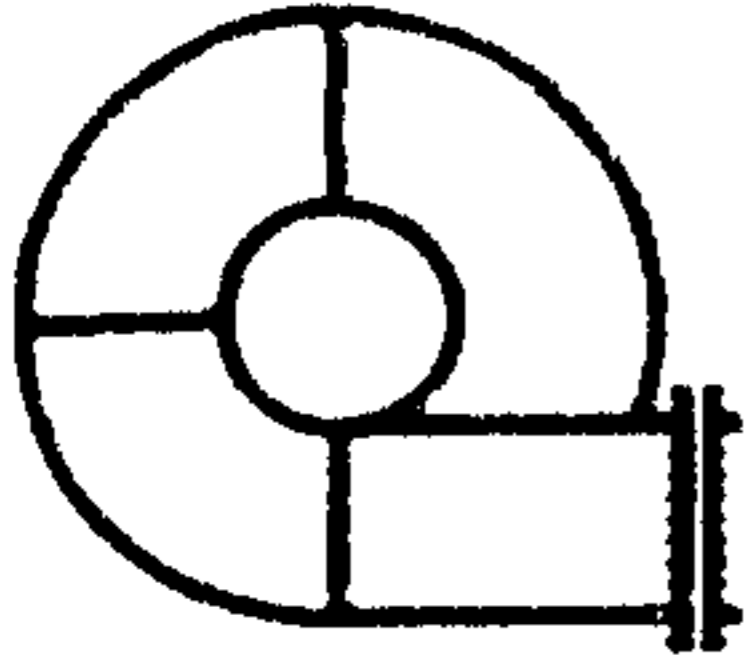


The Sewerage and Water Board conducts educational programs for students of all ages and participates in community support programs. Each year the Board offers an exhibit at Audubon Zoo's Earthfest.

Construction of a new trickling filter is underway at the West Bank Sewage Treatment Plant in Algiers. The \$7.5 million project is part of a major improvement program for the plant, designed to increase efficiency and treatment capacity.



INTRODUCTION SECTION



MARC H. MORIAL, *President*
HENRY A. DILLON, JR., *President Pro-Tem*

Sewerage & Water Board OF NEW ORLEANS

HAROLD J. GORMAN
Executive Director

625 ST. JOSEPH STREET
NEW ORLEANS, LA., 70165 • 585-2190

April 15, 1999

TO: THE HONORABLE PRESIDENT AND MEMBERS OF THE SEWERAGE AND WATER BOARD OF NEW ORLEANS

We are pleased to present the Comprehensive Annual Financial Report of the Sewerage and Water Board of New Orleans for the year ended December 31, 1998. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rest solely with the Sewerage and Water Board. It is our belief that the data, as presented, is accurate in all material aspects and is presented in a manner designed to fairly set forth the financial position, results of operations, and cash flows of the Board's Enterprise and Pension Trust Funds. All disclosures necessary to enable the reader to gain an understanding of the Sewerage and Water Board's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four (4) major sections: Introductory, Financial, Statistical and Supplemental. The Introductory Section includes the transmittal letter and listings of the officers, members and committees of the Board of Directors. This section also includes the Board's organizational chart and a reproduction of the 1997 Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association. The Financial Section includes the independent auditors' report, along with the general purpose financial statements and the accompanying notes. The combined and individual fund statements for the Enterprise and Pension Trust Funds are included. Required supplementary information is also included. The Statistical Section includes selected financial and demographic information, generally in a multi-year presentation. Additional information relative to the Sewerage and Water Board's operations is included in a Supplemental Section.

The Sewerage and Water Board meets the criteria for classification as an "other stand - alone government" as described in Governmental Accounting Standards Board Statement No. 14.

The reporting entity includes the Enterprise Fund and the Pension Trust Fund. The Enterprise Fund is composed of three (3) independent systems: Water, Sewerage and Drainage.

Sewerage and Water Board of New Orleans is a political subdivision created in 1899 by Louisiana State Statutes. The Board is charged with construction, operation, and maintenance of Water, Sewerage and Drainage Systems for the City of New Orleans. By agreement, approximately 2,550 acres of adjoining Jefferson Parish is served by the Board's drainage facilities for which Jefferson Parish pays its pro rata share of expenses. In addition, the Board provides sewerage services to Jefferson Parish businesses the majority of which are restaurants located in the West End neighborhood near the Lakefront. Additionally, the Board provides water and sewerage services to the Plaquemines Parish Industrial Park. The Sewerage and Water Board was established as a "special board" operating independently of city government. The Mayor of New Orleans serves as the President of the Board of Directors which is composed of three (3) representatives of the City Council, two (2) representatives of the Board of Liquidation, City Debt and seven (7) appointees as designated by the State statutes.

ECONOMIC CONDITION AND OUTLOOK

The Board's service area includes the Civil Parish of Orleans in the state of Louisiana and covers 364 square miles. Based on the 1990 census, the population of Orleans Parish was 498,938. Major industries include tourism, oil and gas, transportation, health and other services, such as legal, education and entertainment.

Job growth in the New Orleans area has been sluggish due mainly to major energy sector declines, according to the January 1999 issue of the Metropolitan Report: Economic Indicators for the New Orleans Area (UNO Report), published by the Division of Business and Economic Research, University of New Orleans. According to the UNO Report, within the past several months, nearly all the major oil & gas companies have announced cutbacks and/or consolidations that will affect employment levels in New Orleans. Amoco, Chevron, Exxon/Mobil, Shell and Texaco have all announced reductions in their New Orleans workforce. As a result, direct mining employment in the New Orleans area is expected to plummet over the next two years. Employment losses will total (1,570 jobs) as 10.2% of the mining job in the metropolitan area are eliminated. New Orleans' energy sector has been the most volatile of any local industry over the last thirty years. The resurgent energy sector provided much of the impetus behind New Orleans economic gains enjoyed over the past few years.

Local tourism sector indicators fell in the third quarter from record levels in the previous quarter. The UNO Report indicated that Phase III of the Convention Center, Jazzland, and Harrah's casino can only stimulate demand. Negotiations to revive Harrah's casino in downtown have been successful and construction on the structure has restarted, according to the UNO Report.

In total, from the third quarter of 1998 to the third quarter of 2000, the New Orleans area will add 10,988 jobs. Continuing what has been a long-term local trend four sectors-the catchall, "other services"; state and local government; eating and drinking establishments; and health services will lead all other in employment growth, accounting for two thirds of all the employment gains over the next two years. Taxable sales fell in the third quarter of 1998 while motor vehicles sales increased.

Home building indicators were strong through the third quarter. Continued low mortgage rates in the next two years should support the demand for new housing. Construction employment fell in the third quarter and is expected to decline again in the next four quarters. A rebound is anticipated in the following year.

The New Orleans metropolitan area had a net outmigration of about 5,600 over the past four quarters and continuation of this pattern is expected, according to the UNO Report.

MAJOR INITIATIVES

For the year: The Board budgeted approximately \$84 million for capital improvements in 1998. This included \$5.9 million for water and sewer mains in the City of New Orleans, Department of Public Works paving projects.

- Water** - A Contract for the design of the Filter Improvements at the Carrollton Water Plant was awarded. These improvements will keep the plant compliant with proposed drinking water standards. Construction costs are estimated to be \$11 million
- Sewerage** - Work continues on the \$180 million city -wide sewer rehabilitation program with the award of two contracts in the Lakeview area for manhole rehabilitation. Engineering contracts were awarded for the design of the Central Business District /French Quarter sewer rehabilitation work, the Uptown sewer system evaluation survey and the Gentilly Sewer System Evaluation Study (SSES). The Dwyer Road Force Main restoration was completed in 1998.
- Drainage** - The Drainage Pumping Station #1 construction contract was re-awarded by the U. S. Army Corps of Engineers. Many of the Southeast Louisiana Projects, 75% funded by the Corps of Engineers, are in the final stages of design and are expected to bid in 1999. These projects are: The Napoleon Avenue Canal Improvements, the Napoleon/Claiborne Avenue Intersection, the Dwyer Road Pumping Station, the Dwyer Road Pumping Station Discharge Tubes and the Hollygrove Pumping Station and Canal System.

In September of 1998, the Board received approval for the third in an anticipated series of grants from the Environmental Protection Agency (EPA) for planning, design, construction, and rehabilitation of the sanitary sewer system. This grant award was \$8 million for a five (5) year period, and must be matched by approximately \$6.5 million in Board funds. The primary goal of the effort is to protect public health by reducing and eliminating (1) structural failures of gravity sewer mains and sewer force mains (2) mechanical failures of sewage pumping station and (3) high rates of infiltration and inflow.

The five (5) year capital program budget of \$621,910,000 was approved by the Sewerage and Water Board in December 1998. During the next five years an additional \$223,356,000 in drainage improvements is expected to be financed by the U.S. Corps of Engineers for Southeast Louisiana flood control projects. The first major project scheduled for completion is the expansion of Drainage Pumping Station #1, was let in the summer of 1997 and relet in 1998.

FINANCIAL INFORMATION

Management of the Sewerage and Water Board is responsible for designing and maintaining an internal control structure sufficient to safeguard the Board's assets against loss, theft or misuse and to ensure the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute assurance that these goals are met. The concept of reasonable assurance recognizes that: (1) the cost of internal controls should not exceed the benefits expected to be derived and (2) the valuation of costs and benefits require the exercise of judgement by management.

The Enterprise Fund's Water and Sewerage Systems are financed by user fees. The unique characteristics of the services provided by the Drainage System of New Orleans require the use of Enterprise Fund accounting in order to obtain a meaningful measure of the cost of providing the services and capital maintenance. Revenues from the three (3) mill, six (6) mill and nine (9) mill ad valorem taxes, which are restricted exclusively for drainage services, finance the Drainage System. These ad valorem taxes are the operating revenues of the drainage system.

Budgetary Control: The Sewerage and Water Board maintains an internal budgetary control through the preparation and monitoring of an annual operating and capital budget for the Water, Sewerage, and Drainage funds. Monthly budget reports are provided to department level managers to assist them in their fiscal responsibilities.

General Operations: There was a modest increase in operating revenues from 1997 to 1998 (3.2% increase) primarily due to an increase in sewer and water services and collection of property taxes. The water and sewer rate structure is unchanged from that of 1997. Operating expenses increased by 4.7% primarily due to an increase in the provision for self-insurance claims. A large case was settled in 1998 and a provision of approximately \$10 million was made for the judgement.

Pension Trust Fund Operations: The contributions to the Pension Trust Funds are based on annual actuarial valuations. The Sewerage and Water Board continues to fund the paydown of the total unfunded liability over a remaining period of six (6) years.

Debt Administration: The Board of Liquidation, City Debt has responsibility for the administration of the Board's debt. Drainage debt services payments are supported by ad valorem tax collections, while user fees are used to provide debt services for the Water and Sewerage System bonds. The Sewerage and Water Board's bonds outstanding as of December 31, 1998 totaled \$90,725,000.

Cash Management: Cash temporarily idle in the Enterprise Fund during the year was invested in commercial bank certificates of deposit, repurchase agreements, and U. S. Treasury Bills. Effective January, 1996, investments were recorded at market value. Investment income on these idle funds was \$5,877,860.

Risk Management: The Sewerage and Water Board uses both insured and retained risk programs to manage exposures to loss. The Board administers self-insured programs for property and automobile liability exposures. Also, retained risk programs for general liability and workers' compensation losses and claims are administered by the Board. Improved claims management and administration have facilitated more timely and better decision making on a case-by-case basis. The updating of risk management procedures and information systems is ongoing with the objective of improving loss control efforts and risk assessment capabilities.

New Governmental Accounting Standards Board Pronouncements (GASB) and Technical Bullentin 99-1: In fiscal year 1998 the Sewerage and Water Board implemented GASB Statement Number 27, Accounting for Pensions by State and Local Governmental Employers. Prior year financial information has been restated to conform to GASB 27. The GASB issued Technical Bulletin 99-1 (TB 99-1), Disclosures about Year 2000 Issues - an amendment to Technical Bulletin 98-1. The provisions of TB 99-1 are effective immediately and terminate for financial statements for periods ending after December 31, 1999. The Board has provided the year 2000 disclosures in its financial statements as required supplementary information.

Other Information: State Statutes and covenants governing outstanding bond issues require an annual audit of the Board's financial records by independent certified public accountants. The accounting firms of KPMG LLP and Bruno and Tervalon were selected by the Board to perform this audit. The independent auditors' report on the general-purpose financial statements is included in the Financial Section of the report.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Sewerage and Water Board of New Orleans for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 1997. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

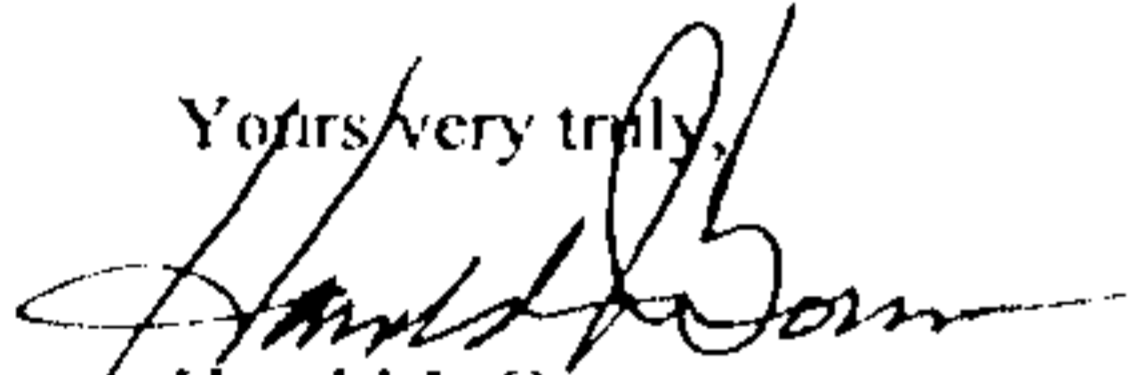
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one (1) year only. The Sewerage and Water Board of New Orleans has received a Certificate of Achievement for the last sixteen (16) consecutive years. We believe our current report continues to conform to the Certification of Achievement Program requirements and we are submitting it to GFOA.

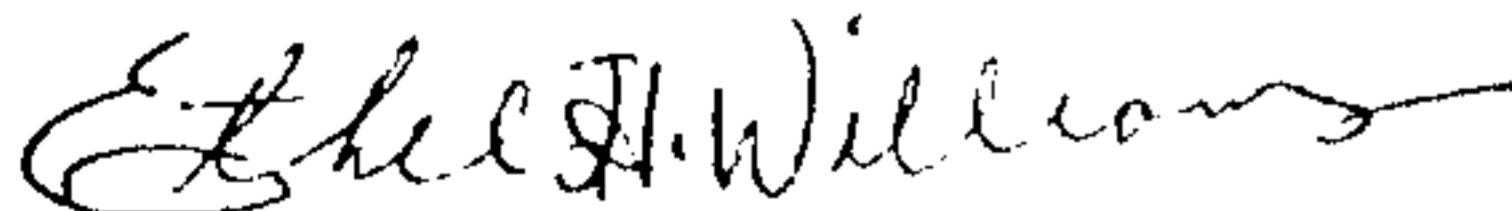
Acknowledgments: The Comprehensive Annual Financial Report was prepared by the dedicated staff of the Board's Management Services Administration, particularly the Accounting and Printing Departments. Also, special thanks to the Budget Department for its assistance in this effort.

We also wish to thank the members of the Board for their interest and support in our efforts to achieve greater fiscal efficiency and accountability.

Yours very truly,



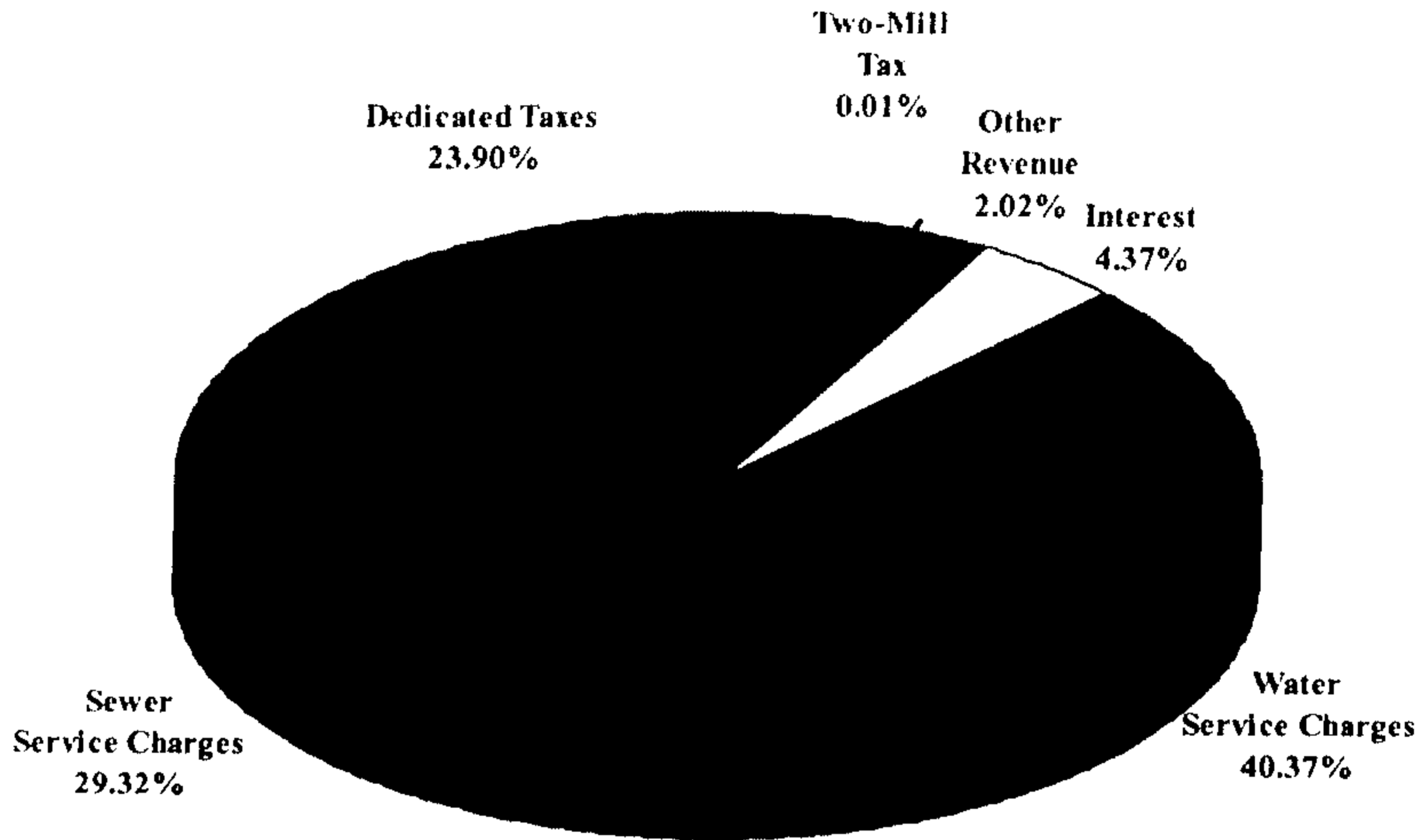
Harold J. Gorman
Executive Director



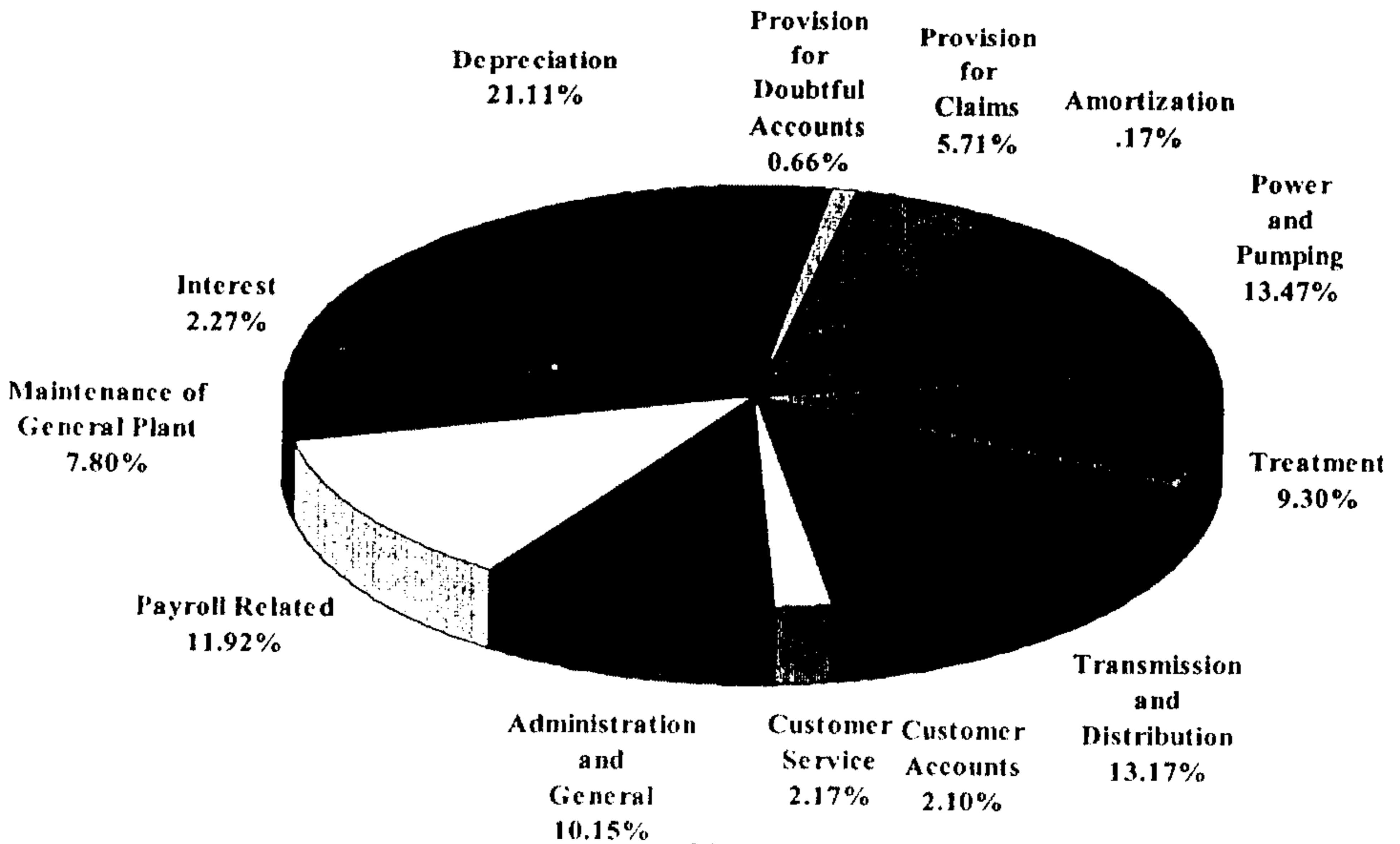
Ethel H. Williams
Utility Financial Administrator

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1998 Revenues



1998 Expenses



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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Sewerage and Water Board
of New Orleans,
Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 1997

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Douglas R. Ellsworth
President

Jeffrey L. Esler
Executive Director

OFFICERS
of the
SEWERAGE AND WATER BOARD
OF NEW ORLEANS

December 31, 1998

MARC H. MORIALPresident
Mayor, City of New Orleans

HENRY A. DILLON, JR.President Pro Tem

HAROLD J. GORMANExecutive Director

MARCIA A. ST. MARTINDeputy Director

G. JOSEPH SULLIVANGeneral Superintendent

CHARLES G. McKINNEYDeputy General Superintendent

JOHN D. LAMBERT, JR.Special Counsel

MEMBERS OF
SEWERAGE AND WATER BOARD OF NEW ORLEANS

MARC H. MORIAL Mayor
EDDIE L. SAPIR Councilmember-at-Large
JAMES M. SINGLETON Councilmember-at-Large
OLIVER M. THOMAS Councilman District B
BARBARA LAMONT Member - Board of Liquidation, City Debt
MARY K. ZERVIGON Member - Board of Liquidation, City Debt
THOMAS B. COLEMAN Councilmanic District A
CAROLYN J. HARRIS Councilmanic District B
RONALD C. GUIDRY, SR. Councilmanic District C
STAFFORD R. TUREAUD, SR. Councilmanic District D
HENRY A. DILLON, JR. Councilmanic District E
BENJAMIN L. EDWARDS, SR. At-Large Member

**COMMITTEES
OF THE
SEWERAGE AND WATER BOARD
OF
NEW ORLEANS**

EXECUTIVE COMMITTEE

HENRY A. DILLON, JR. - Chairperson

BENJAMIN L. EDWARDS, SR.
EDDIE L. SAPIR

JAMES M. SINGLETON
OLIVER M. THOMAS

FINANCE COMMITTEE

OLIVER M. THOMAS - Chairperson

CAROLYN J. HARRIS
STAFFORD R. TUREAUD, SR.

MARY K. ZERVIGON

COMMITTEE ON SEWERAGE AND WATER

EDDIE L. SAPIR - Chairperson

HENRY A. DILLON, JR.
RONALD C. GUIDRY, SR.

OLIVER M. THOMAS
STAFFORD R. TUREAUD, SR.

DRAINAGE COMMITTEE

JAMES M. SINGLETON - Chairperson

THOMAS B. COLEMAN
BENJAMIN L. EDWARDS, SR.

OLIVER M. THOMAS

PENSION COMMITTEE

HENRY A. DILLON, JR. - Chairperson

CAROLYN J. HARRIS
OLIVER M. THOMAS
MARY K. ZERVIGON

WARREN J. LAWRENCE
HOWARD E. NOLAND
MARVIN R. RUSSELL, JR.

SLABAUGH, MORGAN, CONEFRY & ASSOCIATES, Actuary

COMMITTEE ON SEWERAGE AND WATER BOARD OPERATIONS

BENJAMIN L. EDWARDS - Chairperson

EDDIE L. SAPIR

JAMES M. SINGLETON

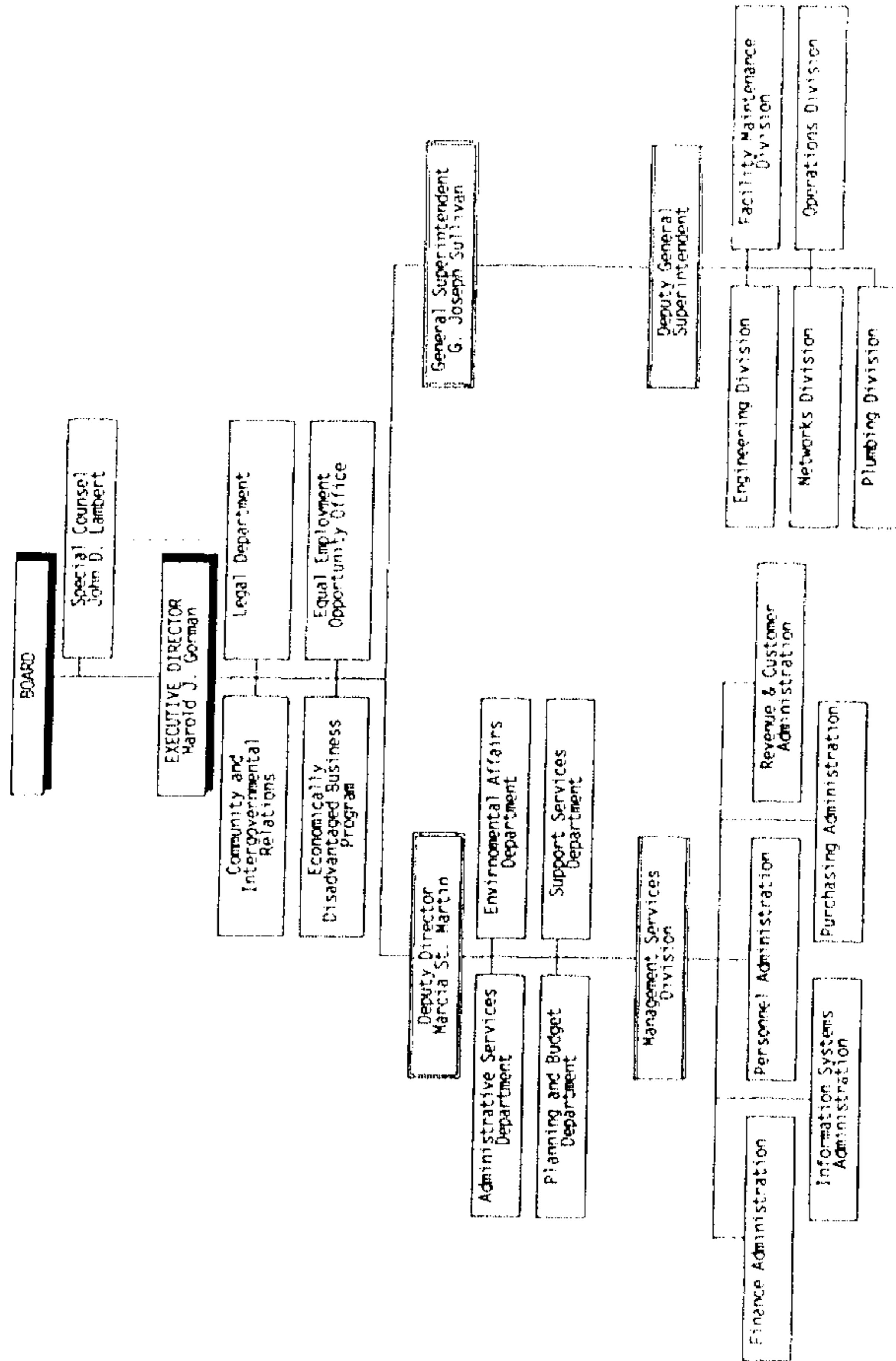
PLUMBING CONFERENCE COMMITTEE

STAFFORD R. TUREAUD, SR. - Chairperson

BENJAMIN L. EDWARDS, SR.
MARY K. ZERVIGON

G. JOSEPH SULLIVAN
JAMES J. ARNOLD

SEWERAGE AND WATER BOARD OF NEW ORLEANS
1998 ORGANIZATION CHART



THE SEWERAGE AND WATER BOARD OF NEW ORLEANS

DIVISION HEADS OF DEPUTY DIRECTOR

MARCIA A. ST. MARTIN
DEPUTY DIRECTOR

ADMINISTRATIVE SERVICES DIVISION

Ann M. Boulware

ENVIRONMENTAL AFFAIRS DIVISION

Gordon C. Austin

MANAGEMENT SERVICES DIVISION

Martin F. Comer, Jr.

PLANNING AND BUDGET DIVISION

Lawrence J. Federico, Jr.

SUPPORT SERVICES DIVISION

Paul D. Mumme, Sr.

THE SEWERAGE AND WATER BOARD OF NEW ORLEANS

DIVISION HEADS OF GENERAL SUPERINTENDENT

G. JOSEPH SULLIVAN
GENERAL SUPERINTENDENT

CHARLES G. McKINNEY
DEPUTY GENERAL SUPERINTENDENT

ENGINEERING DIVISION

Rudolph S. St. Germain

FACILITY MAINTENANCE DIVISION

Glenn M. Semel

NETWORKS DIVISION

Warren J. Lawrence

OPERATIONS DIVISION

John R. Huerkamp

PLUMBING DIVISION

James J. Arnold

THE SEWERAGE AND WATER BOARD OF NEW ORLEANS
DEPARTMENT HEADS OF MANAGEMENT SERVICES DIRECTOR

MARTIN F. COMER, JR.
MANAGEMENT SERVICES DIRECTOR

FINANCE DEPARTMENT

Ethel H. Williams

INFORMATION SYSTEMS DEPARTMENT

Sue D. Mitchell

PERSONNEL DEPARTMENT

Kevin F. Walsh

PURCHASING DEPARTMENT

Betty W. Latino

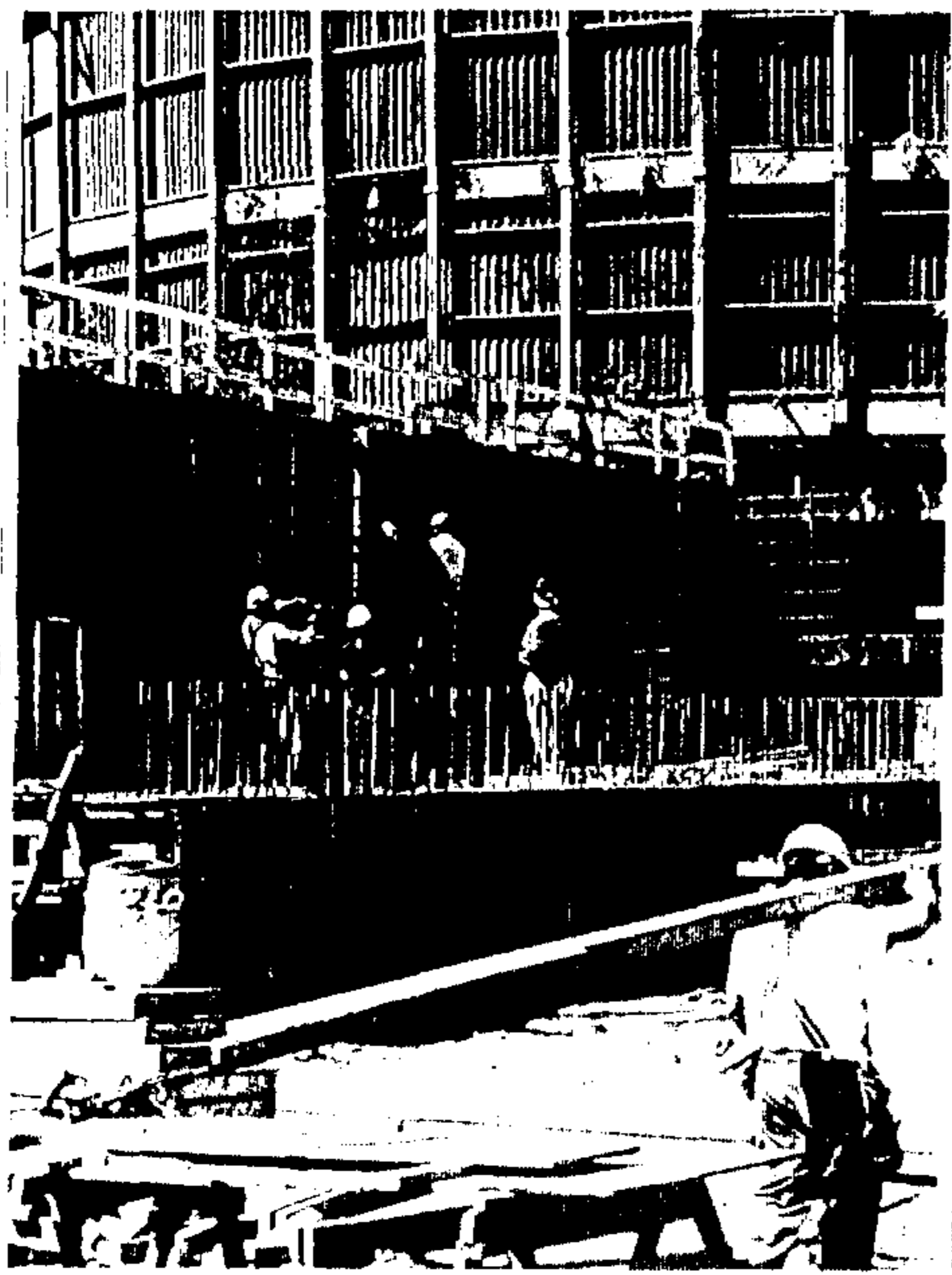
REVENUE AND CUSTOMER SERVICES DEPARTMENT

Carol W. Warren

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The Sewerage and Water Board takes pride in its financial reporting, budgeting and accounting systems and procedures. The financial departments are responsible for accurate reports to management, timely payments to contractors, like those working on the project below, and a system by which customers can easily pay bills or make inquiries about their statements.



FINANCIAL SECTION



Suite 3500 One Shell Square
New Orleans, LA 70139-3509

**Bruno
& Tervalon**

Independent Auditors' Report

Members of the Board
Sewerage and Water Board of New Orleans:

We have audited the general purpose financial statements of the Sewerage and Water Board of New Orleans (the Board), as of and for the years ended December 31, 1998 and 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audits.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Board as of December 31, 1998 and 1997, and the results of its operations and cash flows of its proprietary fund and the changes in plan net assets of its pension trust fund for the years then ended in conformity with generally accepted accounting principles.

As discussed in note 15, effective January 1, 1997, the enterprise fund financial statements have been restated as a result of the implementation of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employer* and the implementation of GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 1999, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The schedules of funding progress and employer contributions and the year 2000 information of the Required Supplementary Information, as listed in the table of contents, are not a required part of the general purpose financial statements, but are supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. We have applied to the schedules of funding progress and employer contributions certain limited procedures prescribed by professional standards, which consisted principally of inquiries of management regarding the methods of measurement and presentation



of the schedules. We were unable to apply certain of these limited procedures to the year 2000 information because of the nature of the subject matter underlying the disclosure requirements and because sufficiently specific criteria regarding the matters to be disclosed have not been established. In addition, we do not provide assurance that the Board is or will become year 2000 compliant, that the Board's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Board does business are or will become year 2000 compliant.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Board taken as a whole. The Supplementary Information included in Schedules 1 through 4 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Board. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

The Statistical Information and Supplemental Information sections as listed in the table of contents are also presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Board. Such additional information has not been subjected to the auditing procedures applied in the audits of the general purpose financial statements and, accordingly, we express no opinion on it.

KPMG LLP

Bruno & Jervason

April 9, 1999

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

SEWERAGE AND WATER BOARD OF NEW ORLEANS

COMBINED BALANCE SHEETS - ENTERPRISE FUND AND PENSION TRUST FUND

December 31, 1998 and 1997

ASSETS	1998		1997	
	Enterprise Fund	Pension Trust Fund	Enterprise Fund	Pension Trust Fund
Property, plant and equipment	\$1,225,634,992	\$	\$1,178,153,378	\$
Less: accumulated depreciation	361,364,821	-	335,529,734	-
	864,270,171	-	842,623,644	-
Totals (Memorandum only)	\$1,225,634,992	\$	\$1,178,153,378	\$
Restricted assets:				
Capital projects	59,155,828	-	47,087,831	-
Construction funds	67,408,922	-	42,124,836	-
Debt service reserve	8,064,911	-	9,575,100	-
Customer deposits	5,159,125	-	5,198,662	-
Health insurance reserve	10,014,622	-	9,459,854	-
Deferred compensation	-	-	1,008,419	-
Debt service	1,607,606	-	1,018,313	-
Other	212,000	-	212,000	-
	151,619,014	-	115,685,015	-
Totals (Memorandum only)	151,619,014	-	115,685,015	-
Current assets:				
Cash	1,142,082	28,486	824,171	183,266
Investments, at market	-	156,848,020	-	142,914,927
Accounts receivable:				
Customers (net of allowance for doubtful accounts)	-	-	-	-
Taxes	8,743,077	-	8,155,336	-
Interest	19,268	-	131,136	-
Grants	939,120	715,446	1,265,002	693,835
Miscellaneous	944,763	-	642,992	-
Due from City of New Orleans, current	1,178,940	28,554	1,464,822	35,963
Due from enterprise fund	200,000	-	200,000	-
Inventory of supplies	-	138,530	-	161,491
Prepaid expenses	5,821,722	-	5,396,280	-
	335,294	-	515,395	-
Total current assets	19,324,266	157,759,036	18,595,134	143,989,482
Due from City of New Orleans, less current portion	1,175,519	-	1,253,967	-
Total assets:	\$1,038,339,339	\$157,759,036	\$979,439,905	\$143,989,482
Other assets:				
Bond issue costs	865,641	-	736,219	-
Deposits	51,315	-	51,315	-
Net pension asset	1,033,413	-	494,611	-
Total other assets	1,950,369	-	1,282,145	-
Total assets	\$1,195,098,375	\$157,759,036	\$979,439,905	\$143,989,482

(Continued)

SEWERAGE AND WATER BOARD OF NEW ORLEANS
 COMBINED BALANCE SHEETS - ENTERPRISE FUND AND PENSION TRUST FUND
 (Continued)

	1998		1997	
	Enterprise Fund	Pension Trust Fund	Enterprise Fund	Pension Trust Fund
FUND EQUITY AND LIABILITIES				
Fund equity				
Contributed capital	\$132,332,573		\$132,661,928	
Retained earnings-revenue reinvested				\$132,661,928
Property, plant and equipment	688,616,190		691,287,189	
Appropriated for capital projects	59,155,828		47,087,831	
Reserved for bond debt service	9,668,517		10,593,413	
Total retained earnings	757,480,535		748,968,633	
Plan net assets available for pension benefits				
Total fund equity	899,773,108	156,613,497	891,630,561	143,409,846
				1,021,040,407
Liabilities				
Long-term liabilities				
Deferred compensation	5,743,266		1,008,419	
Claims payable	86,120,000		5,023,614	
Bonds payable (net of current maturities)	91,863,266		39,725,000	
			45,757,033	
Current liabilities (payable from current assets)				
Accounts payable	8,865,939		8,827,397	
Due to City of New Orleans	211,352		254,409	
Retainers and estimates payable	1,495,056		2,818,408	
Due to pension trust fund	138,530		161,491	
Accrued salaries	3,003,663		1,245,118	
Accrued vacation and sick pay	19,610,110		10,564,632	
Claims payable	17,231,409		15,041,783	
DRGP participants payable		1,145,539		579,636
Other liabilities	243,690		330,516	
	39,797,747	1,145,539	39,243,764	579,636
				39,823,400
Current liabilities (payable from restricted assets)				
Accrued interest	415,388		246,477	
Bonds payable	4,605,000		3,055,000	
Retainers and estimates payable	1,725,705		308,388	
Customer deposits	5,159,125		5,199,662	
	11,905,218		12,809,527	
Total current liabilities	51,702,965	1,145,539	52,052,311	579,636
Total liabilities	143,566,231	1,145,539	97,809,348	579,636
Total fund equity and liabilities	\$1,038,339,339	\$157,759,036	\$979,439,909	\$1,431,989,482
				\$1,123,459,387

See accompanying notes to financial statements

SEWERAGE AND WATER BOARD OF NEW ORLEANS

STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN REVENUE INVESTED

ENTERPRISE FUND

For the years ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Operating revenues:		
Sales of water and delinquent fees	\$54,249,522	\$53,020,290
Sewerage service charges	39,391,398	38,682,820
Three-mill tax	9,100,244	8,560,805
Six-mill tax	9,214,065	8,667,999
Nine-mill tax	13,805,848	12,988,171
Plumbing inspection and license fees	<u>244,110</u>	<u>228,444</u>
<i>Total revenues</i>	<u>126,005,187</u>	<u>122,148,529</u>
Operating Expenses:		
Power and pumping	16,986,026	16,568,405
Treatment	11,729,999	12,295,305
Transmission and distribution	16,607,254	19,739,962
Customer accounts	2,654,955	2,684,148
Customer service	2,740,765	2,745,158
Administration and general	12,806,467	13,676,772
Payroll related	15,030,622	16,125,486
Maintenance of general plant	9,840,897	9,938,320
Depreciation	26,631,640	25,897,191
Amortization	217,221	161,142
Provision for doubtful accounts	837,177	995,435
Provision for claims	<u>7,199,793</u>	<u>7,154,016</u>
<i>Total operating expenses</i>	<u>123,282,816</u>	<u>127,981,340</u>
<i>Net operating revenue (loss)</i>	<u>2,722,371</u>	<u>(5,832,811)</u>
Non-operating revenues (expense):		
Two-mill tax	20,017	17,366
Investment income	5,877,860	7,949,404
Other revenue	2,709,878	2,051,846
Interest expense	<u>(2,858,224)</u>	<u>(2,599,896)</u>
<i>Total non-operating revenues</i>	<u>5,749,531</u>	<u>7,418,720</u>
Revenue reinvested	8,471,902	1,585,909
Retained earnings - revenue invested:		
Beginning of year as restated (note 15)	<u>748,968,633</u>	<u>747,382,724</u>
End of year	<u>\$757,440,535</u>	<u>\$748,968,633</u>

See accompanying notes to financial statements.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

STATEMENTS OF CASH FLOWS

ENTERPRISE FUNDS

For the years ended December 31, 1998 and 1997

	1998	1997
Cash flows from operating activities		
Cash received from customers	\$ 92,417,055	\$ 91,243,446
Property taxes received	32,232,025	30,173,697
Cash payments to suppliers for goods and services	(45,724,854)	(43,693,637)
Cash payments to employees for services	(48,537,565)	(50,441,738)
Other revenue	2,709,878	2,051,846
Net cash provided by operating activities	<u>33,096,539</u>	<u>29,333,614</u>
Cash flows from noncapital financing activities - proceeds from property taxes	<u>20,017</u>	<u>17,366</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(47,584,232)	(47,207,356)
Proceeds of bond issue	51,000,000	30,000,000
Bond issuance costs	(346,643)	(212,896)
Principal payments on bonds payable	(7,055,000)	(9,510,000)
Interest paid on bonds payable	(2,689,313)	(2,524,629)
Capital contributed by developers and federal grants	<u>4,654,756</u>	<u>1,445,306</u>
Net cash used for capital and related financing activities	<u>(2,020,432)</u>	<u>(28,009,575)</u>
Cash flows from investing activities		
Payments for purchase of investments	(356,898,704)	(252,477,361)
Proceeds from maturities of investments	318,904,712	243,223,011
Interest on investments	<u>7,242,950</u>	<u>7,486,609</u>
Net cash provided by (used in) investing activities	<u>(30,751,042)</u>	<u>(1,767,741)</u>
Net increase (decrease) in cash	345,082	(426,336)
Cash at the beginning of the year	<u>1,059,780</u>	<u>1,486,116</u>
Cash at the end of the year	<u>\$ 1,404,862</u>	<u>\$ 1,059,780</u>
Reconciliation of cash and restricted cash (note 2)		
Current assets - cash	1,142,082	824,171
Restricted assets - cash	<u>262,780</u>	<u>235,609</u>
Total cash	<u>1,404,862</u>	<u>1,059,780</u>
Reconciliation of net operating revenue to net cash provided by operating activities is as follows		
Net operating revenue (loss)	2,722,371	(5,832,811)
Add: Other revenue	<u>2,709,878</u>	<u>2,051,846</u>
	5,432,249	(3,780,965)
Adjustments to reconcile net operating revenue to net cash provided by operating activities		
Depreciation	26,631,640	25,897,191
Provision for claims	7,199,793	7,154,016
Provision for doubtful accounts	837,177	995,435
Amortization	217,221	161,142
Increase in customer and other receivables	(1,346,470)	(632,020)
(Increase) decrease in taxes receivable	111,868	(43,278)
(Increase) decrease in inventory	(425,442)	382,137
(Increase) decrease in prepaid expenses	180,101	(232,612)
Increase in accounts payable	38,542	2,407,630
(Increase) decrease in net pension asset	(538,802)	282,959
Increase (decrease) in accrued salaries and accrued vacation and sick pay	(220,940)	816,022
Increase in other liabilities	<u>(5,020,398)</u>	<u>(4,074,043)</u>
Net cash provided by operating activities	<u>\$ 33,096,539</u>	<u>\$ 29,333,614</u>

See accompanying notes to financial statements

SEWERAGE AND WATER BOARD OF NEW ORLEANS

STATEMENTS OF CHANGES IN PLAN NET ASSETS

PENSION TRUST FUND

For the years ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Additions:		
Contributions:		
Employee contributions	\$ 1,138,063	\$ 1,202,021
Employer contributions	5,402,100	5,435,419
City annuity and other transfers in	46,723	497,869
Total contributions	<u>6,586,886</u>	<u>7,135,309</u>
Investment income:		
Interest income	4,191,310	4,046,760
Dividend income	1,267,960	1,197,180
Net appreciation	7,858,701	16,327,891
	<u>13,317,971</u>	<u>21,571,831</u>
Less investment expense	<u>(127,215)</u>	<u>(155,554)</u>
Net investment income	<u>13,190,756</u>	<u>21,416,277</u>
Total additions	<u>19,777,642</u>	<u>28,551,586</u>
Deductions:		
Benefits	(5,592,168)	(5,641,719)
Employee refunds	(316,906)	(283,301)
Employee contributions to DROP	(637,492)	(474,179)
Interest on DROP investments	(22,461)	(11,373)
Death benefits	(4,964)	-
	<u>(6,573,991)</u>	<u>(6,410,572)</u>
Net increase in plan assets	13,203,651	22,141,014
Plan net assets at beginning of year	<u>143,409,846</u>	<u>121,268,832</u>
Plan net assets at end of year	<u>\$156,613,497</u>	<u>\$143,409,846</u>

See accompanying notes to financial statements.

**NOTES TO GENERAL PURPOSE
FINANCIAL STATEMENTS**

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

December 31, 1998 and 1997

(1) Summary of Significant Accounting Policies

History and Organization

The major operation of the Sewerage and Water Board of New Orleans (the Board) is providing water, sewerage and drainage services for the City of New Orleans (City).

The Sewerage and Water Board of New Orleans was created by Act 6 of the Louisiana Legislature of 1899 as a special board independent of the City's government to construct, maintain and operate a water treatment and distribution system and a public sanitary sewerage system for the City. In 1903, the Legislature gave the Board control of and responsibility for the City's major drainage system and relieved the City of the duty of providing in its annual operating budget or otherwise for the maintenance and operations of the water, sewerage and drainage systems.

In accordance with the Louisiana Revised Statutes (LRS) 33:4096 and 4121, the Board has the authority to establish the water and sewerage rates to charge to its customers. The rates are based on the actual water consumed and on the costs of maintenance and operation of the water and sewerage systems, including the costs of improvements and replacements. The collections of water and sewerage rates are to be used by the Board for the maintenance and operation of the systems, the cost of improvements, betterments, and replacements, and to provide for the payments of interest and principal on the bonds payable. The Board has also been given the authority to levy and collect various tax millages which are used for the operation and maintenance of the drainage operations. All excess revenues collected are made available for capital development of the system. The proceeds of the rate collections and tax millages are invested in such investments as authorized by the LRS. These investments are reflected in the combined balance sheet, as "restricted assets," as they are restricted to the purposes as described above.

The Board is composed of thirteen members, including the Mayor of the City, the two Councilmembers-at-Large, and one District Councilmember selected by the City Council, two members of the Board of Liquidation and seven citizens appointed by the Mayor. The appointed members of the Board serve staggered nine year terms.

The Board's accounting policies conform to generally accepted accounting principles as applicable to utilities and governmental units. The following is a summary of the more significant policies.

(A) Reporting Entity

In conformity with the Governmental Accounting Standards Board's definition of a reporting entity, the Board includes an enterprise fund and a pension trust fund for financial reporting purposes. The Board is considered a reporting entity based on the following criteria:

- (a) Responsibility for surpluses/deficits. The Board is solely responsible for its surpluses/deficits. In accordance with Louisiana Revised Statutes, no other governmental unit is responsible for the Board's deficits or has a claim to its surpluses. The Board's operations are self-sustaining; revenues are generated through charges to customers and dedicated property taxes. Other than grants, no funding is received from the State of Louisiana or the City of New Orleans.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(Continued)

(1) Summary of Significant Accounting Policies (Continued)

- (b) **Budget Approval.** The Board is solely responsible for reviewing, approving and revising its budget.
- (c) **Responsibility for Debt.** The Louisiana Revised Statutes authorize the Board to issue bonds; such bonds must bear on their face a statement that they do not constitute a debt of the City. The Board is solely responsible for payments to the bondholders. *No other governmental unit is required by statute to make any payments to bondholders nor have any payments to bondholders ever been made by any governmental unit, except the Board.*
- (d) **Designation of Management.** The Board controls the hiring of management and employees.
- (e) **Special Financial Relationship.** The Board has no special financial relationships with any other governmental unit.
- (f) **Statutory Authority.** The Board's statutory authority was created by the State of Louisiana as an independent governmental unit. Only an amendment to state statutes can change or abolish the Board's authority.

The Board is a stand-alone entity as defined by GASB Statement 14, The Financial Reporting Entity. The Board is a legally-separate governmental organization that does not have a separately elected governing body and does not meet the definition of a component unit. As a result of a Louisiana Supreme Court decision on March 21, 1994, the Board was declared to be an autonomous or self-governing legal entity, legally independent of the city, state and other governments, created and organized pursuant to Louisiana Revised Statutes 33:4071 as a board, separate and independent of the governing authorities of the City and vested with autonomous or self governing authority. No other government can mandate actions of the Board nor impose specific financial burdens. The Board is fiscally independent to operate under its bond covenant and the provisions of Louisiana Revised Statute provisions.

(B) Basis of Presentation - Fund Accounting

The operations of the Board are accounted for in the following fund types:

Proprietary Fund Type

The proprietary fund is used to account for the Board's ongoing operations and activities which are similar to those often found in the private sector. The proprietary fund is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings. The operating statements present increases (revenues) and decreases (expenses) in net total assets. The Board maintains one proprietary fund type - the enterprise fund. The enterprise fund is

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(Continued)

(1) Summary of Significant Accounting Policies (Continued)

used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--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 (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance. The presentation of the financial statements of the enterprise fund follows the format recommended by the National Association of Regulatory Utility Commissioners (NARUC).

The balance sheet arrangement for a utility reflects the relative importance of the various accounts. "Property, plant and equipment" is the first major category on the asset side, and long-term capitalization categories such as fund equity are listed first on the liability side. Current assets and current liabilities are assigned a relatively less important position in the center of the balance sheet, rather than being placed first as in the balance sheets of commercial and industrial enterprises.

Fiduciary Fund Type

The fiduciary fund is used to account for assets held by the Board in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The Board maintains one fiduciary fund type - the pension trust fund. The measurement focus of the pension trust fund is the same as that of the enterprise fund. The pension trust fund is used to account for the activity of the Board's employee retirement plan.

The Board applies all applicable FASB pronouncements issued on or before November 30, 1989 in accounting for its enterprise fund and pension trust fund operations unless those pronouncements conflict with or contradict GASB pronouncements.

(C) Basis of Accounting

The enterprise fund and the pension trust fund prepare their financial statements on the accrual basis accounting. Unbilled utility service charges are not recorded as management considers the effect of not recording such unbilled receivables as not material. Property taxes are recorded as revenue when collected by the Board's agent. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the plan are recognized when due and the employer has made a commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

(D) Investments

Investments are reported at fair value. Short-term investments (maturity of one year or less) are reported at cost, which approximates fair value. Securities traded in a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(E) Inventory of Supplies

Inventory of supplies is stated at the lower of cost or market. Cost is determined by the first-in, first-out method.

(F) Property, Plant and Equipment

Property, plant and equipment are carried at historical cost. The cost of additions include contracted work, direct labor, materials and allocable cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. Interest is capitalized on fixed assets acquired and/or constructed with tax exempt debt. Depreciation is computed using the straight-line method over the estimated useful life of the asset. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in revenue for the period. The cost of maintenance and repairs is charged to operations as incurred and significant renewals and betterments are capitalized. Deduction is made for retirements resulting from renewals or betterments. Depreciation on assets acquired through contributions is charged to fund equity - revenue invested in water, sewerage and drainage system.

(G) Vacation and Sick Pay

Vacation (annual leave) and sick pay (sick leave) are accrued when earned. Annual leave is accrued at the rate of .6923 of a workday for each bi-weekly accrual period for all employees on the payroll as of December 31, 1978. Employees hired after that date earn leave at a rate of .5 of a workday per bi-weekly pay period. All employees receive three bonus days each year for five through nine calendar years of continuous service; six bonus days each year for ten through fourteen years; nine bonus days each year for fifteen through nineteen years; and, twelve days for twenty or more years of continuous service. Civil Service's policy permits employees a limited amount of earned but unused annual leave which will be paid to employees upon separation from the Board. The amount shall not exceed ninety days for employees hired before January 1, 1979, and forty-five days for employees hired after December 31, 1978.

Sick leave is accumulated on a bi-weekly basis by all employees hired prior to December 31, 1978 at an accrual rate of .923 of a workday. For employees hired subsequent to December 31, 1978, the accrual rate is .5 of a workday for each bi-weekly period, plus a two day bonus each year for employees with six through fifteen calendar years of continuous service, and seven bonus days each year for employees with sixteen or more calendar years of continuous service.

Upon separation from the Board, an employee can elect to convert unused sick leave for retirement credits or cash. The conversion to cash is determined by a rate ranging from one day of pay for five days of leave for the 1st through 100th leave day to one day of pay for one day of leave for all days in excess of the 400th leave day. The total liability for unconverted sick leave as December 31, 1998 and 1997 is approximately \$14,100,000 and \$14,200,000 respectively. The amount included in the balance sheet as of December 31, 1998 and 1997 is \$10,610,110 and \$10,564,632 respectively, which represents the converted sick leave since virtually all employees convert their sick leave to cash. The amounts for compensated absences include the salary cost as well as certain salary related costs, such as the Board's share of social security expense.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(Continued)

(I) Summary of Significant Accounting Policies (Continued)

(II) Pension

The Board funds the accrued pension cost for its contributory pension plan which covers substantially all employees. Annual costs are actuarially computed using the entry age normal cost method.

(I) Drainage System

In 1903, the Legislature gave the Board control of and responsibility for the City's drainage system. The Drainage System was established as a department of the enterprise fund to account for the revenues from three-mill, six-mill and nine-mill ad valorem taxes designated exclusively for drainage services. These revenues have been supplemented by inspection and license fees collected by the Board. There exists a potential for additional financing by additional user service charges. Expenditures from the system are for the debt service of three-mill, six-mill and nine-mill tax bonds and drainage related operation, maintenance and construction.

Although not presently financed by user charges related to direct usage, the usual revenue source for an enterprise fund activity, the financing by dedicated millages or properties serviced, and the unique character of the services provided by the drainage system of the City, require enterprise fund accounting to provide meaningful measurement of cost of services and capital maintenance of the system. As such, property taxes are presented as operating revenues except for the two-mill tax, which is dedicated for capital improvements. Additionally, because of the peculiar geography of the City, the provision of drainage service is essential for the operation of water and sewerage systems. The drainage system operation and maintenance expenses include costs directly associated with the provision of drainage services as well as substantial allocated costs resulting from utilization of common resources such as administrative services, maintenance, equipment, and power generation and transmission.

(J) Self-Insurance/Risk Management

The Board is self-insured for general liability, worker's compensation, unemployment compensation and hospitalization benefits and claims. The accrued liability for the various types of claims represents an estimate by management of the eventual loss on the claims arising prior to year-end, including claims incurred and not yet reported. The accrued liability and related expense also includes estimates of both future payments of losses and related claims adjustments agreement expense both allocated and unallocated. Estimated expenses are based on a case by case review. Estimated recoveries have also been considered by management in assessing the estimated losses.

(K) Contributed Capital

Contributions from developers and others, and receipts of Federal, State and City grants for acquisition of property, plant and equipment are recorded as contributed capital in fund equity.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(L) Bond Issue Cost and Refinancing Gains (Losses)

Costs related to issuing bonds are capitalized and amortized based upon the methods used to approximate the interest method over the life of the bonds. Beginning with fiscal years in 1994 and thereafter, gains and losses associated with refundings and advance refundings are being deferred and amortized based upon the methods used to approximate the interest method over the life of the new bonds or the remaining term on any refunded bond, whichever is shorter.

(M) 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 cash flows, in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation since interfund eliminations have not been made.

(N) Cash Flows

For purposes of the statement of cash flows, only cash on hand and on deposit at financial institutions are considered to be cash equivalents. Certificates of deposits, treasury bills and other securities are considered investments.

(2) Cash and Investments

The following are the components of the Board's cash and investments at December 31, 1998 and 1997:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<u>December 31, 1998</u>			
Cash:			
Enterprise fund	\$ 1,142,082	\$ 262,780	\$ 1,404,862
Pension trust fund	28,486	-	28,486
	1,170,568	262,780	1,433,348
Certificates of deposit	-	94,226,790	94,226,790
Total carrying amount of deposits	1,170,568	94,489,570	95,660,138
Investments:			
Enterprise fund	-	57,129,444	57,129,444
Pension trust fund	156,848,020	-	156,848,020
	<u>\$ 158,018,588</u>	<u>\$ 151,619,014</u>	<u>\$ 309,637,602</u>

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(Continued)

(2) Cash and Investments (Continued)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<u>December 31, 1997</u>			
Cash:			
Enterprise fund	\$ 824,171	235,609	1,059,780
Pension trust fund	183,266	-	183,266
	<u>1,007,437</u>	<u>235,609</u>	<u>1,243,046</u>
Certificates of deposit	-	90,998,781	90,998,781
Total carrying amount of deposits	1,007,437	92,007,200	92,007,200
Deferred compensation – mutual fund	-	1,008,419	1,008,419
Investments:			
Enterprise fund	-	23,442,256	23,442,256
Pension trust fund	142,914,927	-	142,914,927
	<u>\$ 143,922,264</u>	<u>115,685,015</u>	<u>259,607,379</u>

The composition of investments is as follows:

	<u>1998 Carrying Value</u>	<u>1997 Carrying Value</u>	<u>Category</u>
Enterprise Fund:			
U.S. Government Securities and Instrumentalities	\$ -	1,018,561	1
U.S. Government Securities and Instrumentalities	56,879,444	22,423,695	2
Repurchase Agreements	250,000	-	3
Deferred Compensation Mutual Fund	-	1,008,419	-
	<u>\$ 57,129,444</u>	<u>24,450,675</u>	
Pension Trust Fund:			
Money Market	5,642,033	4,317,091	-
Corporate Bonds	30,002,149	25,787,655	2
U.S. Government Agency	22,583,998	21,732,747	2
U.S. Government Securities	4,958,047	2,821,956	2
U.S. Government Insured	7,509,117	9,974,186	2
Equities	86,152,676	78,281,292	2
	<u>\$ 156,848,020</u>	<u>\$ 142,914,927</u>	

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(Continued)

(2) Cash and Investments (Continued)

Cash and Certificates of Deposit - At December 31, 1998, the bank balances of the Board's cash totaled \$3,521,141 and certificates of deposit totalled \$94,226,790. Of the cash bank balance, \$272,003 is covered by its federal depository insurance. At December 31, 1997, the bank balances of the Board's cash totalled \$3,072,818 and certificates of deposit totalled \$90,998,781. Of the cash bank balance, \$332,394 is covered by its federal depository insurance. The remaining amount of the Board's cash bank balances and all certificates of deposit for 1998 and 1997 were entirely covered by collateral held by custodial agents of the financial institutions in the name of the Board.

Investments - Statutes authorize the Board to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances and repurchase agreements. In addition, the pension trust fund is authorized to invest in corporate bonds rated A or better by Standard & Poor's Corporation or AAA or better by Moody's Investors Service, and equity securities.

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

(3) Defined Benefit Pension Plan

The Board has a single employer contributory retirement plan (Employees' Retirement System of the Sewerage and Water Board) covering all full-time and certain part-time employees, the Pension Trust Fund (PTF). The Board's payroll for current employees covered by the PTF for the years ended December 31, 1998 and 1997 was \$31,544,198 and \$32,772,094, respectively; such amounts exclude overtime and standby payroll. Total payroll, including overtime and standby payroll, was \$38,384,730 and \$40,181,752 for the years ended December 31, 1998 and 1997, respectively. At December 31, the PTF membership consisted of:

	<u>1998</u>	<u>1997</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	555	566
Current employees:		
Vested	848	860
Nonvested	633	715
	<u>1,481</u>	<u>1,575</u>
Total	<u>2,036</u>	<u>2,141</u>

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(Continued)

(3) Defined Benefit Pension Plan (Continued)

The benefit provisions were established by action of the Board of 1956 in accordance with Louisiana statutes. The Board retains exclusive control over the plan through the Pension Committee of the PTF. Effective January 1, 1996, the plan became qualified under Internal Revenue Code Section 401(a) and thus is tax exempt.

The plan provides for retirement benefits as well as death and disability benefits. All benefits vest after ten years of service. Employees who retire at or after age sixty-two with ten years of credited service are entitled to an annual retirement benefit, payable biweekly for life, in an amount equal to two percent of their average compensation for each year of credited service up to ten years, increasing by (1) one-half percent per year for service years over ten years, (2) an additional one-half percent per year for service years over twenty years and (3) an additional one percent per year for service years over thirty years, for a maximum of four percent for each year of credited service. Average compensation is the average annual earned compensation less \$1,200 for the period of thirty-six successive months of service during which the employee's compensation was the highest. Employees with thirty years or more of credited service may retire without a reduction in benefits. Employees may retire prior to age sixty-two without thirty years of service with a reduction of three percent for each year of age below the age of sixty-two. If an employee leaves covered employment or dies before three years of credited service, the accumulated employee contributions plus related investment earnings are refunded to the employee or designated beneficiary.

The retirement allowance for retirees over age sixty-two is subject to a cost of living adjustment each January 1, provided that the member retired on or after January 1, 1984. The adjustment is based on the increase in the Consumer Price Index for all urban wage earners published by the U.S. Department of Labor, but is limited to an annual maximum of two percent on the first \$10,000 of initial retirement benefits. Effective September 23, 1993, employees may transfer credit between the Board's plan and the City of New Orleans retirement system with full credit for vested service.

The Board and its employees are obligated under plan provisions to make all required contributions to the plan. The required contributions are actuarially determined and include current service costs and amortization of the unfunded actuarial liability over 6 years using the level percentage of payroll method. Level percentage of payroll employer contribution rates are determined using the entry age normal actuarial funding method. Employees are required to contribute four percent of their regular salaries or wages in excess of \$1,200 annually.

The annual required contribution for the current year was determined as part of the December 31, 1998 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.0% investment rate of return (net of administrative expenses) and (b) projected salary increases of 5.0% per year. Both (a) and (b) included an inflation component of 2.0%. The actuarial value of assets was determined using a seven-year weighted market average. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 1998 was 6 years.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(Continued)

(3) Defined Benefit Pension Plan (Continued)

The enterprise fund's net pension asset for the years ended December 31 were as follows:

	<u>1998</u>	<u>1997</u>
Annual required contribution	\$ 4,696,092	5,701,361
Interest on net pension obligation	(34,623)	(54,430)
Adjustment to annual required contribution	116,926	158,125
Annual pension cost	4,776,395	5,805,056
Contributions made	5,315,197	5,522,097
Increase (decrease) in net pension asset	538,802	(282,959)
Net pension asset at beginning of year	494,611	777,570
Net pension asset at end of year	\$ <u>1,033,413</u>	<u>494,611</u>

Trend information is as follows:

	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
Fiscal year ending:			
December 31, 1998	\$ 4,776,395	111%	\$ 1,033,413
December 31, 1997	\$ 5,805,056	95%	\$ 494,611
December 31, 1996	\$ 4,914,655	115%	\$ 777,570

The actuarially determined contribution requirement for the Board is 16.85 percent and for employees is 4.0 percent. The actual Board's and employee's contributions (including contributions for transferred employees from other pension plans) for years ended December 31 are as follows:

	<u>1998</u>	<u>1997</u>
Employer	\$ 5,315,197	5,522,097
Employee	1,149,225	1,382,921
Total contributions	\$ <u>6,464,422</u>	<u>6,905,018</u>

DROP

Beginning in 1996, the Board offered employees a "Deferred Retirement Option Plan" (DROP), an optional retirement program which allows an employee to elect to freeze his or her retirement benefits, but continue to work and draw a salary for a minimum period of one year to a maximum period of three years. While continuing employment, the retirement benefits are segregated from overall plan assets available to other participants. As of December 31, 1998 and 1997, 33 and 20 employees, respectively, participated in the plan. The amount of plan assets for these individuals was \$1,145,539 and \$579,636 as of December 31, 1998 and 1997, respectively.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(Continued)(4) Property, Plant and Equipment

Property, plant and equipment consisted of the following:

	<u>1998</u>	<u>1997</u>	<u>Useful Lives</u>
<u>Water Department</u>			
Property, plant and equipment in service:			
Real estate rights	\$ 2,898,138	2,898,138	-
Power and pumping stations:			
Buildings	44,398,682	43,809,849	57 years
Machinery	88,841,243	88,048,989	40 years
Distribution systems	100,289,922	98,273,670	75 years
Connections and meters	23,114,372	23,114,372	50 years
Fuel oil tanks	138,373	138,373	50 years
Power transmission	7,211,840	6,899,510	50 years
General plant items	60,084,207	55,554,499	12 years
Buildings	<u>3,094,263</u>	<u>3,094,263</u>	25 years
Total property, plant and equipment in service	330,071,040	321,831,663	
Add: property, plant and equipment in progress	<u>45,664,645</u>	<u>37,773,996</u>	
Total property, plant and equipment	375,735,685	359,605,659	
Less: accumulated depreciation	<u>142,861,880</u>	<u>133,145,466</u>	
Net property, plant and equipment - water department	<u>232,873,805</u>	<u>226,460,193</u>	

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(Continued)

(4) Property, Plant and Equipment (Continued)

	<u>1998</u>	<u>1997</u>	<u>Useful Lives</u>
<u>Sewerage Department</u>			
Property, plant and equipment in service:			
Real estate rights	\$ 878,916	878,916	-
Power and pumping stations:			
Buildings	19,991,745	19,971,122	57 Years
Machinery	21,323,152	20,782,554	40 Years
Sewer	105,010,551	100,616,361	75 Years
House connections	10,918,450	10,918,450	50 Years
Power transmission	4,529,913	4,529,913	50 Years
Treatment plants	91,511,921	85,803,948	50 Years
General plant items	40,350,303	39,419,265	12 Years
Buildings	1,336,971	1,336,971	25 Years
Total property, plant and equipment in service	295,851,922	284,257,500	
Add: property, plant and equipment in progress	83,645,988	73,031,765	
Total property, plant and equipment	379,497,910	357,289,265	
Less: accumulated depreciation	110,341,117	102,929,839	
Net property, plant and equipment - sewerage department	269,156,793	254,359,426	

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(Continued)(4) Property, Plant and Equipment (Continued)

	<u>1998</u>	<u>1997</u>	<u>Useful Lives</u>
<u>Drainage Department</u>			
Property, plant and equipment in service:			
Real estate rights	\$ 3,582,588	3,582,588	-
Power and pumping stations:			
Buildings	93,107,832	93,103,178	57 Years
Machinery	88,807,805	88,763,829	40 Years
Canals	187,718,479	186,451,648	100 Years
Sub-surface drain	8,574,174	8,574,174	75 Years
Power transmission	10,915,658	10,911,942	50 Years
General plant items	33,787,625	33,476,680	12 Years
Buildings	2,584,271	2,584,271	25 Years
Total property, plant and equipment in service	429,078,432	427,448,310	
Add: property, plant and equipment in progress	41,322,965	33,810,144	
Total property, plant and equipment	470,401,397	461,258,454	
Less: accumulated depreciation	108,161,824	99,454,429	
Net property, plant and equipment - drainage department	362,239,573	361,804,025	
<u>All Departments</u>			
Total property, plant and equipment	1,225,634,992	1,178,153,378	
Less: accumulated depreciation	361,364,821	335,529,734	
Net property, plant and equipment - All departments	\$ 864,270,171	842,623,644	

Interest capitalized in 1998 and 1997 is immaterial to the total in property, plant and equipment.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(Continued)

(5) Customer Receivables

Customer receivables at December 31, 1998 and 1997 consist of the following:

		<u>Customer Accounts</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net</u>
1998	Water	\$ 7,759,475	\$ 2,180,206	\$ 5,579,269
	Sewer	4,233,610	1,069,802	3,163,808
		<u>\$ 11,993,085</u>	<u>\$ 3,250,008</u>	<u>\$ 8,743,077</u>
1997	Water	\$ 7,592,284	\$ 2,324,574	\$ 5,267,710
	Sewer	4,035,009	1,147,383	2,887,626
		<u>\$ 11,627,293</u>	<u>\$ 3,471,957</u>	<u>\$ 8,155,336</u>

(6) Due from the City of New Orleans

In accordance with the terms of an agreement in principle with the City of New Orleans, the Board and the City agreed to offset \$2,098,687 (net of unearned discount \$285,696) owed by the City to the Board at the rate of \$200,000 annually in lieu of civil service charges through 2009. As of December 31, 1998 \$1,375,519 was due from the City of New Orleans.

(7) Contributed Capital

The following is a summary of changes in contributed capital by source:

	<u>Balance January 1, 1998</u>	<u>Additions</u>	<u>Balance December 31, 1998</u>
Municipality	\$ 8,868,396	-	8,868,396
Developers and others	66,037,158	623,150	66,660,308
Federal and State	57,756,374	4,047,495	61,803,869
	<u>\$ 132,661,928</u>	<u>4,670,645</u>	<u>137,332,573</u>

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(Continued)

(7) Contributed Capital (Continued)

	<u>Balance January 1, 1997</u>	<u>Additions</u>	<u>Balance December 31, 1997</u>
Municipality	\$ 8,868,396	-	8,868,396
Developers and others	65,698,603	338,555	66,037,158
Federal and State	56,226,539	1,529,835	57,756,374
	<u>\$ 130,793,538</u>	<u>1,868,390</u>	<u>132,661,928</u>

(8) Bonds Payable

Bonds payable consisted of the following as of December 31:

<u>Descriptions</u>	<u>Principal Balances</u>	
	<u>1998</u>	<u>1997</u>
7.00% water revenue bonds, series 1986 due in annual principal installments ranging from \$435,000 to \$2,055,000; final payment due December 1, 2003	\$ 5,355,000	7,115,000
7.00% drainage system bonds, series 1986 B, due in annual principal installments ranging from \$3,360,000 to \$3,600,000; final payment December 1, 1998	-	3,600,000
4.30% to 6.25% sewerage revenue bond, series 1997, due in annual principal installments ranging from \$855,000 to \$2,425,000; final payment due June 1, 2017	29,200,000	30,000,000
5.00% to 5.15% drainage system bonds, series 1994, due in annual principal installments ranging from \$935,000 to \$1,140,000; final payment due November 1, 2003	5,170,000	6,065,000
5.00% water revenue bonds, series 1998, due in annual principal installments ranging from \$240,000 to \$1,220,000; final payment due December 1, 2018	16,000,000	-

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(Continued)

(8) Bonds Payable (Continued)

<u>Descriptions</u>	<u>Principal Balances</u>	
	<u>1998</u>	<u>1997</u>
5.00% sewer revenue bonds, series 1998, due in annual principal installments ranging from \$375,000 to \$1,910,000; final payment due December 1, 2018	\$ 25,000,000	-
5.00% drainage system bonds, series 1998, due in annual principal installments ranging from \$300,000 to \$760,000; final payment due December 1, 2018	10,000,000	-
	90,725,000	46,780,000
Less current maturities	4,605,000	7,055,000
	<u>\$ 86,120,000</u>	<u>39,725,000</u>

The annual requirements to amortize all bonds payable as of December 31, 1998 including interest payments of \$48,432,622 are as follows:

<u>Year</u>	<u>Revenue Bonds</u>	<u>Tax Bonds</u>	<u>Total</u>
1999	\$ 7,300,409	1,994,820	9,295,229
2000	8,041,122	1,994,770	10,035,892
2001	6,274,282	1,996,250	8,270,532
2002	6,264,316	1,988,546	8,252,862
2003	6,248,279	1,986,812	8,235,091
2004-2008	28,410,052	3,911,480	32,321,532
2009-2013	28,637,792	3,969,842	32,607,634
2014-2018	26,163,564	3,975,286	30,138,850
Total	<u>\$ 117,339,816</u>	<u>21,817,806</u>	<u>139,157,622</u>

The indentures under which these bonds were issued provide for the establishment of restricted funds for debt service as follows:

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(Continued)

1. Debt service funds are required for the payment of interest and principal on the revenue and tax bonds. Monthly deposits on revenue bonds are required to be made into this fund from operations in an amount equal to 1/6 of the interest falling due on the next interest payment date, and an amount equal to 1/12 of the principal falling due on the next principal payment date. All debt service funds are administered by the Board of Liquidation. The required amount to be accumulated in this fund was \$611,086 and \$387,717 at December 31, 1998 and 1997, respectively; the accumulated balance at December 31, 1998 and 1997 was \$1,603,606 and \$1,018,313, respectively.
2. A debt service reserve is required for an amount equal to but not less than fifty percent of the amount required to be credited in said month to the debt service fund until there shall be accumulated in the debt service reserve account the largest amount required in any future calendar year to pay the principal and interest on outstanding bonds, except for the water, sewer and 1986 drainage 9 mill tax bonds. The water, sewer and 1986 drainage 9 mill tax bonds require an amount equal to the largest amount required in any future calendar year to pay the principal of and interest on outstanding bonds. There is no debt service reserve required for the 1994 drainage 6 mill and 1998 drainage 9 mill tax bonds. The required amount to be accumulated in this fund was \$8,028,490 and \$9,338,975 at December 31, 1998 and 1997, respectively; the accumulated balance at December 31, 1998 and 1997 was \$8,064,911 and \$9,575,100, respectively.

The net operating revenues of the Water Department and the Sewerage Department of the Board for the year ended December 31, 1998 were adequate to meet the bond indenture required debt service coverage of 130 percent. The Board is in compliance with the requirements of its long-term debt agreements at December 31, 1998.

The statutory limit of tax bonds at December 31, 1998, is \$86,000,000 providing a debt margin for tax bonds of \$70,830,000.

(9) Bond Refinancing

In August 1986, the Board defeased water and sewer bonds. The amount of defeased revenue bonds remaining outstanding as of December 31, 1998 and 1997, was \$5,190,000 and \$6,930,000, respectively.

(10) Due to City of New Orleans

The Board bills and collects sanitation charges on behalf of the City of New Orleans (City). The Board is not liable for any uncollected sanitation charges. The amount due the City for sanitation fees collected was \$211,352 and \$254,409 at December 31, 1998 and 1997, respectively.

(11) Property Taxes

Property taxes are levied by the City of New Orleans. Taxes on real and personal property attach as an enforceable lien on the property as of January 1. Taxes are levied on January 1, are payable on January 1, and are delinquent on February 1.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(Continued)

(11) Property Taxes (Continued)

The assessed value of the property is determined by an elected Board of Assessors. The assessed value for 1999 was \$1,796,457,432. The combined tax rate dedicated for the Board for the years ended December 31, 1998 and 1997 was \$22.59 per \$1,000 of assessed valuation. These dedicated funds are available for operations, maintenance, construction and extension of the drainage system (except for subsurface systems).

(12) Commitments

a. Capital Improvements

At December 31, 1998, the Board's budget for its five year capital improvements program totalled \$621,910,000 including \$204,498,000 for water, \$187,598,000 for sewerage and \$229,814,000 for drainage. Due to certain regulatory and legislative changes, additional capital improvements will probably be required. Future capital improvement program expenditures may require the issuance of additional debt depending on the amount and timing of expenditures. As of December 31, 1998, the Board has committed or appropriated \$59,155,828 in investments for use in future capital projects and has \$67,408,922 of bond proceeds remaining for construction. The capital project investments are included in restricted assets.

The capital improvements budget for 1999 is \$92,172,000.

Significant projects included in property, plant and equipment in progress as of December 31, 1998 include the following:

Filter Improvements at the Carrollton Water Treatment Plant
City-wide Sewer Rehabilitation Programs
Drainage Pumping Station #1

b. Self-insurance

The Board is self-insured for general liability, worker's compensation, unemployment compensation and hospitalization benefits and claims. Settled claims have not exceeded excess coverage in any of the past three fiscal years. Hospitalization benefits and unemployment compensation are charged to payroll related expense.

General liability claims are segregated internally by "claims" and "suits" depending on the scope and type of claim, and are handled by the Office of the Special Counsel and Administrative Services. Individual general liability losses have ranged from \$15 to \$1,000,000, illustrating the volatility of this exposure. The provision for claims expense for 1998 and 1997 amounted to \$2,102,500 and \$3,600,911, respectively.

Worker's compensation expense provision for 1998 and 1997 amounted to \$710,803 and (\$512,325), respectively.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(Continued)(12) Commitments (Continued)

The Board is responsible under state statute for all unemployment compensation claims by former employees. The Board's expense provision for unemployment amounted to \$18,874 in 1998 and \$7,246 in 1997 and is included in payroll related expense. The expense provision for unemployment is recognized when incurred.

The hospitalization self-insurance benefits are administered by Blue Cross of Louisiana. The Board's expense provision in excess of the employee contributions for 1998 and 1997 amounted approximately \$6,100,000 and \$5,800,000 respectively, and is included in payroll related expense.

Changes in the claims payable amount is as follows:

<u>Fiscal Year</u>	<u>Beginning of Year</u>	<u>Current Year Claims and Estimate Change</u>	<u>Contract Adjustments</u>	<u>Claim Payments</u>	<u>End of Year</u>
	\$				
1997	14,835,262	8,986,663	600,000	4,356,528	20,065,397
1998	\$ 20,065,397	7,295,767	-	4,386,489	22,974,675

The composition of claims payable is as follows:

<u>Short Term Claims Liability</u>						
<u>Fiscal Year</u>	<u>Workers' Compensation</u>	<u>Health Incurred But Not Reported</u>	<u>General Liability</u>	<u>Total Short Term Claims</u>	<u>Long-Term Workers Compensation</u>	<u>Total Claims Liability</u>
1997	\$ 317,495	1,029,780	13,694,508	15,041,783	5,023,614	20,065,397
1998	\$ 308,646	1,125,213	15,797,550	17,231,409	5,743,266	22,974,675

In addition to providing pension benefits, the Board provides certain health care benefits for retired employees in accordance with its pension plan provisions. All of the Board's employees may become eligible for those benefits if they reach normal retirement age while working for the Board. The cost of retiree health care is recognized when incurred including an estimate for the amount incurred but not yet reported. For 1998 and 1997, the costs incurred by the Board for those benefits were approximately \$1,400,000 and \$1,420,000, respectively. The number of participants currently eligible to receive post-employment health care benefits is 606 and 614 as of December 31, 1998 and 1997, respectively.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(Continued)

(12) Commitments (Continued)

c. Regulatory Matters

The Board, as well as other utilities, is subject to environmental standards imposed by federal, state and local environmental laws and regulations. The Board has entered into a consent decree with the United States which allows the Board to go forward with its major program to repair and rehabilitate the sewerage system while drawing on a \$100 million commitment from the United States. The Board expended \$6,130,062 of the commitment at December 31, 1998. The overall costs of the program is estimated at \$200 million over a period ending in 2007. In addition to this program, the Board will pay fines of \$1.5 million, of which \$500,000 has been paid at December 31, 1998, and will provide a supplemental environment project of \$2.0 million to improve water quality. These costs are included in claims payable on the Enterprise Fund balance sheet. The Board is also participating in Federal financial award programs which are subject to financial and compliance audits by various agencies. No disallowed costs have been identified. As part of Federal and other governmental agency funding; the Board is required to match a portion of funding received. The Board does not foresee any problems in its matching requirements.

(13) Deferred Compensation Plan

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

All amounts of compensation deferred under the plan, all property, and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Board without being restricted to the provisions of benefits under the plan), subject only to the claims of the Board's general creditors. The Board's responsibility includes overseeing the use of the plan assets, which are recorded at a market value of \$1,008,419 as of December 31, 1997. The assets and corresponding participants' liability are recorded on the balance sheet in restricted assets and in long-term liabilities. Participants' rights under the plan are equal to those of general creditors of the Board in an amount equal to the fair market value of the deferred account for each participant. As explained in note 15, GASB 32 was implemented and the assets and liabilities related to this plan were removed from the financial statements in 1998. The assets of the plan totalled \$1,495,798 at December 31, 1998.

(14) Budgets

Operating and capital expenditure budgets are adopted by the Board on a basis consistent with generally accepted accounting principles. While not legally required, this budgetary information is employed as a management control device during the year. Comparison between actual and budgeted expenses is not a required presentation for an Enterprise Fund.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(Continued)

(15) Recent Accounting Pronouncements and Prior Period Adjustments

Implemented Pronouncements

In November 1994, GASB issued Statement No. 27, Accounting for Pensions by State and Local Governmental Employers which was effective for fiscal years beginning after June 30, 1997. The statement established standards for the measurement recognition and display of pension expenditures/expense and related liabilities, assets, note disclosures and required supplementary information in the financial statements of state and local governmental employers. This statement is effective retroactively to December 31, 1996. The impact of the implementation of this statement on the enterprise fund is as follows:

January 1, 1997 retained earnings, as previously reported		\$ 746,605,154
Prior period adjustment to reflect GASB 27 implementation		<u>777,570</u>
January 1, 1997, retained earnings, as restated		747,382,724
1997 revenue invested, as previously reported	\$ 1,868,868	
Prior period adjustment to reflect GASB 27 implementation	<u>(282,959)</u>	
1997 revenue invested, as restated		<u>1,585,909</u>
December 31, 1997, retained earnings as restated		\$ <u>748,968,633</u>

In October 1997, GASB issued Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, which is effective for periods beginning after December 31, 1998 or when plan assets are held in trust under the requirements of IRC Section 457, subsection (g), if sooner. This Statement addresses the changes in the Internal Revenue Code requiring all 457 plans to be held in trust as defined under the Code. As 457 plans are held in trust, the governmental entity will no longer reflect the assets and corresponding liability of these types of plans on its balance sheet. The implementation of this statement removed the deferred compensation restricted asset and the offsetting liability to participants from the balance sheet of the Enterprise Fund during 1998. The assets and corresponding liability for the deferred compensation plan are not recorded on the balance sheet of the Enterprise fund as of December 31, 1998.

REQUIRED SUPPLEMENTARY INFORMATION
(GASB STATEMENT NO. 25)
(GASB TECHNICAL BULLETIN NO. 99-1)

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SEWERAGE AND WATER BOARD

Required Supplementary Information Under GASB Statement No. 25

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	Unfunded AAL as a percentage of payroll
12/31/98	\$134,901,231	148,431,620	13,530,389	90.80%	31,544,198	42.90%
12/31/97	\$120,911,255	141,228,850	20,317,595	85.60%	32,772,094	62.00%
12/31/96	\$114,805,212	133,132,206	18,326,994	86.20%	33,718,695	54.40%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
12/31/98	\$4,696,092	\$5,315,197	113.20%
12/31/97	5,701,361	5,522,097	98.60%
12/31/96	4,913,488	5,681,600	115.60%
12/31/95	4,942,987	5,383,925	108.90%
12/31/94	4,916,005	5,085,002	103.40%
12/31/93	4,830,648	5,096,832	105.50%

See accompanying independent auditors' report.

SEWERAGE AND WATER BOARD

Required Supplementary Information Under
Governmental Accounting Standards Board (GASB) Technical Bulletin 99-1
Disclosures about Year 2000 Issues
(Unaudited)

The Sewerage and Water Board of New Orleans (the Board) is in compliance with the Governmental Accounting Standards Board (GASB) Technical Bulletin 98-1, (Disclosures about Year 2000 Issues) issued October 1998, and is in compliance with GASB Technical Bulletin 99-1, Amendment to Technical Bulletin 98-1, issued March 29, 1999, for financial statements dated after October 31, 1998. The following stages have been implemented or are in progress. The Board's Information Systems has established a budget project plan for dealing with the Year 2000 issue.

The Sewerage and Water Board has two general areas that are being addressed: business operations and service operations. In the business area, the Board has completed its assessment program for business systems and has been modifying and/or upgrading computer applications and equipment for the Year 2000. This effort covers both mainframe systems and LAN Systems. Modifications are expected to be fully tested and installed by the third quarter of 1999.

The business systems include: cashiering (tellers and remittance processors), customer account management (billing, collection, work orders), financial (including purchasing), human resources, mainframe operating systems and hardware, LAN Systems and server hardware, networked PCs and LAN based application software. Stand alone PCs and application software is being addressed on a department by department basis. Stand-alone PCs are not critical to normal business operations.

In the service area, the Board has had on-going assessment of the impact of Year 2000 on service operations, including water treatment, quality testing and distribution, sewage collection and treatment, drainage, and power generator distribution

It is the Board's opinion, at this time that process control systems and PC control systems will be minimally affected by the year 2000 and basic service operations will continue. However, the completed assessment will verify this effort. The Board will take the necessary action to ensure that basic service operations continue in the year 2000.

The Board is also assessing supply issues that are critical to service operations. The Sewerage and Water Board normally uses power, chemicals and supplies from third parties. Although the Board cannot ensure that all third parties will not have problems during the year 2000, we have made the necessary inquiries and have not been made aware of any known problems.

The Sewerage and Water Board has the capacity to generate power for many of our drainage pumps and some of our sewerage pumps, and water treatment plants. Other supply issues are being examined and additional stores may be purchased prior to year 2000 to ensure all critical items are on hand in case third party vendors are not able to supply or deliver materials.

See accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION

SEWERAGE AND WATER BOARD OF NEW ORLEANS
BALANCE SHEETS BY DEPARTMENT

ENTERPRISE FUND

December 31, 1998 and 1997

ASSETS	Water System		Sewerage System		Drainage System		Total	
	1998	1997	1998	1997	1998	1997	1998	1997
Property, plant and equipment less accumulated depreciation	\$375,735,685	\$359,605,659	\$379,497,910	\$357,289,265	\$470,401,397	\$461,258,454	\$1,225,634,992	\$1,178,153,378
Restricted assets:								
Capital projects	142,861,880	133,145,466	110,341,117	102,929,839	108,161,824	99,454,429	361,364,821	335,529,713
Construction funds	232,873,895	226,460,193	269,156,793	253,359,426	362,239,573	361,804,025	864,270,171	842,623,643
Debt service reserve	33,312,043	24,922,417	7,075,916	9,635,414	18,767,869	12,530,000	59,155,828	47,087,831
Customer deposits	2,018,728	220,209	42,354,872	28,441,216	23,035,122	13,463,411	67,408,922	42,124,836
Health insurance reserve	3,613,436	3,232,625	4,451,475	2,490,475	-	3,852,000	8,064,911	9,575,109
Deferred compensation	5,159,125	5,198,662	3,338,953	3,153,989	3,336,716	3,151,876	5,159,125	5,198,662
Debt service	3,338,953	3,153,989	1,072,187	641,971	22,134	-	1,693,606	1,008,419
Other	509,285	376,342	79,000	79,000	39,000	-	212,000	1,018,313
Total	94,000	94,000	58,372,403	11,347,065	45,201,031	33,036,237	151,619,014	115,685,015
Total	48,043,570	38,206,663	58,372,403	11,347,065	45,201,031	33,036,237	151,619,014	115,685,015
Current assets:								
Cash	533,840	564,706	556,790	278,316	51,452	(18,851)	1,142,082	\$824,177
Accounts receivable:								
Customers (net of allowance for doubtful accounts)	5,579,269	5,267,710	3,163,808	2,887,626	19,268	131,136	8,743,077	8,155,336
Taxes	322,662	476,319	175,405	206,716	441,053	581,967	19,268	131,136
Interest	201,892	198,129	944,763	642,992	-	-	939,120	1,265,002
Grants	96,000	96,000	367,864	502,990	609,184	76,703	944,763	642,992
Miscellaneous	(765,891)	176,516	70,000	70,000	34,900	34,000	1,178,940	1,464,822
Due from City of New Orleans, current	3,818,881	3,434,258	423,347	(750,611)	342,544	574,095	200,000	200,000
Due from (to) other internal departments	150,882	269,757	1,838,977	1,812,445	163,864	149,577	5,821,722	5,396,289
Inventories of supplies	9,937,535	10,483,395	7,658,307	5,767,359	67,059	128,753	335,294	515,395
Prepaid expenses	564,249	601,904	411,432	438,889	1,728,424	2,344,380	19,324,266	18,595,134
Total current assets	372,140	293,629	335,517	204,036	199,838	238,554	1,175,519	1,253,967
Due from City of New Orleans, less current portion	22,950	22,950	17,965	17,965	157,984	238,554	865,641	756,219
Other assets	506,372	242,359	310,024	148,383	217,017	103,869	51,315	51,315
Bond issue costs	901,462	558,938	663,506	370,384	385,401	352,823	1,950,369	1,282,145
Deposits	\$292,322,621	\$276,311,093	\$336,262,441	\$305,378,123	\$409,754,277	\$397,750,689	\$1,038,339,339	\$979,419,945
Pension Asset								

(Continued)

SEWERAGE AND WATER BOARD OF NEW ORLEANS

BALANCE SHEETS BY DEPARTMENT

ENTERPRISE FUND
(Continued)

	Water System		Sewerage System		Drainage System		Total	
	1998	1997	1998	1997	1998	1997	1998	1997
FUND EQUITY AND LIABILITIES								
Fund equity:								
Contributed capital	\$25,527,172	\$25,527,032	\$55,798,713	\$51,750,896	\$56,006,688	\$55,384,000	\$137,332,573	\$132,661,928
Retained earnings-revenue reinvested:								
Property, plant and equipment	184,095,011	190,333,289	196,903,298	196,596,661	307,617,881	304,357,439	688,616,190	691,237,389
Appropriated for capital projects	33,312,043	24,922,417	7,075,916	9,635,414	18,767,869	12,530,000	59,155,828	47,087,831
Reserve for bond debt service	4,122,721	3,608,967	5,523,662	3,132,446	22,134	3,852,000	9,668,517	10,593,413
Total retained earnings	221,529,775	218,864,673	209,502,876	209,364,521	326,407,884	320,739,439	757,440,535	748,968,633
Total fund equity	247,056,947	244,391,705	265,301,589	261,115,417	382,414,572	376,123,439	894,773,108	881,630,561
Long-term liabilities:								
Deferred compensation	-	1,008,419	-	-	-	-	-	1,008,419
Claims payable	1,914,422	1,674,538	1,914,422	1,674,538	1,914,422	1,674,538	5,743,266	5,023,614
Bonds payable (net of current maturities)	19,215,000	5,355,000	52,970,000	29,200,000	13,935,000	5,170,000	86,120,000	39,725,000
	21,129,422	8,037,957	54,884,422	30,874,538	15,849,422	6,844,538	91,863,266	45,757,033
Current liabilities (payable from current assets):								
Accounts payable	3,728,261	3,864,501	3,678,189	2,877,423	1,459,489	2,085,473	8,865,939	8,827,397
Due to City of New Orleans	211,352	254,409	-	-	-	-	211,352	254,409
Retainers and estimates payable	985,821	1,611,607	388,746	985,546	120,489	221,285	1,495,056	2,818,438
Due to other fund	65,428	76,897	44,959	50,647	28,143	33,947	138,530	163,491
Accrued salaries	497,421	622,037	289,493	360,828	214,747	262,253	1,001,661	1,245,118
Accrued vacation and sick pay	5,349,689	5,313,983	3,099,129	3,090,147	2,161,292	2,160,502	10,610,110	10,564,532
Claims payable	5,720,108	4,975,196	5,495,010	4,769,294	6,016,291	5,297,293	17,231,409	15,041,743
Other liabilities	181,677	162,635	37,491	153,643	24,522	14,218	243,690	330,516
	16,739,757	16,881,265	13,033,017	12,287,528	10,024,973	10,074,991	39,797,747	39,243,784
Current liabilities (payable from restricted assets):								
Accrued interest	97,370	41,504	232,883	132,880	85,135	72,093	415,388	246,477
Bonds payable	2,140,000	1,760,000	1,230,000	800,000	1,235,000	4,495,000	4,605,000	7,055,000
Retainers and estimates payable	-	-	1,580,530	167,760	145,175	140,628	1,725,705	308,398
Customer deposits	5,159,125	5,198,662	-	-	-	-	5,159,125	5,198,662
	7,396,495	7,000,166	3,043,413	1,100,640	1,465,310	4,707,721	11,905,218	12,808,527
Total current liabilities	24,136,252	23,881,431	\$16,076,430	\$13,388,168	11,490,283	14,782,712	51,702,965	52,052,311
Total liabilities	45,265,674	31,919,388	70,960,852	44,262,706	27,339,705	21,627,250	143,666,231	97,809,144
Total fund equity and liabilities	\$292,322,621	\$276,311,093	\$336,262,441	\$305,378,123	\$409,754,277	\$397,750,689	\$1,038,339,330	\$979,439,905

See accompanying independent auditors' report

SEWERAGE AND WATER BOARD OF NEW ORLEANS

REVENUES AND EXPENSES BY DEPARTMENT

ENTERPRISE FUND

For the years ended December 31, 1998 and 1997

Schedule 2

	Water System		Sewerage System		Drainage System		Total	
	1998	1997	1998	1997	1998	1997	1998	1997
Operating revenues								
Sales of water and delinquent fees	\$54,249,522	\$53,020,290	-	-	-	-	\$54,249,522	\$53,020,290
Sewerage service charges	-	-	\$39,391,398	\$38,682,820	-	-	39,391,398	38,682,820
Three-mail tax	-	-	-	-	\$9,100,244	\$8,560,805	9,100,244	8,560,805
Six-mail tax	-	-	-	-	9,214,065	8,667,999	9,214,065	8,667,999
Nine-mail tax	-	-	-	-	13,805,848	12,988,171	13,805,848	12,988,171
Plumbing inspection and license fees	122,055	114,222	122,055	114,222	-	-	244,110	228,444
Total revenues	\$4,371,577	\$3,134,512	39,513,453	38,797,042	32,120,157	30,216,975	126,005,187	122,148,529
Operating Expenses								
Power and pumping	7,758,591	7,431,490	2,421,505	2,273,007	6,805,930	6,863,908	16,986,026	16,568,405
Treatment	4,695,012	4,973,382	7,034,987	7,321,923	-	-	11,729,999	12,295,305
Transmission and distribution	8,339,083	9,958,015	5,083,392	6,007,119	3,184,779	3,774,828	16,607,254	19,739,952
Customer accounts	1,327,480	1,342,074	1,327,475	1,342,074	-	-	2,654,955	2,684,148
Customer service	1,370,385	1,372,579	1,370,380	1,372,579	-	-	2,740,765	2,745,158
Administration and general payroll related	5,942,076	6,441,227	4,474,234	4,768,080	2,390,157	2,467,465	12,806,467	13,676,772
Maintenance of general plant	7,387,860	8,066,963	4,484,435	4,642,155	3,158,327	3,416,368	15,030,622	16,125,486
Depreciation	5,200,872	5,345,499	2,769,188	2,721,849	1,870,837	1,870,972	9,840,897	9,938,320
Amortization	9,977,971	9,549,508	7,760,726	7,494,255	8,892,943	8,853,428	26,631,640	25,897,191
Provision for doubtful accounts	50,164	49,628	16,842	6,130	150,215	105,384	217,221	161,142
Provision for claims	539,097	644,758	296,420	350,677	1,660	-	837,177	995,435
	2,233,266	3,075,853	2,733,261	2,045,365	2,233,266	2,032,798	7,199,793	7,154,916
Total operating expenses	54,821,857	58,250,976	39,772,845	40,345,213	28,688,114	29,385,151	123,282,816	127,981,340
Net operating revenue (loss)	(450,280)	(5,116,464)	(259,392)	(1,548,171)	3,432,043	831,824	2,722,371	(5,832,811)
Non-operating revenues (expense)								
Two-mail tax	-	-	-	-	20,017	17,366	20,017	17,366
Interest income	2,029,131	2,357,653	1,501,991	3,120,002	2,346,738	2,471,749	5,877,860	7,949,404
Other revenue	1,676,187	1,375,280	570,310	276,985	463,381	399,581	2,709,878	2,051,846
Interest expense	(589,936)	(647,879)	(1,674,554)	(952,301)	(593,734)	(999,716)	(2,858,224)	(2,599,896)
Total non-operating revenue (expense)	3,115,382	3,085,054	397,747	2,444,685	2,236,402	1,888,980	5,749,531	7,418,720
Revenue returned (loss)	2,665,102	(2,031,410)	138,355	896,515	5,668,445	2,720,804	8,471,902	1,585,900
Retained earnings, beginning of year as restated	218,864,673	220,896,083	209,364,521	208,468,006	320,739,439	318,018,635	748,968,631	747,382,724
Retained earnings, end of year	\$221,529,775	\$218,864,673	\$209,502,876	\$209,364,521	\$326,407,884	\$320,739,439	\$757,440,535	\$748,968,631

See accompanying independent auditors' report

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Schedule of Bonds Payable

Schedule 3

December 31, 1998

	Average Interest Rates	Interest Payment Dates	Issue Date	Final Maturity Date	Current Payment Due in 1999	Authorized	Issued	Cumulative Payments	Outstanding December 31, 1998
Drainage System Refunding Bonds, Series 1994 (6-mills)	5.07%	11/1	04/01/94	11/01/03	\$935,000	\$9,410,000	\$9,410,000	\$4,240,000	\$5,170,000
Drainage System Bonds, Series B, 1998	5.05%	(6/1;12/1)	12/01/18	12/01/18	300,000 1,235,000	10,000,000 19,410,000	10,000,000 19,410,000	- 4,240,000	10,000,000 15,170,000
Sewer Revenue Bonds, 1997	4.30 to 6.25%	(6/1;12/1)	08/01/86	06/01/17	855,000	30,000,000	30,000,000	800,000	29,200,000
Sewer Revenue Bonds, 1998	5.05%	(6/1;12/1)	12/01/18	12/01/18	375,000 1,230,000	25,000,000 55,000,000	25,000,000 55,000,000	- 800,000	25,000,000 54,200,000
Water Revenue Bonds, 1986	6.50%	(6/1;12/1)	08/01/86	12/01/03	19,000,000	31,350,000	31,350,000	25,995,000	5,355,000
Water Revenue Bonds, 1998	5.05%	(6/1;12/1)	12/01/18	12/01/18	240,000 2,140,000	16,000,000 47,350,000	16,000,000 47,350,000	- 25,995,000	16,000,000 21,355,000
					\$4,605,000	\$121,760,000	\$121,760,000	\$31,035,000	\$90,725,000

See accompanying independent auditors' report.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

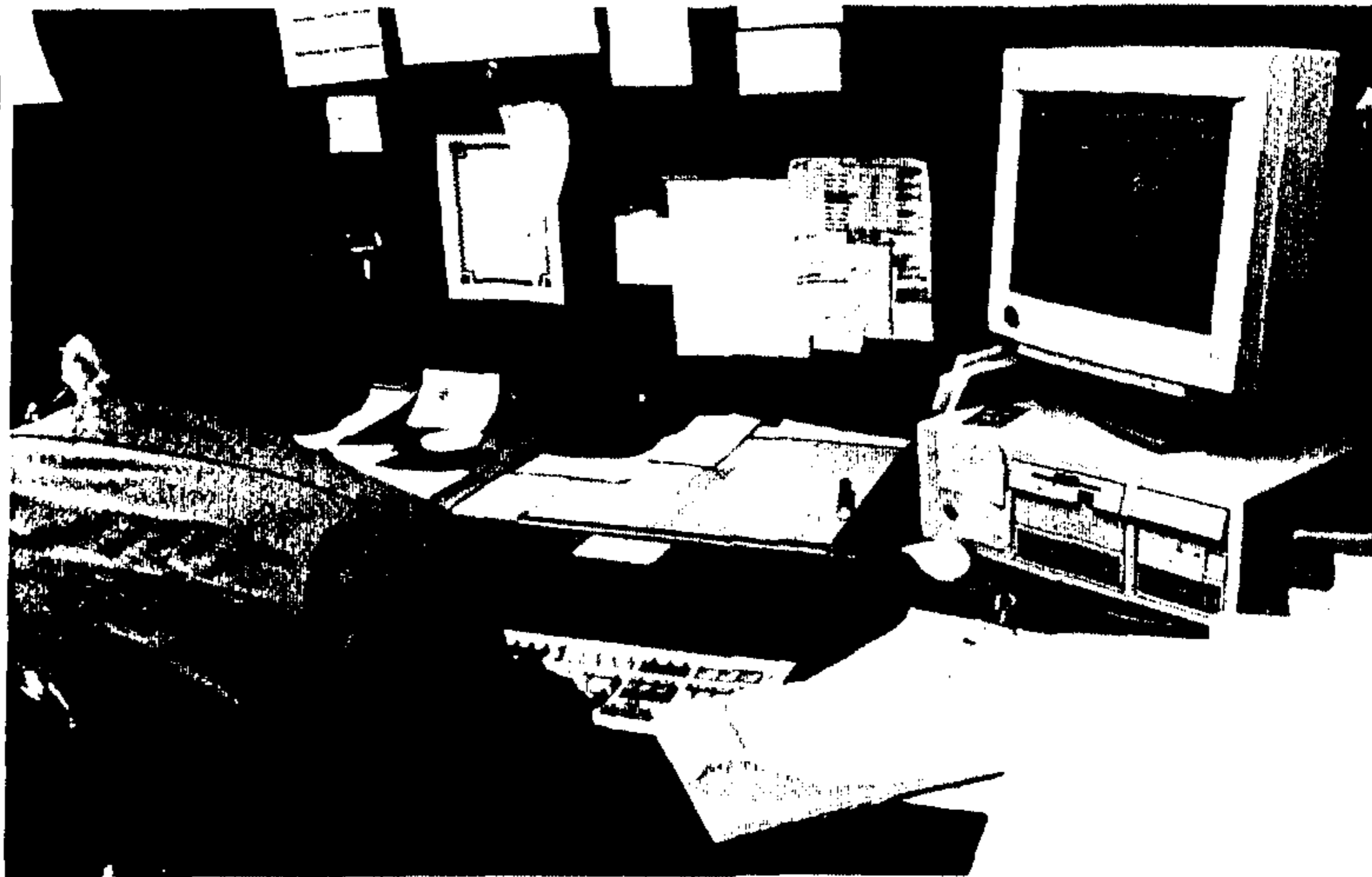
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
DEBT SERVICE AND DEBT SERVICE RESERVE
REQUIRED BY BOND RESOLUTION

For the year ended December 31, 1998

Schedule 4

	Debt Service Account			Debt Service Reserve Accounts		
	Water Revenue Bonds	Sewer Revenue Bonds	Drainage Tax Bond Total	Water Revenue Bonds	Sewer Revenue Bonds	Drainage Tax Bond Total
Cash and investments at beginning of year	\$376,342	\$641,971	\$ -	\$3,232,625	\$2,490,475	\$3,852,000
Cash receipts:						
Interest received	36,020	55,113	22,134	338,597	273,816	-
Bond proceeds	2,354,973	2,749,603	5,053,558	380,811	1,961,000	-
Transfers from operating cash and debt service reserve			10,158,134	-	-	107,107
Total cash and investments	2,767,335	3,446,687	5,075,692	3,952,033	4,725,291	3,959,107
Cash disbursements:						
Principal and interest payments	2,258,050	2,374,500	5,053,558	-	-	3,852,000
Returned to operating cash				338,597	273,816	107,107
Total cash disbursements	2,258,050	2,374,500	5,053,558	338,597	273,816	3,959,107
Cash and investments at end of year	\$509,285	\$1,072,187	\$22,134	\$3,613,436	\$4,451,475	\$ -
						\$5
						\$8,064,911

See accompanying independent auditors' report.



S&WB employees are on duty around the clock to receive customer calls about breaks in water, sewerage and drainage lines and connections or leaking fire hydrants. Crews are dispatched from a central emergency center to job sites. Some 50,000 work orders are issued each year.

A break in a large sewer force main, like the one here, requires immediate attention from a crew of specialists from the Networks Department. Emergency operators, dispatchers and field crews are on duty 24 hours a day, seven days a week to respond to a variety of situations which require a quick response.



STATISTICAL SECTION UNAUDITED



SEWERAGE AND WATER BOARD OF NEW ORLEANS
REVENUE AND EXPENSES BY SOURCE
ENTERPRISE FUND
Last Ten Years
(Unaudited)

Revenues	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Charges for service	\$ 87,042,735	\$ 94,780,995	\$ 93,227,722	\$ 93,934,210	\$ 93,371,441	\$ 93,835,767	\$ 93,746,543	\$ 93,288,660	\$ 91,931,554	\$ 93,640,920
Dedicated taxes	27,184,194	29,469,609	27,489,074	30,254,790	27,857,245	28,163,565	28,144,310	28,939,562	30,216,975	32,120,157
Two-mill tax	5,121,940	5,540,387	5,199,113	687,991	132,228	86,103	94,551	17,676	17,366	20,017
Interest on investments	16,320,754	15,945,376	13,766,140	8,192,932	5,554,696	5,556,027	7,813,226	6,729,494	7,949,404	5,877,860
Other revenue	1,330,158	2,316,190	3,045,778	3,243,488	2,184,581	1,911,706	2,091,070	1,939,732	2,051,846	2,709,878
	<u>\$136,999,781</u>	<u>\$148,052,557</u>	<u>\$142,727,827</u>	<u>\$136,313,411</u>	<u>\$129,109,201</u>	<u>\$129,553,168</u>	<u>\$131,889,700</u>	<u>\$130,909,034</u>	<u>\$132,167,145</u>	<u>\$134,268,832</u>
Expenses	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Personal services*	\$ 36,013,845	\$ 37,957,188	\$ 42,178,039	\$ 46,570,285	\$ 44,876,241	\$ 46,636,948	\$ 45,053,530	\$ 47,873,886	\$ 51,540,719	\$ 48,316,625
Services and utilities	19,271,957	20,439,703	20,854,179	24,718,956	27,825,642	28,627,619	29,956,993	32,732,388	32,518,005	31,368,417
Materials and supplies	8,068,369	7,724,138	6,145,073	7,463,804	7,458,111	8,215,530	8,301,990	9,423,809	9,714,832	8,711,943
Special current charges	1,964,592	1,958,348	1,888,187	-	-	-	-	-	-	-
Miscellaneous	32,701	84,899	211,620	204,424	353,098	389,525	-	-	-	-
Depreciation and amortization	14,016,067	15,328,139	16,396,620	17,364,338	19,299,433	22,661,580	23,651,539	25,098,374	26,048,333	26,849,861
Provision for doubtful accounts	2,115,942	1,707,787	1,033,958	1,160,658	1,275,290	1,654,355	1,024,383	1,185,345	995,435	932,177
Provision for claims	3,459,977	1,227,653	3,220,460	280,539	1,572,098	2,738,881	3,862,241	5,265,081	7,154,016	7,199,793
Interest	9,602,582	8,933,606	8,511,247	6,941,579	5,997,197	3,691,800	2,834,930	2,244,315	2,599,896	2,858,224
	<u>\$ 94,546,032</u>	<u>\$ 95,361,461</u>	<u>\$100,439,383</u>	<u>\$104,704,583</u>	<u>\$108,657,110</u>	<u>\$114,616,238</u>	<u>\$114,685,516</u>	<u>\$123,823,199</u>	<u>\$130,581,236</u>	<u>\$126,141,040</u>

*1989 to 1997 restated for the adoption of GASB 27.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

CAPITAL EXPENDITURES BY DEPARTMENT

ENTERPRISE FUND

Last Ten Fiscal Years
(Unaudited)

<u>Year</u>	<u>Water</u>	<u>Sewer</u>	<u>Drainage</u>	<u>Total</u>
1989	\$11,285,896	\$13,854,954	\$30,055,055	\$55,195,905
1990	12,792,868	11,832,897	30,494,995	55,120,760
1991	16,478,203	8,415,217	20,144,054	45,037,474
1992	23,167,589	13,633,435	33,702,030	70,503,054
1993	20,628,162	11,614,008	17,177,080	49,419,250
1994	9,943,739	11,213,412	10,342,235	31,499,386
1995	11,783,818	14,238,109	9,014,933	35,036,860
1996	16,800,825	13,987,572	6,891,995	37,680,392
1997	17,123,523	20,385,974	10,339,467	47,848,964
1998	16,150,082	22,236,831	9,162,998	47,549,911

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Property Tax
Levies and Collections by the City of New Orleans

Last Ten Fiscal Years
(Unaudited - Amounts in Thousands)

Fiscal Year	Total Levied	Collected Through December 31, 1997 (1)		Balance Outstanding at December 31, 1997 (1)		Collected during 1997(1) Amount
		Amount	Percent	Amount	Percent	
1988	\$126,535	\$125,425	99.12	\$1,110	0.88	\$67
1989	148,683	147,079	98.92	1,604	1.08	125
1990	144,620	142,655	98.64	1,965	1.36	153
1991	158,047	155,666	98.49	2,381	1.51	211
1992	153,070	150,520	98.33	2,550	1.67	206
1993	149,627	146,912	98.19	2,715	1.81	407
1994	146,451	143,630	98.07	2,821	1.93	487
1995	145,005	141,379	97.50	3,626	2.50	1,310
1996	155,297	148,102	95.37	7,195	4.63	7,896
1997	157,517	141,694	89.95	15,823	10.05	141,694
Real Estate Taxes:						
1988	\$61,012	\$56,216	92.14	\$4,796	7.86	\$
1989	62,583	55,994	89.47	6,589	10.53	-
1990	70,248	64,692	92.09	5,556	7.91	-
1991	74,939	69,793	93.13	5,146	6.87	-
1992	75,053	70,003	93.27	5,050	6.73	-
1993	72,866	67,836	93.10	5,030	6.90	-
1994	74,955	70,749	94.39	4,206	5.61	341
1995	79,258	74,252	93.68	5,006	6.32	558
1996	85,538	74,365	86.94	11,173	13.06	4,063
1997	88,126	77,992	88.50	10,134	11.50	77,992
Personal Property Taxes:						
1988	\$61,012	\$56,216	92.14	\$4,796	7.86	\$
1989	62,583	55,994	89.47	6,589	10.53	-
1990	70,248	64,692	92.09	5,556	7.91	-
1991	74,939	69,793	93.13	5,146	6.87	-
1992	75,053	70,003	93.27	5,050	6.73	-
1993	72,866	67,836	93.10	5,030	6.90	-
1994	74,955	70,749	94.39	4,206	5.61	341
1995	79,258	74,252	93.68	5,006	6.32	558
1996	85,538	74,365	86.94	11,173	13.06	4,063
1997	88,126	77,992	88.50	10,134	11.50	77,992

(1) The latest date available for Property Tax Levies and Collections by the City of New Orleans is the year ended December 31, 1997

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years
(Unaudited)

(Amount in thousands)

Fiscal Year	Net Assessed Value		Total Net Assessed Value	Total Estimated Actual Value(1)	Ratio of Total Net Assessed to Total Estimated Actual Value
	Real Estate	Personal Property			
1988	988,470	486,891	1,475,361	11,718,516	12.6%
1989	1,001,889	430,802	1,432,691	11,459,608	12.5%
1990	992,145	492,316	1,484,461	11,786,183	12.6%
1991	1,001,971	485,333	1,487,304	11,823,851	12.6%
1992	938,752	468,707	1,407,459	11,145,422	12.6%
1993	918,234	456,806	1,375,040	10,915,928	12.6%
1994	894,733	467,805	1,362,538	10,787,818	12.6%
1995	847,504	492,864	1,340,368	10,711,391	12.5%
1996	948,777	533,425	1,482,202	11,688,518	12.7%
1997	960,554	548,893	1,509,447	11,892,583	12.7%

Source: City of New Orleans Annual Financial Report.

1997 - Latest year for which information is available.

(1) Amounts are net of the homestead exemption.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Property Tax Rates - Direct and Overlapping Governments

Number of Mills
(Per \$1,000 of assessed value)

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	City of New Orleans	Orleans Levee Board	Sewerage & Water Board of New Orleans	Orleans Parish School Board	Audubon Park & Zoo	Total
1988	58.28	11.29	25.23	25.99	4.27	126.18
1989	58.28	11.29	25.23	42.39	4.27	142.58
1990	58.28	11.29	25.23	42.39	4.27	142.58
1991	71.18*	11.29	25.23	42.39	4.27	155.48
1992**	75.80	12.01	22.59	45.10	4.55	161.24
1993	75.90	11.29	22.59	45.10	4.55	160.62
1994	75.90	12.01	22.59	45.10	4.55	161.34
1995	75.90	12.01	22.59	45.10	4.55	161.34
1996	77.09	12.01	22.59	45.40	4.55	161.64
1997	77.09	12.01	22.59***	45.40	4.55	161.64

Source: City of New Orleans

*The Homestead Exemption is not allowed for the 9-Mill Police and Fire Tax.

**Millage rates were adjusted upward to compensate for a decrease in assessment values.

***3 mills adopted in 1967 Expires in 2017

***6 mills adopted in 1978 Expires in 2028

***9 mills adopted in 1982 expires in 2032

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Computation of Direct and Overlapping Debt

December 31, 1998
(Unaudited)

	<u>Net Outstanding Debt</u>	<u>Percentage Overlapping</u>	<u>Overlapping Debt</u>
Direct debt:			
Sewerage and Water Board, net of debt service funds (tax bonds only)	<u>\$15,147,866</u>	100%	<u>\$15,147,866</u>
Overlapping debt:			
City of New Orleans	462,641,000	100%	462,641,000
Audubon Park Commission	61,673,000	100%	61,673,000
Orleans Parish School Board (1)	365,475,518	100%	365,475,518
Orleans Levee District (1)	<u>120,521,000</u>	<u>100%</u>	<u>120,521,000</u>
Total overlapping debt	<u>1,010,310,518</u>	<u>100%</u>	<u>1,010,310,518</u>
Total direct and overlapping debt	<u>\$1,025,458,384</u>	<u>100%</u>	<u>\$1,025,458,384</u>

(1) The fiscal year of the Orleans Parish School board and Orleans Levee District ends on June 30th; overlapping debt is based on June 30, 1998 financial information.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

REVENUE BONDS DEBT SERVICE COVERAGE

WATER AND SEWER BONDS

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Operating Revenue*	Direct Operating Expenses*	Net Revenue Available for Debt Services	Debt Services Requirements**		Coverage
				Principal	Interest	
1989	\$86,906,404.00	\$ 58,801,508.00	\$28,104,896.00	\$ 6,665,000.00	\$ 2,094,757.50	3.21
1990	94,652,754.00	59,769,185.00	34,883,569.00	6,665,000.00	2,094,757.50	3.98
1991	93,081,297.00	60,623,793.00	32,457,504.00	6,575,000.00	1,575,710.00	3.98
1992	93,755,670.00	65,754,498.00	28,001,172.00	6,575,000.00	1,575,710.00	3.44
1993	93,165,332.00	68,641,137.00	24,524,195.00	6,575,000.00	1,575,710.00	3.01
1994	54,617,689.00	42,594,614.00	12,023,075.00	2,265,000.00	1,799,768.00	2.96
1995	54,273,559.00	41,523,816.00	12,749,743.00	2,405,000.00	827,445.00	3.94
1996	54,066,269.00	46,532,894.00	7,533,375.00	2,335,000.00	661,500.00	2.51
1997	91,703,110.00	81,273,130.00	10,429,980.00	4,480,000.00	2,072,600.00	1.59
1998	93,640,920.00	76,788,999.00	16,851,921.00	6,835,000.00	1,193,490.00	2.10

* Excluded drainage system revenues and expenses. Also excludes depreciation and amortization expenses.

** Largest annual debt services payment.

*** Represents Water System revenues, expenses and debt service requirements only. Sewer system had no outstanding debt during this period.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
SCHEDULE OF FUTURE DEBT PAYMENTS
December 31, 1998
(Unaudited)

	Water Revenue Bonds		Sewer Revenue Bonds		Drainage System Bonds		Total
	Series 1986	Series 1998	Series 1997	Series 1998	6-roll 1994	Series 1998	
1999							
Principal	\$1,900,000	\$240,000	\$855,000	\$375,000	\$935,000	\$300,000	\$4,605,000
Interest	374,850	793,586	1,533,175	1,228,798	261,808	498,012	4,690,229
2000							
Principal	2,055,000	535,000	910,000	835,000	980,000	320,000	5,635,000
Interest	241,850	781,586	1,490,188	1,192,498	215,058	479,712	4,400,892
2001							
Principal	435,000	560,000	970,000	875,000	1,035,000	335,000	4,210,000
Interest	98,000	748,818	1,446,266	1,141,198	166,058	460,192	4,060,532
2002							
Principal	465,000	585,000	1,030,000	915,000	1,080,000	355,000	4,430,000
Interest	67,550	714,518	1,399,750	1,087,498	113,790	439,756	3,822,862
2003							
Principal	500,000	605,000	1,100,000	950,000	1,140,000	370,000	4,665,000
Interest	35,000	678,686	1,348,045	1,031,548	58,710	418,102	3,570,091
2004							
Principal		630,000	1,170,000	985,000		390,000	3,175,000
Interest		641,630	1,291,295	973,498		395,532	3,301,955
2005							
Principal		660,000	1,245,000	1,030,000		405,000	3,340,000
Interest		603,043	1,223,139	913,048		371,742	3,110,972
2006							
Principal		690,000	1,330,000	1,075,000		425,000	3,520,000
Interest		562,618	1,142,670	859,976		350,986	2,916,250
2007							
Principal		725,000	1,415,000	1,135,000		450,000	3,725,000
Interest		534,155	1,056,889	813,969		333,560	2,738,573
2008							
Principal		770,000	1,490,000	1,200,000		475,000	3,935,000
Interest		504,068	975,420	764,634		314,660	2,558,782
2009							
Principal		810,000	1,570,000	1,265,000		500,000	4,145,000
Interest		471,728	898,135	711,462		294,472	2,375,797
2010							
Principal		845,000	1,655,000	1,320,000		520,000	4,340,000
Interest		436,493	815,070	654,750		272,722	2,179,035
2011							
Principal		885,000	1,745,000	1,380,000		545,000	4,555,000
Interest		398,468	726,234	594,660		249,582	1,968,944
2012							
Principal		925,000	1,840,000	1,445,000		570,000	4,780,000
Interest		358,643	632,128	530,194		224,786	1,745,751
2013							
Principal		965,000	1,940,000	1,510,000		595,000	5,010,000
Interest		315,630	532,903	461,294		198,280	1,508,107
2014							
Principal		1,015,000	2,050,000	1,585,000		625,000	5,275,000
Interest		269,793	426,884	388,165		170,018	1,254,860
2015							
Principal		1,060,000	2,170,000	1,655,000		655,000	5,540,000
Interest		221,580	313,200	310,801		140,018	985,599
2016							
Principal		1,110,000	2,290,000	1,735,000		685,000	5,820,000
Interest		170,700	192,780	228,791		108,250	700,521
2017							
Principal		1,165,000	2,425,000	1,820,000		720,000	6,130,000
Interest		116,865	65,475	141,000		74,000	397,340
2018							
Principal		1,220,000		1,910,000		760,000	3,890,000
Interest		59,780		47,750		38,000	145,530
Total							
Principal	5,355,000	16,000,000	29,200,000	25,000,000	5,170,000	10,000,000	90,725,000
Interest	817,240	9,382,388	17,509,646	14,075,512	815,424	5,832,382	48,432,622
Total	\$6,172,240	\$25,382,388	\$46,709,646	\$39,075,512	\$5,985,424	\$15,832,382	\$139,157,622

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Property Value, New Construction and Bank Deposits

Last Ten Fiscal Years
(Unaudited)

Fiscal Year (3)	New Commercial Construction (1)		New Residential Construction (1)		Bank deposits (2) (in thousands)	Estimated actual property value (1)
	Number of units	Value (in thousands)	Number of units	Value (in thousands)		
1988	883	\$ 111,801	4,676	\$ 42,194	\$ 5,948,698	\$ 11,718,516
1989	759	105,362	2,993	58,760	6,355,493	11,459,608
1990	591	46,236	3,118	97,043	6,170,174	11,786,183
1991	730	43,716	3,413	55,707	6,274,839	11,823,851
1992	1,033	77,116	10,203	54,735	6,154,171	11,145,422
1993	233	70,176	11,358	99,151	6,224,997	10,915,928
1994	904	77,500	2,993	98,675	6,068,343	10,787,818
1995	627	219,679	2,595	105,590	6,267,311	10,711,391
1996	160	28,921	2,163	79,469	7,011,280	11,688,518
1997	900	97,325	2,131	62,761	7,965,886	11,892,583

(1) City of New Orleans (1997 latest year for which information is available).

(2) Summary of Deposits (as of June 30, 1998) - bank branches located in New Orleans, Federal Depository Insurance Corporation.

(3) Information for the year ended December 31, 1998 is unavailable

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Ten Largest Taxpayers

December 31, 1997 *
(Unaudited)

<u>Name of Taxpayer</u>	<u>Type of Business</u>	<u>1997 Assessed value</u>	<u>Percentage of Total assessed value</u>
BellSouth Telecommunications	Telephone utilities	\$69,471	3.5%
Entergy Service	Electric and gas	68,893	3.5
Hibernia National Bank	Financial institution	21,588	1.1
First NBC	Financial institution	21,258	1.1
Whitney National Bank	Financial institution	19,513	1.0
AT&T Communications	Telecommunications	18,832	1.0
Metropolitan Life Insurance	Insurance	13,234	0.7
Tenetsub (Mercy & Baptist Hospitals)	Medical complex	12,558	0.6
International River Center	Real estate	11,673	0.6
CS&M Associates	Hotel	11,381	0.6
		<u>\$268,401</u>	<u>13.7%</u>

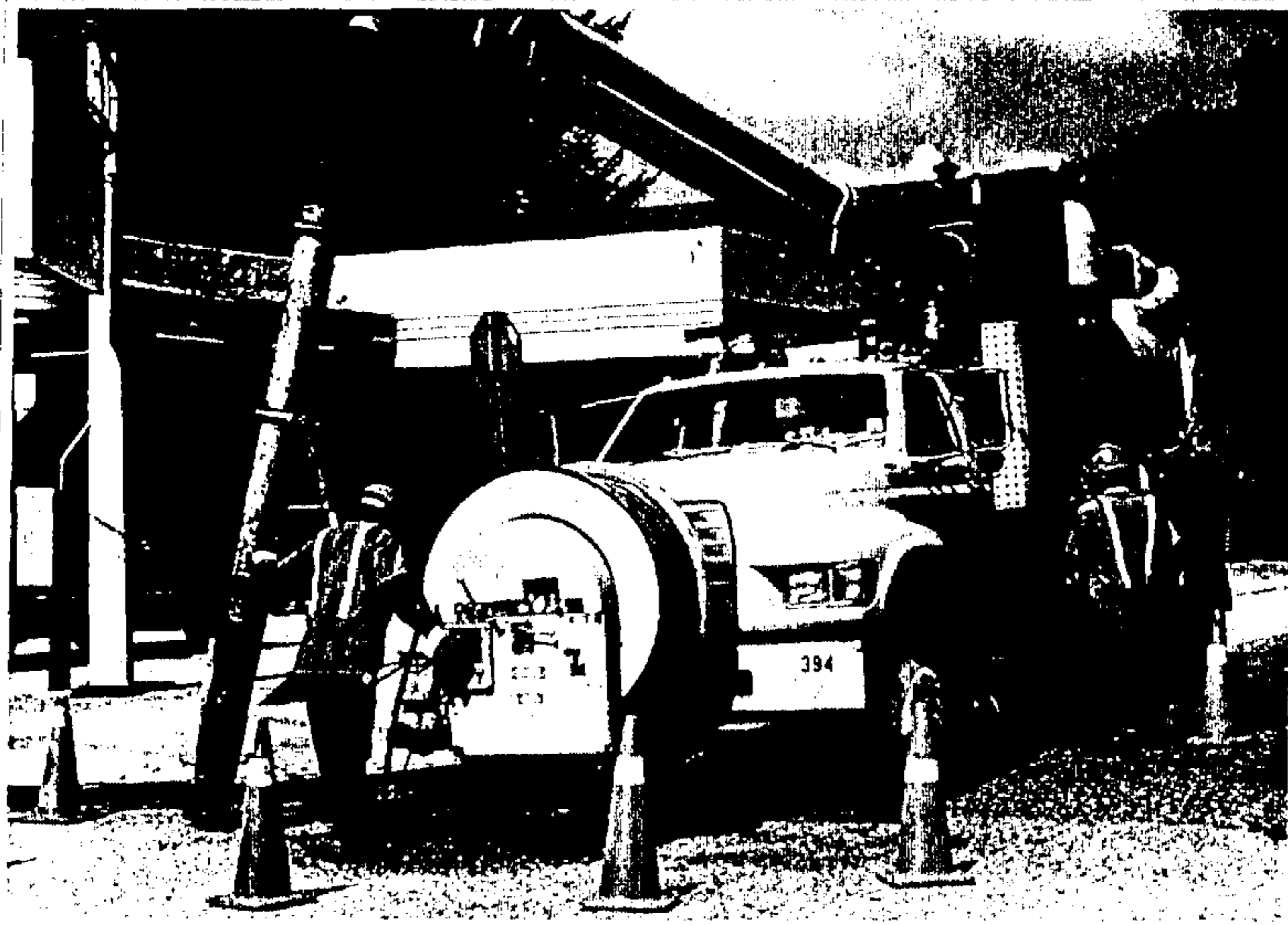
Source: City of New Orleans

(*) The latest date available for the Ten Largest Taxpayers from the City of New Orleans annual report for the year ended December 31, 1997



For major jobs, the Board may contract with construction firms for all or part of the work. Standard bid procedures are followed for scheduled projects, but on some occasions emergency bids are authorized for crucial, unexpected repairs.

The S&WB must purchase and maintain much special equipment, like the Vac-con truck which clears clogged sewerage and drainage line. Crews went into action in September to clean catch basins and drainage lines when Hurricane Georges threatened the City.





SEWERAGE AND WATER BOARD OF NEW ORLEANS

1998 ACTUAL CAPITAL EXPENDITURES

WATER DEPARTMENT

<u>C.P.#</u>	<u>WATERWORKS</u>		
110	Normal Extension & Replacement	\$	923,438.73
118	Modernization of Steam System		548,963.17
135	Improvement of Chemical System		4,714.21
155	Mechanical Renovations of Conventional Basins		4,167,947.83
156	Advanced Carrollton Water Treatment		99,237.24
157	Advanced Algiers Water Treatment		273,420.95
	TOTAL WATERWORKS	\$	<u>6,017,722.13</u>
	<u>WATER DISTRIBUTION</u>		
200	Engineer & Inspection of Development Installation	\$	2,259.00
214	Normal Extensions & Replacements		661,299.84
221	Feeder Main Extension, General		117.80
239	Mains in Street Department Contracts		2,159,335.58
240	Earhart Transmission Main		1,724,778.58
	TOTAL WATER DISTRIBUTION	\$	<u>4,547,790.80</u>
600	Water Share of Power Projects		239,033.68
800	Water Share of General Budget Items		5,587,036.43
	TOTAL WATER DEPARTMENT	\$	<u>16,391,583.04</u>

NOTE: These figures do not include proration of interest expense.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

1998 ACTUAL CAPITAL EXPENDITURES

SEWERAGE DEPARTMENT

<u>C.P.#</u>	<u>SEWERAGE SYSTEM</u>		
313	Force Main East Gentilly	\$	448,304.36
317	Normal Extensions & Replacement of Gravity Mains		6,973,072.82
326	Extensions & Replacement to Sewer Pumping Stations		173,903.66
339	Main in Streets Dept. Contracts		2,232,904.94
348	Normal Extensions & Replacements		1,872,362.76
360	Repairs and/or Replacement of Sewer Lines		625,150.23
364	Force Mains Replacements		639.44
366	Irish Bayou - Lake Catherine		2,659.41
	TOTAL SEWERAGE SYSTEM	\$	12,328,997.62
	<u>SEWAGE TREATMENT</u>		
381	Modification & Expansion of WBSTP to MGD	\$	4,980,776.33
	TOTAL SEWAGE TREATMENT	\$	4,980,776.33
600	Sewerage Share of Power Projects		201,245.36
703	Drainage Emergency Reserve		4,456.72
800	Sewerage Share of General Budget Items		5,045,124.17
	TOTAL SEWERAGE DEPARTMENT	\$	22,560,600.20

NOTE: These figures do not include proration of interest expense.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

1998 ACTUAL CAPITAL EXPENDITURES

DRAINAGE DEPARTMENT

<u>C.P.#</u>	<u>CANALS</u>		
418	Normal Extension & Replacements	\$	24,145.51
439	Algiers Canal		383,101.30
453	Improvements to Metairie Relief Canal		1,378,842.30
463	Stormwater Management Plan		75,624.67
466	Louisiana Ave. Pipeline		82,673.70
471	C.O.E. Drainage Study		1,919,769.39
477	Viavant - Dwyer to Gentilly Road		747,404.87
486	Napoleon Canal Improvements		256,827.01
497	Florida Ave. Canal - Mazant to People		368,218.33
	TOTAL DRAINAGE CANAL	\$	<u>5,236,607.08</u>
	<u>PUMPING STATIONS</u>		
511	Normal Extension & Rep./Stations	\$	568,652.36
535	Drainage Pumping Station #6 Improvements		57,066.15
550	Additions to Drainage Pumping Station #1		422,715.12
554	Expansion of Dwyer DPS		280,184.44
557	Floodgate DPS #16 Discharge Tunnel		6,024.00
	TOTAL DRAINAGE PUMPING STATION	\$	<u>1,334,642.07</u>
600	Drainage Share of Power Projects		433,766.54
703	Drainage Emergency Reserve		11,344.04
800	Drainage Share of General Budget Items		2,312,130.27
	TOTAL DRAINAGE DEPARTMENT	\$	<u>9,328,490.00</u>

NOTE: These figures do not include proration of interest expense.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

1998 ACTUAL CAPITAL EXPENDITURES

		<u>POWER PROJECTS</u>				
<u>C.P.#</u>	<u>POWER PROJECTS</u>	<u>Water</u>	<u>Sewerage</u>	<u>Drainage</u>	<u>Total</u>	
603	New Generator for Algiers Plants	\$22,984.00			\$22,984.00	
609	Normal Extensions & Replacements					
	Radio Equipment	3,723.48	2,668.38	7,207.84	13,599.70	
610	Underground Power Feeders	61.28		27,785.10	27,846.38	
624	Normal Extensions & Replacements	25,831.86	9,876.87	40,267.28	75,976.01	
674	60 Cycle Conversion to MWP	110,205.20			110,205.20	
682	Generator G6 (60 HZ)	76,227.86	36,419.31	258,324.42	370,971.59	
684	DPS #19 - Emergency Power			100,181.90	100,181.90	
695	Monitoring and supervisory control for SPS		152,280.80		152,280.80	
703	Drainage Emergency Reserve		4,456.72	11,344.04	15,800.76	
	TOTAL POWER PROJECTS	<u>\$239,033.68</u>	<u>\$205,702.08</u>	<u>\$445,110.58</u>	<u>\$889,846.34</u>	

NOTE: These figures do not include proration of interest expense.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

1998 ACTUAL CAPITAL EXPENDITURES

GENERAL BUDGET ITEMS

C.P.#	General Budget Items	Water	Sewerage	Drainage	Total
801	Office Equipment	\$452.49	\$452.48	\$452.49	\$1,357.46
803	Property Acquisition			43,850.60	43,850.60
807	Central Yard Improvement	26,287.96	26,287.95	5,841.77	58,417.68
810	Major Equipment Purchases	492,447.97	492,447.97	246,223.92	1,231,119.93
811	Plant Equipment System				
	Development	144,050.10	144,050.11	82,086.40	370,186.61
812	Computer Systems Development	384,937.92	384,937.93	384,937.92	1,154,813.77
820	Department, Yard and Administrative				
	Expense Charge to Capital	3,314,174.00	2,709,502.64	1,244,908.55	7,268,585.19
823	Purchase of Water Meters	329,621.57	329,621.55		659,243.12
843	Minor Equipment Purchases	108,422.58	108,422.44	108,422.58	325,267.60
858	Inventory System and Central				
	Yard Warehouse	712,493.84	820,916.28	158,331.97	1,691,742.09
859	Plant Maintenance W/O System	74,148.00	12,358.00	37,074.00	123,580.00
860	Water System Improvements		124,549.26		124,549.26
	TOTAL GENERAL BUDGET ITEMS	<u>\$5,587,036.43</u>	<u>\$5,153,546.61</u>	<u>\$2,312,130.27</u>	<u>\$13,052,713.31</u>

NOTE: These figures do not include proration of interest expense.

ANALYSIS OF PUMPING AND POWER DEPARTMENT
 POWER PURCHASED AND PRODUCED
 NATURAL GAS AND FUEL OIL CONSUMED
 TEN YEARS 1989 THROUGH 1998

YEAR	ELCTRIC POWER KW-HRS	PURCHASE AMOUNT	ELECTRIC & STEAM POWER GENERATED BY THE S. & W. B. KW-HRS	\$ AMOUNT	NATURAL GAS & FUEL OIL USED TO GENERATE ELECTRIC & STEAM POWER		
					NATURAL GAS MCF	FUEL GALLONS	OIL \$ AMOUNT
1989	87,446,549	\$5,948,055	70,903,486	\$7,732,591	1,201,962	94,191	\$80,062
1990	85,115,200	\$6,274,908	67,596,104	\$7,781,465	1,258,571	100,068	\$85,058
1991	96,407,117	\$6,565,556	66,097,386	\$7,506,058	1,247,839	212,795	\$85,058
1992	87,485,450	\$6,025,363	57,438,710	\$7,084,862	1,294,594	128,794	\$109,475
1993	93,652,501	\$6,765,428	60,070,029	\$7,309,564	1,265,415	72,784	\$61,866
1994	93,704,141	\$6,676,939	54,855,609	\$7,595,021	1,245,108	2,303	\$1,958
1995	55,977,302	\$3,775,458	53,028,000	\$7,537,164	1,284,761	4,614	\$3,922
1996	56,941,034	\$4,397,111	48,751,200	\$9,540,981	1,392,980	2,169	\$1,844
1997	54,669,463	\$4,299,727	52,999,200	\$8,289,555	1,288,540	2,652	\$2,254
1998	67,067,145	\$4,765,576	57,715,200	\$8,731,839	1,487,450	27,043	\$22,987
TOTAL	778,465,902	\$55,494,121	589,454,924	\$79,109,100	12,967,220	647,413	\$454,484

POWER PURCHASED AND PRODUCED
NATURAL GAS AND FUEL OIL CONSUMED-1998

	KW-HRS	COST
ELECTRIC POWER PURCHASED	67,067,145	\$4,765,576
ELECTRIC AND STEAM POWER GENERATED BY THE S. & W. B.*	57,715,200	\$8,731,839
TOTAL	<u>124,782,345</u>	<u>\$13,497,415</u>

NOTE : *NATURAL GAS CONSUMED IN OPERATION WAS 1,487,450 MCF AT A COST OF \$6,925,345.55 FUEL OIL CONSUMED WAS 27,043 GAL AT A COST OF \$22,987.

SEWERAGE AND WATER BOARD OF NEW ORLEANS

WATER PUMPED AND CONSUMED - 1998

<u>Number of Meters</u>		<u>Gallons</u>	<u>Percent</u>
	Free metered process water to various City departments and charitable institutions:		
7	Display Fountains	5,132,900	
37	Fire Department	11,495,300	
17	Swimming Pools	29,513,000	
13	Libraries	4,272,300	
96	Municipal	109,723,800	
228	Parks and Playgrounds	381,837,200	
57	Police Department	348,774,400	
214	Schools	136,502,300	
		<hr/>	
669		1,027,251,200	1.97%
	<u>Free metered process water</u>		
184	Sewerage and Water Board	868,668,900	1.66%
		<hr/>	
	Allowance for leaks in piping fixtures, etc.	308,292,000	0.59%
		<hr/>	
	Unmetered free use, such as: extinguishment of fires, cleaning streets, flushing sewers, drains, and gutters, cleaning markets and other public buildings, under registration of meters, leaks in distribution system, etc.	26,343,175,900	50.39%
		<hr/>	
	Sold	23,727,252,000	45.39%
		<hr/>	
	Total Water Pumped	52,274,640,000	100.00%
		<hr/>	

SEWERAGE AND WATER BOARD

OF NEW ORLEANS

GALLONS METERED - PAY WATER CONSUMPTION 1998

<u>Month</u>	<u>Monthly Consumption</u>
January	1,912,804,600
February	1,702,056,000
March	1,893,336,900
April	1,728,865,500
May	2,110,311,800
June	2,166,637,000
July	2,377,317,400
August	1,563,160,400
September	2,190,224,600
October	1,990,909,500
November	2,000,804,900
December	<u>2,090,823,400</u>
Gross Total	<u><u>23,727,252,000</u></u>

SEWERAGE AND WATER BOARD OF NEW ORLEANS

MONTHLY WATER CHARGES COLLECTED - 1998

<u>Months</u>	<u>Water Service Charges & Fees</u>	<u>Delinquent Fees</u>	<u>Water From Fire Hydrants</u>	<u>Total</u>
January	4,223,651.22	70,589.53	688.16	4,294,928.91
February	3,934,420.74	83,589.59	344.08	4,018,354.41
March	4,939,869.60	81,689.03	4,171.97	5,025,730.60
April	3,705,316.63	67,643.99	0.00	3,772,960.62
May	4,229,199.31	80,226.04	344.08	4,309,769.43
June	4,986,223.63	71,515.04	1,161.27	5,058,899.94
July	4,602,295.87	81,000.82	1,849.43	4,685,146.12
August	4,658,067.11	75,855.08	2,666.62	4,736,588.81
September	4,282,513.39	72,314.62	1,161.27	4,355,989.28
October	5,148,981.91	135,157.66	1,505.35	5,285,644.92
November	3,793,548.87	99,080.32	1,505.35	3,894,134.54
December	4,550,103.38	66,323.93	2,666.62	4,619,093.93
	<u>\$53,054,191.66</u>	<u>\$984,985.65</u>	<u>\$18,064.20</u>	<u>\$54,057,241.51</u>

SEWERAGE AND WATER BOARD OF NEW ORLEANS

MONTHLY SEWERAGE CHARGES COLLECTED - 1998

<u>Months</u>	<u>Sewerage Service Charges</u>	<u>Delinquent Fees</u>	<u>Total</u>
January	3,010,529.65	47,199.56	3,057,729.21
February	2,824,403.86	55,877.27	2,880,281.13
March	3,497,231.19	54,612.52	3,551,843.71
April	2,673,164.01	45,236.58	2,718,400.59
May	2,968,156.55	53,619.83	3,021,776.38
June	3,474,670.21	47,822.57	3,522,492.78
July	3,064,417.93	54,151.05	3,118,568.98
August	3,237,704.07	50,710.54	3,288,414.61
September	3,001,221.91	48,345.02	3,049,566.93
October	3,648,513.84	90,280.54	3,738,794.38
November	2,709,245.40	66,197.37	2,775,442.77
December	3,194,655.13	44,351.46	3,239,006.59
	<u>37,303,913.75</u>	<u>658,404.31</u>	<u>37,962,318.06</u>

TABLE I
CARROLLTON TURBIDITIES

	RIVER (NTU)					Effluent Settling Reservoirs (NTU)					Filters (NTU)				
	1994	1995	1996	1997	1998	1994	1995	1996	1997	1998	1994	1995	1996	1997	1998
Maximum	270	230	262	262	253	13	13	12	16	10	0.99	0.5	1.2	0.7	0.52
Minimum	8	8	15	8	7	1	0.8	0.3	0.6	0.7	0.02	0.02	0.08	0.06	0.07
Average	59	61	85	64	86.4	4.2	3.4	3.1	3.2	2.2	0.14	0.12	0.19	0.15	0.13

TABLE II
CARROLLTON ALKALINITIES
PARTS PER MILLION

	RIVER					EFFLUENT SETTLING RESERVOIRS					FILTERS				
	1994	1995	1996	1997	1998	1994	1995	1996	1997	1998	1994	1995	1996	1997	1998
Maximum	142	156	147	155	156	120	145	131	115	130	122	143	130	113	120
Minimum	77	82	70	72	80	19	50	59	50	58	55	67	60	49	64
Average	111	117	102	114	116	83	88	92	81	91	83	89	92	81	91

TABLE II A
CARROLLTON HARDNESS
PARTS PER MILLION

	NON-CARBONATE HARDNESS										TOTAL HARDNESS									
	RIVER					FILTERS					RIVER					FILTERS				
	1994	1995	1996	1997	1998	1994	1995	1996	1997	1998	1994	1995	1996	1997	1998	1994	1995	1996	1997	1998
Maximum	59	67	86	86	68	71	73	94	86	73	182	203	207	205	200	170	211	192	183	173
Minimum	17	24	32	18	16	32	40	26	17	24	106	115	106	95	111	106	99	122	85	101
Average	38	42	52	46	37	49	55	60	61	49	150	159	154	160	153	132	144	152	142	135

TABLE III
CARROLLTON BACTERIAL CHARACTERISTICS
Total Coliform Analysis

1998	River (1998)	Effluent of Coagulating and Settling Reservoirs	Plant Tap (1998)	Distribution System
Maximum (Colonies / 100 ml)	4,350	730	0	12
Minimum (Colonies / 100 ml)	180	<10	0	0
Average (Colonies / 100 ml)	915	34	0	0
Number of Samples	360	152	362	2,414
Number of Samples Negative	0	100	362	2,408
Number of Samples Positive	360	52	0	6*

* None of these six total coliform positive samples were fecal coliform positive, and none resulted in any violation of the Total Coliform Rule.

TABLE IV-A

PRINCIPLE RESULTS OF OPERATION OF THE GRIGA CONVENTIONAL UNITS AT THE CARROLLTON WATER PURIFICATION PLANT FOR THE YEAR ENDING DECEMBER 31, 1998

1 Month	2		3		4		5		6		7		8		9		10		11		12		13	
	Total Million Gallons of Water Treated During Month	Amount of Water Treated Million Gallons Per 24 Hours	Total Pounds of Polymer used at Intake	Pounds of Polymer used at Intake	Polymer at Intake Parts Per Million	Total Pounds of Polymer used in Plant	Polymer in Plant Parts Per Million	Total Pounds of Pure Iron (Fe) Used During Month	Pure Iron (Fe) Parts Per Million	Total Pounds of Polymer used in Plant	Polymer at Intake Parts Per Million	Total Pounds of Polymer used in Plant	Polymer in Plant Parts Per Million	Total Pounds of Pure Iron (Fe) Used During Month	Pure Iron (Fe) Parts Per Million	Total Pounds of Polymer used in Plant	Polymer in Plant Parts Per Million	Total Pounds of Pure Iron (Fe) Used During Month	Pure Iron (Fe) Parts Per Million	NTU Turbidity of River Water	ppm Alkalinity of River Water	NTU Turbidity of Unit Effluent		
January	Max 2,188.59	80.91	9.830	0.98	0.44	33,575	2.13	38,862	2.49	253	59	80	4.40	1.62	147	101	8.90	2.13	1.50	1.62	1.47	1.01	8.90	
February	Max 2,020.31	85.13	15.997	1.11	0.89	32,723	2.05	38,558	2.44	134	54	88	2.20	2.15	81	98	5.20	2.05	1.78	2.15	1.81	1.04	5.20	
March	Max 2,295.95	82.75	18.341	1.00	0.91	38,357	2.15	43,599	2.37	125	70	85	2.50	2.00	94	92	6.40	2.00	1.85	2.12	1.70	1.04	2.50	
April	Max 2,281.26	82.53	19.413	1.10	0.95	38,345	2.12	43,482	2.42	179	60	91	1.40	2.02	98	108	3.50	2.02	1.91	2.11	1.60	1.04	1.40	
May	Max 2,452.24	87.33	21,010	1.20	0.96	33,372	2.09	38,251	2.42	75	35	104	1.90	0.98	115	104	1.90	0.98	1.08	1.15	1.04	1.04	1.90	
June	Max 2,378.91	79.30	14,790	0.75	0.50	20,121	1.04	23,502	1.90	169	38	106	1.70	0.93	80	119	2.80	0.93	1.01	1.08	1.06	1.06	1.70	
July	Max 2,518.75	95.33	10,475	0.52	0.42	22,337	0.52	26,028	1.56	202	132	132	4.50	1.44	156	132	4.50	1.44	1.56	1.56	1.32	1.32	4.50	
August	Max 2,508.89	80.93	11,420	0.64	0.55	29,466	0.64	32,551	1.89	119	135	135	5.00	1.41	155	122	3.50	1.41	1.21	1.30	1.07	1.07	5.00	
September	Max 2,435.53	70.04	11,917	0.55	0.55	31,315	0.55	35,532	2.55	32	9	129	1.10	1.46	163	9	1.10	1.46	1.54	1.63	1.75	1.43	1.10	
October	Max 2,738.99	81.18	13,487	0.59	0.59	36,235	0.59	40,152	2.08	195	155	155	6.00	1.89	208	155	6.00	1.89	1.38	1.59	1.03	1.03	6.00	
November	Max 2,519.39	91.38	12,053	0.64	0.50	41,727	0.64	47,041	3.80	237	140	140	5.80	2.83	320	152	6.20	2.83	1.48	1.60	1.09	1.09	5.80	
December	Max 2,505.97	73.54	11,181	0.55	0.50	55,780	0.55	62,124	2.52	56	73	73	2.90	2.47	252	109	2.90	2.47	2.47	2.52	1.09	1.09	2.90	
Total	28,945.88	84.10	159,914	0.51	0.51	413,354	0.51	469,892	2.85	73	132	132	3.90	2.56	285	132	3.90	2.56	469.892	2.85	73	132	3.90	
General	Max 2,738.99	101.96	21,010	1.20	0.96	55,780	1.20	62,124	3.80	253	156	156	6.20	2.02	320	152	6.20	2.02	2.02	2.02	1.09	1.09	6.20	
	Min 2,020.31	57.98	9,830	0.44	0.44	20,121	0.44	23,502	1.62	38	7	80	1.70	0.71	108	7	1.70	0.71	0.71	0.94	1.06	1.06	1.70	
	Avg 2,412.16	79.30	14,160	0.70	0.70	34,446	0.70	39,158	1.95	85	115	115	4.03	1.71	195	115	4.03	1.71	1.71	1.95	1.15	1.15	4.03	

NOTE: Clarifloc C-338 used at intake
 Clarifloc C-318 used in plant beginning 1/1/98
 Clarifloc C-338 used in plant from 8/17/98 to 12/31/98

TABLE IV-B

PRINCIPLE RESULTS OF OPERATION OF THE L3/L4 CONVENTIONAL UNITS AT THE CARROLLTON WATER PURIFICATION PLANT FOR THE YEAR ENDING DECEMBER 31, 1998

1	2	3	4	5	6	7	8	9	10	11	12	13
Month		Total Million Gallons of Water Treated During Month	Amount of Water Treated Million Gallons Per 24 Hours	Total Pounds of Polymer used at Intake During Month	Polymer used at Intake Parts Per Million	Total Pounds of Pure Iron (Fe) Used During Month	Pure Iron (Fe) Parts Per Million	Total Pounds of Lime During Month	Lime Parts Per Million	NTU Turbidity of River Water	PPM Alkalinity of River Water	NTU Turbidity of Unit Effluent
January	Max Min Avg	1,503.86	50.67 40.50 48.51	12,045	1.39 0.85 0.96	74,094	7.05 3.52 5.90	1,352,969	122.65 78.90 107.95	253	119	36.50 1.20 5.50
February	Max Min Avg	1,353.42	50.00 39.81 48.34	15,213	1.53 1.36 1.44	71,340	6.60 6.03 6.32	1,145,227	128.94 74.02 101.53	134	112	6.90 0.70 3.30
March	Max Min Avg	1,275.33	49.00 35.00 41.14	15,692	1.52 1.42 1.48	72,362	7.44 6.24 6.81	1,222,953	125.70 85.43 115.58	125	104	4.40 0.90 1.90
April	Max Min Avg	1,200.00	40.00 40.00 40.00	11,314	1.94 0.95 1.13	38,529	4.72 3.47 3.85	1,074,345	137.63 66.64 107.35	179	122	5.60 0.90 2.10
May	Max Min Avg	1,356.63	50.00 39.67 43.76	12,260	1.15 0.98 1.08	44,134	4.39 3.69 3.91	1,379,980	137.78 100.02 122.82	75	115	3.00 0.46 1.19
June	Max Min Avg	1,515.00	55.00 50.00 50.50	11,850	1.09 0.51 0.94	47,045	3.90 2.58 3.73	1,618,028	150.41 109.12 128.19	169	129	4.10 0.45 1.35
July	Max Min Avg	1,550.04	51.25 48.75 50.00	9,751	0.98 0.35 0.75	53,480	5.75 3.63 4.14	1,672,284	140.88 113.92 129.37	202	132	2.50 0.44 0.85
August	Max Min Avg	1,525.47	50.00 39.58 49.24	7,269	0.65 0.51 0.57	47,393	4.56 2.17 3.73	1,541,452	155.55 96.28 129.23	119	135	3.70 0.59 1.12
September	Max Min Avg	1,494.18	50.50 43.68 49.81	7,839	0.66 0.61 0.63	46,337	4.21 3.50 3.72	1,685,982	170.90 107.55 135.44	32	156	6.50 0.50 1.47
October	Max Min Avg	1,556.27	51.00 48.76 50.20	8,191	0.55 0.58 0.63	53,073	5.29 3.33 4.09	1,651,047	158.18 98.15 128.05	195	156	4.60 0.44 1.34
November	Max Min Avg	1,500.15	51.00 36.90 50.01	7,571	0.69 0.53 0.60	47,833	4.08 3.60 3.82	1,548,004	143.44 101.30 129.93	237	140	3.30 1.10 2.00
December	Max Min Avg	1,525.58	51.00 39.21 49.21	6,836	0.56 0.52 0.54	47,887	4.09 3.50 3.76	1,704,210	156.03 110.82 134.25	111	152	1.50 2.10 4.40
Total		17,356.94		126,831		543,507		17,706,501				
General	Max Min Avg	1,556.27 1,200.00 1,446.41	55.00 35.00 47.55	16,213 6,836 10,569	1.94 0.35 0.88	74,094 38,529 53,626	7.44 2.17 4.45	1,704,210 1,074,345 1,475,542	170.90 66.64 122.32	253 7 85	156 80 115	36.50 0.42 2.2

TABLE V
 PRINCIPAL RESULTS OF OPERATION OF THE ALGERS WATER PURIFICATION PLANT FOR THE YEAR ENDING DECEMBER 31, 1999

Month	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	
January	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420
February	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
March	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420
April	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420
May	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420
June	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420
July	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420
August	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420
September	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420
October	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420
November	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420
December	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420
Total	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200	4200

TABLE VIA
MONTHLY SUMMARY OF NEW ORLEANS FILTER OPERATIONS FOR YEAR ENDING DECEMBER 31, 1998

1 Month	2 Total Million Gallons Water Filtered During Month		3 Total Number of Runs		4 Length of Runs in Hours		5 Million Gallons of Water Filtered Per Run		6 Million Gallons Per Day Per Filter		7 Total Amount in Million Gallons of Wash Water Used		8 Million Gallons of Wash Water Used Per Wash		9 Percentage of Wash Water Used Per Run		10 Million Gallons Filtered Per Day			
	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New		
January	Max				178	154	17,500	27,022	2,089	4,007	73,227	75,390	0.407	0.725	12,520	18,130	63,589	65,497		
	Min	1,535,744	1,857,102	160	104	39	44	3,250	4,000					2,370	2,680	2,680	2,680	53,589	55,497	
	Avg				98	108	8,532	18,030							4,770	4,020				
February	Max				136	152	13,375	28,734							15,770	6,820				
	Min	1,478,040	1,670,559	192	96	30	78	2,460	9,953	2,052	3,577	70,525	58,350	0.388	0.570	2,900	2,350	52,453	51,016	
	Avg				95	123	8,121	18,845							4,780	3,500				
March	Max				155	155	20,625	25,213							12,450	78,880				
	Min	1,554,034	1,520,288	174	94	40	52	3,332	2,517	2,037	3,242	72,151	61,102	0.415	0.727	2,020	2,770	62,006	53,799	
	Avg				112	112	9,506	18,099							4,370	4,020				
April	Max				152	193	15,875	32,538							9,980	9,430				
	Min	1,532,164	1,694,364	172	80	47	51	3,917	7,412	1,962	3,526	55,478	55,890	0.387	0.599	2,440	2,150	59,723	58,514	
	Avg				109	143	8,911	21,055							4,350	3,020				
May	Max				142	190	15,209	32,581							16,150	8,500				
	Min	1,656,922	1,974,068	184	82	91	85	7,664	7,729	2,063	3,932	64,763	64,200	0.352	0.561	2,310	2,030	62,493	55,249	
	Avg				118	142	10,092	24,085							3,490	2,740				
June	Max				214	215	20,290	45,646							6,500	7,620				
	Min	1,646,175	1,935,470	147	72	69	23	5,750	3,983	2,150	4,480	55,028	49,970	0.374	0.594	1,840	1,520	65,445	74,341	
	Avg				125	144	11,198	25,882							3,340	2,580				
July	Max				162	197	18,004	60,485							14,520	5,820				
	Min	1,739,305	2,128,031	141	68	32	72	2,666	12,514	2,331	4,877	54,583	53,960	0.387	0.729	2,150	1,210	70,956	80,929	
	Avg				127	154	12,335	31,295							3,140	2,330				
August	Max				197	197	22,834	41,897							6,360	5,990				
	Min	1,785,824	2,157,930	140	84	53	50	5,250	10,313	2,302	4,387	45,567	60,581	0.334	0.721	1,460	1,720	70,073	72,193	
	Avg				133	141	12,758	25,690							2,620	2,810				
September	Max				223	201	27,000	34,980							5,350	11,520				
	Min	1,908,539	1,755,051	142	98	70	37	5,833	5,779	2,298	3,960	44,246	58,500	0.312	0.566	1,190	1,900	69,951	64,052	
	Avg				133	124	12,735	19,944							2,440	3,340				
October	Max				207	156	24,875	36,297							16,420	4,080				
	Min	1,972,783	2,151,596	154	82	40	96	2,083	16,921	2,294	4,299	52,547	57,940	0.342	0.590	1,370	1,900	69,929	71,339	
	Avg				134	143	12,810	25,514							2,670	2,590				
November	Max				157	158	18,042	36,251							10,200	7,640				
	Min	1,871,432	1,941,283	155	76	46	45	3,834	9,345	2,337	4,493	50,508	54,270	0.391	0.714	2,170	1,970	71,138	74,558	
	Avg				124	135	12,073	25,545							3,230	2,800				
December	Max				155	185	18,523	40,993							5,100	4,850				
	Min	1,919,344	1,945,985	155	77	52	118	5,750	14,258	2,288	4,108	57,839	49,800	0.351	0.592	1,880	1,590	69,547	68,109	
	Avg				122	158	11,532	27,042							3,020	2,560				
Total	Max	20,800,917	22,572,837	1,937	978	417	4512	414,745	830,498	26,193	45,888	718,911	690,041	4,440	8,397	198,460	191,000	797,314	811,249	
	Min	1,972,783	2,157,930	140	76	223	215	27,000	60,485	2,337	4,877	73,227	75,390	0.415	0.729	1,640	2,880	71,138	80,929	
	Avg	1,478,040	1,520,288	140	82	30	23	2,083	2,517	1,962	3,242	44,246	49,800	0.312	0.561	1,190	1,900	59,723	53,799	
General	Max	3,333,410	1,880,485	161	82	119	138	10,892	23,511	2,183	4,074	59,909	57,503	0.370	0.700	3,058	3,058	65,442	67,604	
	Min																			
	Avg																			

TABLE VI-B

MONTHLY SUMMARY OF ALGIERS FILTER OPERATIONS FOR YEAR ENDING DECEMBER 31, 1998

1	2	3	4	5	6	7	8	9	10
Month	Total Million Gallons Water Filtered During Month in Runs	Total Number of Runs	Length of Runs in Hours	Million Gallons of Water Filtered Per Run	Million Gallons Per Day Per Filter	Total Amount in Million Gallons of Wash Water Used	Million Gallons of Wash Water Used Per Wash	Percentage of Wash Water Used Per Run	
January	Max. 386.488 Min. 44 Avg. 57	108	168	9.533	1.25	14.990	0.139	7.24 1.46 3.88	
February	Max. 333.295 Min. 43 Avg. 97	54	171	9.892	1.19	8.243	0.128	8.64 1.30 2.47	
March	Max. 395.759 Min. 47 Avg. 118	64	191	11.185	1.28	8.376	0.131	6.15 1.17 2.12	
April	Max. 405.617 Min. 56 Avg. 128	56	194	11.833	1.36	7.129	0.127	3.15 1.08 1.75	
May	Max. 464.943 Min. 73 Avg. 106	73	169	10.254	1.36	10.689	0.146	7.54 1.43 2.30	
June	Max. 515.759 Min. 53 Avg. 167	53	217	13.376	1.44	8.613	0.163	2.55 1.21 1.67	
July	Max. 567.981 Min. 55 Avg. 162	55	171	11.645	1.52	9.638	0.175	3.42 1.50 1.70	
August	Max. 523.431 Min. 51 Avg. 167	51	162	6.792	1.41	9.855	0.193	2.85 1.70 1.88	
September	Max. 532.777 Min. 51 Avg. 170	51	195	13.175	1.48	10.024	0.197	2.82 1.49 1.88	
October	Max. 553.241 Min. 54 Avg. 165	54	192	12.050	1.48	10.174	0.190	2.96 1.55 1.84	
November	Max. 524.104 Min. 71 Avg. 127	71	193	12.009	1.46	14.575	0.205	7.36 1.71 2.78	
December	Max. 501.990 Min. 74 Avg. 115	74	237	12.150	1.35	13.177	0.178	5.63 1.47 2.52	
Total	5,707.395	774			16.58	125.493	1.972		
General	Max. 567.981 Min. 333.295 Avg. 475.615	108	237	13.376	1.52	14.990	0.205	8.64 1.08 2.20	

TABLE VII
FIVE YEAR ANALYSIS DATA (1993 - 1998) FOR NEW ORLEANS
DRINKING WATER PURIFICATION SYSTEM

PARAMETER	MISSISSIPPI RIVER (Before Purification)			FINISHED WATER (After Purification)		
	MAX	MIN	AVG	MAX	MIN	AVG
TOTAL ALKALINITY (PPM AS CaCO3)	156	70	112	140	48	86
TOTAL HARDNESS (PPM AS CaCO3)	207	96	155	211	102	143
NONCARBONATE HARDNESS (PPM AS CaCO3)	86	16	42	114	32	57
CALCIUM HARDNESS (PPM AS CaCO3)	158	70	110	167	55	105
MAGNESIUM HARDNESS (PPM AS CaCO3)	86	5	45	87	8	38
NEPHELOMETRIC TURBIDITY (N.T.U.)	270	7	71	1.50	0.02	0.19
JACKSON TURBIDITY (J.T.U.)	390	19	105	---	---	---
pH	8.59	7.4	8	9.81	8.28	8.92
CHLORIDE (PPM)	62	10	32	64	16	34
FLUORIDE (PPM)	0.48	0.10	0.25	1.40	0.51	0.92
TOTAL DISSOLVED SOLIDS (PPM)	329	95	232	341	96	211
TOTAL SUSPENDED SOLIDS (PPM)	430	3	114	---	---	---
FREE CHLORINE RESIDUAL (PPM AS CL2)	---	---	---	1.7	0.0	0.1
TOTAL CHLORINE RESIDUAL (PPM AS CL2)	---	---	---	4.5	0.2	2.9
AMMONIA (PPM AS N)	0	0.00	0.00	0.7	0.0	0.2
ORTHO PHOSPHATE (PPM AS PO4)	0.8	0.1	0.3	0.7	0.1	0.2
TOTAL PHOSPHATE (PPM AS PO4)	0.8	0.2	0.4	0.9	0.2	0.4
SULFATE (PPM AS SO4)	77.6	32.2	49.7	77.2	27.1	50.1
SILICA (PPM AS SiO2)	6.8	2.6	5.6	5.6	3.2	4.6
NITRATE (PPM AS N)	3.9	0.6	2.4	3.2	0.7	2.0
NITRITE (PPM AS N)	0.43	0.0	0.11	0.89	0.0	0.0
COLOR (Scale Units)	25	10	15	20	5	6.2
CONDUCTIVITY (umhos/cm)	571	200	380	541	232	367
TEMPERATURE (DEG F.)	90	32	64	98	46	74
ALUMINUM (PPB)	203	0	33	83	0	12
ARSENIC (PPB)	5.1	0.0	1.1	4.8	0.0	0.4
BARIUM (PPB)	251	4	59.16	139	20	39
CADMIUM (PPB)	1.2	0.0	0.0	1.0	0.0	0.0
CHROMIUM (PPB)	5.2	0.0	0.5	5.3	0.0	0.3
COPPER (PPB)	18.0	0.0	4.3	198	0.0	8.2
IRON (PPB)	359	0.0	25.1	740	0.0	26.0
LEAD (PPB)	3.0	0.0	0.1	4.0	0.0	0.2
MERCURY (PPB)	1.0	0.0	0.0	0.5	0.0	0.0
SELENIUM (PPB)	3.3	0.0	0.5	4.8	0.0	0.5
SILVER (PPB)	0.5	0.0	0.0	0.7	0.0	0.0
ZINC (PPB)	244	0	11	439	0	17
POTASSIUM (PPM)	13.4	1.9	3.3	8.8	1.2	3.1
SODIUM (PPM)	51	8.5	21.4	43	9.0	20.3
TOTAL TRIHALOMETHANES (PPB)	2.4	0.0	0.0	4.3	4.0	15.1
TOTAL ORGANIC CARBON (PPM)	6.9	1.5	4.2	4.5	1.1	2.8
1,2-DICHLOROETHANE (PPB)	8.9	0.0	0.0	2.6	0.0	0.0
CHLOROFORM (PPB)	1.9	0.0	0.0	36	3.7	12.3
CARBON TETRACHLORIDE (PPB)	0.0	0.0	0.0	0	0.0	0.0
BROMODICHLOROMETHANE (PPB)	0.5	0.0	0.0	9.8	0.0	2.5
TETRACHLOROETHENE (PPB)	1.1	0.0	0.0	0.9	0.0	0.0
BTX (Benzene, Toluene & Xylenes) (PPB)	4.7	0.0	0.0	1.9	0.0	0.0
TOTAL COLIFORMS (colonies/100 ml)	13000	<100	1398	110	0	0
HETEROTROPHIC PLATE COUNT (col./100 ml)	52000	100	4754	1700	0	5
FECAL COLIFORMS (colonies/100 ml)	2570	<10	204	0	0	0
BERYLLIUM (PPB)	0.7	0.0	0.0	1	0	0
MANGANESE (PPB)	14.0	0.0	2.4	20	0	3
NICKEL (PPB)	13.0	0.0	2.6	34	0	2
ANTIMONY (PPB)	6.0	0.0	0.3	6	0	0
THALLIUM (PPB)	1.0	0.0	0.0	1	0	0

TABLE VIII
CARROLLTON OPERATION

CHEMICAL	CHEMICAL COST	CHEMICAL COST PER MILLION GALLONS
LIME	\$686,808.96	\$14.83
FERRIC COAGULANT	\$307,486.20	\$6.64
CHLORINE	\$253,519.00	\$5.48
SODIUM POLYPHOSPHATE	\$102,993.38	\$2.22
POLYELECTROLYTE	\$188,333.17	\$4.07
FLUORIDE (100%)	\$82,692.65	\$1.79
AMMONIA	\$64,524.70	\$1.39
CARBON	\$3,010.82	\$0.07
TOTAL CHEMICALS	\$1,689,368.88	\$36.49

Purification Plant Operating Cost: \$4,612,523.00
 Total Water TREATED 1998: 46,302,820,000 Gallons

TOTAL COST
PER MILLION GALLONS

YEAR	TOTAL WATER TREATED MILLION GALLONS	OPERATING COST	COST PER MILLION GALLONS
1998	46,302.82	\$4,612,523.00	\$99.62
1997	46,987.48	\$4,960,716.00	\$105.58
1996	47,073.24	\$4,634,048.89	\$98.44
1995	44,578.29	\$4,389,820.00	\$98.47
1994	41,503.75	\$4,154,445.00	\$100.10

NOTE: Operating costs since 1996 include expenditures; Pension, FICA, FICA-MED; which were charged to payroll related groups in previous years.

TABLE IX
ALGIERS OPERATION

CHEMICAL	CHEMICAL COST	CHEMICAL COST PER MILLION GALLONS
LIME	\$124,369.67	\$20.83
FERRIC COAGULANT	\$63,816.24	\$10.69
CHLORINE	\$50,784.86	\$8.50
SODIUM POLYPHOSPHATE	\$15,561.57	\$2.61
POLYELECTROLYTE	\$46,849.81	\$7.85
FLUORIDE (100%)	\$8,929.06	\$1.50
AMMONIA	\$8,858.53	\$1.48
CARBON	\$952.41	\$0.16
TOTAL CHEMICALS	\$320,122.15	\$53.61

Purification Plant Operating Cost: \$1,461,416.00
 Total Water TREATED 1998: 5,971.820,000 Gallons

TOTAL COST
PER MILLION GALLONS

YEAR	TOTAL WATER TREATED MILLION GALLONS	OPERATING COST	COST PER MILLION GALLONS
1998	5,971.82	\$1,461,416.00	\$244.72
1997	4,402.11	\$1,340,745.00	\$304.57
1996	4,187.24	\$1,094,971.56	\$261.50
1995	4,217.43	\$1,088,219.00	\$258.03
1994	4,187.88	\$1,178,993.00	\$281.53

NOTE: Operating costs since 1996 include expenditures; Pension, FICA, FICA-Med; which were changed to payroll related groups in previous years.

TABLE X
 SLUDGE REMOVED FROM THE "G" BASINS PRIMARY TREATMENT UNITS
 DORR MONORAKE CONVENTIONAL SYSTEM
 1998

Total M.G. Water Treated	28,945.88
Total Tons Dry Sludge Deposited in Basins Including Suspended and Dissolved Solids Removed and Reacting Chemicals	19,281
Total M.G. Wet Sludge Withdrawn From Basins	792.05
Average Percent Solids in Wet Sludge	0.58
Total M.G. Water Used in Withdrawing Sludge	790.12
Percent of Total Water Treated Used in Withdrawing Wet Sludge	2.74

TABLE X-A
 SLUDGE REMOVED FROM THE "L" BASINS PRIMARY TREATMENT UNITS
 DORR MONORAKE CONVENTIONAL SYSTEM
 1998

Total M.G. Water Treated	17,356.94
Total Tons Dry Sludge Deposited in Basins Including Suspended and Dissolved Solids Removed and Reacting Chemicals	28,121
Total M.G. Wet Sludge Withdrawn From Basins	365.74
Average Percent Solids in Wet Sludge	1.81
Total M.G. Water Used in Withdrawing Sludge	362.93
Percent of Total Water Treated Used in Withdrawing Wet Sludge	2.11

TABLE XI
1998 ANALYSIS DATA FOR NEW ORLEANS DRINKING WATER PURIFICATION SYSTEM

PARAMETER	MISSISSIPPI RIVER (Before Purification)			FINISHED WATER (After Purification)		
	MAX	MIN	AVG	MAX	MIN	AVG
TOTAL ALKALINITY (PPM AS CaCO3)	156	80	116	114	62	89
TOTAL HARDNESS (PPM AS CaCO3)	200	111	153	169	113	140
NONCARBONATE HARDNESS (PPM AS CaCO3)	68	16	35	90	35	50
CALCIUM HARDNESS (PPM AS CaCO3)	153	76	105	127	84	104
MAGNESIUM HARDNESS (PPM AS CaCO3)	82	11	48	65	16	36
NEPHELOMETRIC TURBIDITY (N.T.U.)	253	7	86	0.4	0.07	0.15
JACKSON TURBIDITY (J.T.U.)	355	25	129	---	---	---
pH	8.59	7.47	8.03	9.81	8.29	8.92
CHLORIDE (PPM)	50	19	31.67	50	21	33.1
FLUORIDE (PPM)	0.48	0.14	0.24	1.3	0.71	1.00
TOTAL DISSOLVED SOLIDS (PPM)	295	95	227	268	96	197
TOTAL SUSPENDED SOLIDS (PPM)	258	90	128	0	0	0
FREE CHLORINE RESIDUAL (PPM AS CL2)	0	0	0	0.75	0.4	0.15
TOTAL CHLORINE RESIDUAL (PPM AS CL2)	0	0	0	4.32	1.39	3.14
AMMONIA (PPM AS N)	0	0	0	0.43	0.03	0.18
ORTHO PHOSPHATE (PPM AS PO4)	0.3	0.23	0.26	0.29	0.18	0.23
TOTAL PHOSPHATE (PPM AS PO4)	0.56	0.35	0.45	0.62	0.37	0.51
SULFATE (PPM AS SO4)	48.34	32.2	41.68	47.2	27.1	41.56
SILICA (PPM AS SiO2)	6.2	2.6	5.39	5.2	4.3	4.82
NITRATE (PPM AS N)	3.04	0.56	1.60	2.88	0.65	1.65
NITRITE (PPM AS N)	0.21	0.00	0.02	0.91	0.00	0.1
COLOR (Scale Units)	25	10	17	20	5	9
CONDUCTIVITY (umhos/cm)	530	230	356	479	247	344
TEMPERATURE (DEG. F.)	87	47	68	90	56	75
ALUMINUM (PPB)	182	11	40.87	61	0.3	5.15
ARSENIC (PPB)	5.1	0.8	1.79	4.8	0.1	0.85
BARIUM (PPB)	201	36	60.8	65	7.3	36.83
CADMIUM (PPB)	0.3	0.0	0.03	0.7	0.0	0.02
CHROMIUM (PPB)	4.1	0.0	1.32	5.3	0.0	0.8
COPPER (PPB)	12	1.2	3.71	198	0.1	11.38
IRON (PPB)	145	0	24.58	100	0	14.96
LEAD (PPB)	0.4	0	0.12	2.8	0	0.28
MERCURY (PPB)	0.11	0	0	0.5	0	0.03
SELENIUM (PPB)	3.3	0.1	0.86	2.3	0	0.68
SILVER (PPB)	0	0	0	0.17	0	0.01
ZINC (PPB)	11	0	2.39	162	0	10.18
POTASSIUM (PPM)	13.4	1.9	3.66	8.8	1.2	3.1
SODIUM (PPM)	39.7	8.5	18.28	28.5	9.1	16.8
TOTAL TRIHALOMETHANES (PPB)	0.0	0.0	0.0	42.9	6	18.43
TOTAL ORGANIC CARBON (PPM)	5.98	3.00	3.57	3.04	1.6	2.55
1,2-DICHLOROETHANE (PPB)	8.9	0.0	0.00	2.4	0.0	0.00
CHLOROFORM (PPB)	0.0	0.0	0.0	30.3	5.8	13.73
CARBON TETRACHLORIDE (PPB)	0.0	0.0	0.0	0.0	0.0	0.0
BROMODICHLOROMETHANE (PPB)	0.0	0.0	0.0	9.8	0.2	3.96
TETRACHLOROETHENE (PPB)	0.3	0.0	0.0	0.0	0.0	0.0
BTX (Benzene, Toluene & Xylenes) (PPB)	1.8	0.0	0.0	0.2	0.0	0.0
TOTAL COLIFORMS (colonies/100 ml)	4350	180	920	12	0	0
HETEROTROPHIC PLATE COUNT (col/100 ml)	11500	1500	4300	129	0	2
FECAL COLIFORMS (colonies/100 ml)	850	0	148	0	0	0
BERYLLIUM (PPB)	0	0	0	0	0	0
MANGANESE (PPB)	5.6	0.1	1.24	6.6	0.1	2.16
NICKEL (PPB)	5.8	0.7	3.23	10	0	2.15
ANTIMONY (PPB)	0.4	0.1	0.26	0.4	0	0.16
THALLIUM (PPB)	0	0	0	0.16	0	0.02

TABLE XII
EXTRACTS FROM TABLES IV-C AND V
20 Year Period, 1978 to 1998 Inclusive
Maximum, Minimum, and Average Amount of
Water Treated Per Day
(M.G. per 24 Hours)

YEAR	CARROLLTON			ALGIERS		
	MAX.	MIN.	AVG.	MAX.	MIN.	AVG.
1978	144.90	108.10	126.30	12.08	8.00	9.86
1979	165.70	112.60	132.40	13.63	8.00	10.54
1980	166.80	118.30	137.10	13.50	8.00	10.09
1981	164.50	121.70	140.50	13.00	8.13	10.71
1982	216.40	118.30	133.80	15.68	9.25	11.07
1983	231.70	107.60	128.30	15.00	8.50	11.02
1984	166.71	113.08	130.37	15.42	9.50	11.07
1985	210.04	99.75	124.08	14.96	8.54	10.49
1986	175.77	89.12	121.50	13.71	8.04	10.29
1987	137.63	95.08	116.42	13.46	7.45	10.42
1988	146.38	94.71	118.38	13.71	8.34	10.19
1989	240.00	93.83	119.54	18.75	7.00	9.80
1990	162.50	100.46	119.61	14.78	8.00	10.46
1991	133.29	98.92	114.79	12.50	8.00	9.60
1992	139.00	97.00	115.22	13.88	8.00	9.88
1993	140.38	103.25	117.41	15.42	7.62	10.18
1994	128.88	103.88	113.71	17.00	8.00	11.47
1995	142.83	104.67	121.40	18.14	9.00	11.55
1996	198.42	91.59	128.97	18.27	9.00	11.47
1997	156.53	112.70	128.73	18.83	9.58	12.06
1998	152.96	98.48	126.86	22.96	12.00	16.36

TABLE XIII
 Monthly Temperature (Degrees Farenheit) of the
 Mississippi River Water at the Carrollton Plant

MONTH	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
JANUARY	45	40	40	39	37	35	40	45	46	64
FEBRUARY	43	46	41	41	38	36	38	48	50	50
MARCH	45	51	47	47	38	42	43	52	57	52
APRIL	55	55	56	52	48	53	55	57	61	61
MAY	65	65	65	63	60	62	62	68	63	70
JUNE	73	72	75	72	71	71	77	76	75	80
JULY	78	79	79	78	76	77	82	83	83	85
AUGUST	81	80	80	77	76	77	85	83	87	85
SEPTEMBER	80	80	78	74	75	76	84	82	83	83
OCTOBER	66	69	67	64	62	66	73	72	77	76
NOVEMBER	58	57	53	54	51	57	60	62	67	65
DECEMBER	52	50	45	41	41	46	50	51	59	57
MAXIMUM	85	85	88	81	80	80	88	84	90	87
MINIMUM	36	36	38	36	35	32	36	40	39	47
AVERAGE	62	62	61	59	56	58	62	65	67	68

Ten-Year Period

Maximum	90
Minimum	32
Average	62

TABLE XIV
Monthly Temperature (Degrees Farenheit) of the
Tap Water at the Carrollton Plant

	1994	1995	1996	1997	1998
January	51	65	67	64	64
February	59	64	64	61	66
March	65	67	65	69	68
April	77	71	74	70	73
May	76	75	78	75	79
June	79	76	77	79	82
July	78	78	80	82	83
August	81	81	81	86	84
September	80	81	81	83	81
October	77	77	77	79	80
November	73	70	72	72	72
December	66	66	66	65	67
Maximum	90	88	89	92	89
Minimum	44	44	54	53	58
Average	71	73	74	74	75

<u>Five-Year Period</u>	
Maximum	92
Minimum	44
Average	73

New Orleans East Bank Sewage Treatment Plant Yearly Summary

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	1998
PLANT FLOW (MGD)													
Average	113	88	96	76	70	63	70	83	130	76	81	87	81
Maximum	186	155	199	168	91	91	124	175	223	130	151	144	223
INFLUENT BOD (mg/l)													
Average	90	112	112	142	128	150	160	139	81	143	149	128	128
Maximum	160	145	151	197	173	200	240	267	206	216	223	194	267
INFLUENT TSS (mg/l)													
Average	109	125	137	157	159	187	196	165	105	151	162	140	140
Maximum	167	220	213	257	197	262	283	227	349	232	280	206	349
INFLUENT BOD (lbs/day)													
Average	76,799	79,455	83,750	88,049	75,080	78,323	90,286	91,291	92,268	88,413	100,683	92,090	85,531
Maximum	116,214	104,623	134,895	149,766	99,381	118,693	130,908	192,983	167,499	199,148	180,726	149,830	199,148
INFLUENT TSS (lbs/day)													
Average	99,974	90,454	107,110	190,206	92,147	99,072	112,605	113,215	107,264	92,327	117,385	101,988	102,197
Maximum	255,679	169,169	252,015	329,851	199,836	183,608	187,032	194,315	283,207	181,340	223,639	216,027	329,851
EFFLUENT BOD (mg/l)													
Average	11	16	16	20	21	24	22	28	17	17	20	21	19
Weekly Maximum	13	20	18	21	23	31	24	44	21	21	21	25	44
EFFLUENT TSS (mg/l)													
Average	17	23	23	24	25	30	27	30	23	20	20	22	23
Weekly Maximum	18	32	28	25	28	38	29	37	27	25	22	34	38
EFFLUENT BOD (lbs/day)													
Average	10,136	11,758	12,923	12,827	10,841	12,928	12,601	18,917	18,330	10,419	13,579	15,524	13,192
Maximum	21,254	22,899	36,476	33,125	13,034	25,128	28,933	45,132	27,164	21,392	23,207	41,706	45,132
EFFLUENT TSS (lbs/day)													
Average	16,550	17,201	19,516	15,093	13,660	15,871	16,123	21,244	25,630	12,911	13,230	19,275	17,235
Maximum	36,880	44,976	101,138	45,618	15,135	30,209	41,850	42,782	45,191	37,137	35,308	62,679	101,138
EFFLUENT CL2 (mg/l)													
Average	1.3	0.8	0.7	0.5	0.4	0.3	0.2	0.2	0.2	0.3	0.1	0.2	0.3
Maximum	2.2	2.0	1.9	1.9	1.3	0.6	0.8	0.5	0.5	0.5	0.3	0.5	2.2
EFFLUENT COLIFORMS (col/100 ml)													
Average (Geo)	2	3	3	8	8	8	41	31	13	10	48	49	19
Weekly Maximum (Geo)	3	3	6	8	22	33	63	315	46	22	88	143	315
EFFLUENT pH (SU)													
Minimum	6.56	6.49	6.41	6.41	6.36	6.43	6.36	6.37	6.54	6.39	6.44	6.43	6.36
Maximum	8.83	6.77	6.78	6.87	6.64	6.99	6.71	6.77	7.14	6.98	6.64	6.82	7.14
BURNED SLUDGE (tons)													
Average per day	26	27	37	39	31	32	32	30	29	33	34	38	32
Total	734	480	1,133	1,178	887	710	977	657	432	1028	788	776	9,279
AUXILIARY FUEL (MMBTU's)													
Average per ton	10.1	9.5	8.3	10.1	7.9	7.7	7.7	5.3	8.1	8.1	8.6	8.2	8.3
Total	8,355	5,102	9,616	12,520	4,815	5,828	5,879	3,509	3,561	8,250	6,907	6,215	81,018
ELECTRICITY (kwhr)													
Average per day	80,477	75,600	78,852	78,120	76,020	79,814	71,974	71,515	86,240	69,368	73,080	74,245	72,814
Total	2,494,800	2,116,800	2,444,400	2,343,600	1,520,400	2,394,410	2,293,200	2,127,600	2,587,200	2,150,400	2,192,400	2,303,600	2,356,810
RAINFALL (inches)													
Total	20.7	5.0	9.3	4.1	0.7	3.3	3.0	7.6	26.9	1.0	3.7	1.7	80.0

Annualized

New Orleans West Bank Sewage Treatment Plant Yearly Summary

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	1998
PLANT FLOW (MGD)													
Average	18.6	13.6	14.8	9.4	8.6	9.4	8.6	9.1	17.0	8.0	8.5	7.3	11.1
Maximum	34.2	25.2	38.0	20.8	14.7	14.9	17.1	21.2	36.6	12.3	16.4	12.8	38.0
INFLUENT BOD (mg/l)													
Average	61	79	83	125	114	92	92	90	58	88	89	106	90
Maximum	145	128	118	160	186	115	133	118	96	116	133	129	186
INFLUENT TSS (mg/l)													
Average	76	81	101	136	132	104	152	118	100	101	122	111	111
Maximum	133	143	199	216	225	162	229	180	250	195	345	232	345
INFLUENT BOD (lbs/day)													
Average	8,452	9,266	8,927	9,607	7,962	7,136	6,432	6,608	7,145	5,851	6,119	6,430	7,495
Maximum	13,227	17,025	15,914	16,024	12,806	11,451	8,780	13,578	10,747	6,924	10,992	10,657	17,025
INFLUENT TSS (lbs/day)													
Average	12,245	9,623	11,037	10,680	9,166	8,257	10,686	8,850	12,932	6,997	8,580	6,973	9,669
Maximum	32,509	19,821	26,919	32,318	15,481	20,172	20,149	16,513	24,499	19,922	32,082	24,825	32,509
EFFLUENT BOD (mg/l)													
Average	18	18	18	23	24	18	14	14	13	17	20	22	18
Maximum	26	30	23	38	32	29	23	30	32	28	32	29	38
EFFLUENT TSS (mg/l)													
Average	22	18	19	18	16	15	13	15	22	18	25	22	19
Maximum	35	33	28	38	20	21	22	19	42	25	36	40	42
EFFLUENT BOD (lbs/day)													
Average	3,117	2,265	2,145	1,797	1,697	1,396	1,001	1,093	1,794	1,098	1,458	1,357	1,685
Maximum	5,626	5,966	4,064	5,671	2,647	3,561	1,585	2,189	4,904	1,839	2,994	3,082	5,046
EFFLUENT TSS (lbs/day)													
Average	4,254	2,377	2,345	1,537	1,097	1,167	977	1,135	3,266	1,212	1,801	1,396	1,880
Maximum	10,025	6,176	5,805	5,686	1,494	2,341	1,929	2,769	11,601	2,329	3,911	4,280	11,601
EFFLUENT CL2 (mg/l)													
Maximum	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
EFFLUENT COLIFORM (cof/100 ml)													
Average (Geo)	5	3	4	3	4	2	2	3	7	5	2	2	4
Maximum	376	16	48	20	96	10	26	100	55	76	12	4	376
EFFLUENT pH (SU)													
Minimum	7.37	7.62	7.19	7.04	6.70	6.69	7.22	7.35	6.88	7.35	7.10	7.32	6.69
Maximum	8.05	7.99	7.75	7.98	7.54	7.53	7.63	7.66	7.65	7.70	7.90	7.59	8.05
DISPOSED SLUDGE (tons)													
Total	59	47	95	67	76	41	60	96	68	88	56	32	785
ELECTRICITY (kwhr)													
Average per Day	10,703	10,150	9,800	8,820	9,032	9,240	8,761	7,948	10,220	7,632	8,927	8,174	9,408
Total	331,800	284,200	303,800	264,600	280,000	277,200	271,600	246,400	306,600	236,600	240,800	253,400	3,297,000
RAINFALL (inches)													
Total	4.9	17.9	12.6	3.6	0.7	6.1	4.4	7.8	27.9	1.5	4.4	2.4	91.2

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WATER TABULATION NO. 1

WATER MAINS LAID DURING 1997

QUANTITIES MEASURED IN FEET

ITEMS	CONTRACTS	OTHERS	TOTAL FT.	TOTAL MILES
2" P.V.C.	0	500	500	
4" P.V.C.	0	0	0	
6" P.V.C.	4,265	0	4,265	
8" P.V.C.	27,512	6,509	34,021	
8" D.I.	104'	40'	114'	
10" P.V.C.	0	0	0	
10" IRON	0	0	0	
12" P.V.C.	600'	300	900	
12" D.I.	38'	0	38'	
18" P.V.C.	0	0	0	
20" P.V.C.	0	0	0	
21" D.I.	0	0	0	
F.H.	39	16	55	
VALVES	88	15	103	
M.H.'S	53	8	61	
TOTAL FT.	32,519'	7,388	40,049'	0.07 MILES

Total feet removed or abandoned - 32,700

VALVES

INSTALLED	REMOVED	REMAIN
89	0	15,722

HYDRANTS

INSTALLED	REMOVED	REMAIN
55	0	400

FEET

INSTALLED	ABANDONED	IN SYSTEM	TOTAL MILES
40,049	32,700	4,512,222.2	8.54

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WATER TABULATION NO. 2

WATER, MAINS, VALVES, AND HYDRANTS INSTALLED BY EACH AGENCY, AND QUANTITIES
REMOVED OR ABANDONED IN THE PRESENT EXISTING WATER DISTRIBUTION SYSTEM AT THE END ON 1997

WATER MAINS			VALVES			HYDRANTS			
AGENCY OF CONSTRUCTION	TOTAL LINEAR FEET INSTALLED	REMOVED OR ABANDONED	LINEAR FEET REMAINING IN SYSTEM	INST.	REM.	REMAIN	INST.	REM.	REMAIN
Algiers Water Works	49,510.0	10,427.0	40,030.0	72		72			
Ordinary Contracts	45,364.0	32,700	4472,173.2	89	71	15,651	39	39	400
S&WB Forces	814,618.0	58,854.8	723,346.8	2,070	143	1,927	1,958	227	1,731
By I-M-P Contracts	1178,883.8	1,657.3	1120,029.0	2,141	128	2,013	10,310	693	9,617
By P-W-A Contracts	66,574.6	1,705.7	64,917.3	38	2	36	56	4	52
C-W-A- & E-R-A- Contracts	33,860.2	9,649.2	32,354.5	50	6	44	89	3	86
By W-P-A Contracts	258,848.9		249,199.7	420	19	401	490	49	441
By F-W-A Contracts	52,649.6		52,649.6	31		31	19		19
By various War Agencies	3,158.0	2,753.0	3,158.0						
Under HAND	2,753.0		0.0						
Under F-P-H-A	1,176.4		1,176.4						
By Orleans Levee Bd.	169,381.0	2,1713.2	147,667.8	375	18	357	881	18	863
By Others	1920,171.5	26,899.0	1893,272.5	3,237	29	3,208	4,227	25	4,202
By Docks Board	9,508.2		9,508.2	121		121			
Total Linear Ft.	9,208131.1	402,204.5	8816,353.6	15,716	753	15,633	18,291	1,020	17,551
Total Miles	1,812.7	76.17	1,735.5						

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WATER TABULATION No. 3

LENGTH OF WATER MAINS OF EACH SIZE AND MATERIAL, NUMBER OF VALVES OF EACH SIZE,
BOTH GATE AND CHECK, ORIGINALLY INSTALLED, THE QUANTITIES REMOVED OR
ABANDONED, AND THE QUANTITIES REMAINING IN THE DISTRIBUTION
SYSTEM AT THE END OF 1997

WATER MAINS				VALVES					
MATERIAL	SIZE	LN. FT. INSTALLED	LN. FT. REMOVED	LN. FT. REMAINING	GATE SIZE	INST.	REM.	REMAIN	
Concrete Pipe	54"	7,535.1			7,535.1	48"	0	0	
Steel Pipe	50"	88,484.8			88,484.8	42"	2	0	
Steel Pipe	48"	36,045.1			36,045.1	36"	1	0	
Concrete Pipe	48"	4,982.9			4,982.9	30"	1	0	
Cast Iron Pipe	48"	13,259.3			13,259.3	24"	0	0	
Cast Iron Pipe	43"	15,880.1	4,710		11,170.10	20"	0	0	
Concrete Pipe	42"	9,361.9			9,361.9	16"	0	0	
Cast Iron Pipe	42"	4,349.6			4,349.6	14"	0	0	
Cast Iron Pipe	36"	4,640.1	60'		4,523.30	12"	12	0	
Steel Pipe	36"	16,761.2			16,761.2	10"	0	0	
Concrete Pipe	36"	37,374.7			37,374.7	8"	71	15	
Prestress Concrete	36"	675.0			675.0	6"	0	47	
Cast Iron Pipe	30"	64,323.5	3,483.4		60,840.1	4"	0	24	
Prestress Concrete	30"	36,654.4			36,654.4	3"	0	0	
R.C.P. Pipe	30"	3,919.6			3,919.6	2 1/2"	0	0	
Ductile Iron Pipe	30"	35.0			35.0	2"	2	0	
Steel Pipe	30"	19,602.2			19,602.2			14	
Concrete Pipe	30"	72,724.2	140'		72,724.2				
P.V.C. Pipe	30"	1,483.1			1,483.1				
R.C.P. Pipe	24"	102.5			102.5				
Concrete Pipe	24"	4,062.5			4,062.5				
Cast Iron Pipe	24"	33,597.1	3,116.9		30,480.2				
P.V.C. Pipe	21"	8.0			8.0				
Cast Iron Pipe	20"	105,765.6	3,419.2		102,346.6				
Asbestos Cement	20"	12,688.0			12,688.0				
Concrete Pipe	20"	20,220.3	1,464.5		18,755.8				
Ductile Iron Pipe	20"	1,317			14,183.4				
Prestressed Concrete	20"	212.5			212.5				
R.C.P. Pipe	18"	970.5			970.5				
Cast Iron Pipe	16"	121,060.5	1,985.9		119,074.6				
Concrete Pipe	16"	6,900.2	1,218.6		5,681.6				
Ductile Iron Pipe	16"	3,212.3			3,212.3				
P.V.C. Pipe	16"	640.0			6,475.5				
Asbestos Cement	16"	66,344.2			66,344.2				
R.C.P. Pipe	15"	1,069.3			1,069.3				
Cast Iron Pipe	12"	948,012.1	56,973.3		891,038.8				
Steel Pipe	12"	1,272.9			1,272.9				
Asbestos Cement	12"	369,064.3	1,192.7		367,871.6				
Ductile Iron Pipe	12"	38.0			4,658.3				
P.V.C. Pipe	12"	900			87,961.3				
Cast Iron Pipe	10"	11,253.2	896.5		10,356.7				
Ductile Iron Pipe	10"	558.0			610.0				
Asbestos Cement	10"	12,763.6			12,763.6				
Plastic Pipe	10"	153.9			153.9				
P.V.C. Pipe	10"	3,316			3,534				
Elastic Pipe	8"	231,028.8			231,028.8				
Cast Iron Pipe	8"	148,375.3	3,382.0		144,993.3				
Asbestos Cement	8"	725,914.0	2,427.6		723,486.4				
Ductile Iron Pipe	8"	312			5,213.1				
P.V.C. Pipe	8"	34,021			69,115.4				
P.V.C. Pipe	6"	8,926.30			14,885.4				
Cast Iron Pipe	6"		4,827.5		2,846,567.4'				
Asbestos Cement	6"	1,133,094.0	17,578.3		1,115,515.7				
Plastic Pipe	6"	121,385.5			121,385.5				
Ductile Iron	6"	11,938.1			11,938.1				
Ductile Iron	4"	712.2			712.2				
Cast Iron Pipe	4"	1,308,609.6	79,165.9		1,229,443.7				
Asbestos Cement	4"	29,986.8	531.5		29,455.3				
Plastic Pipe	4"	3,237.1			3,237.1				
P.V.C. Pipe	4"	470.0			3,319.6				
Galvanize Pipe	3"	3,361.7			3,361.7				
Cast Iron	2"	32,804.2	12,212.3		20,592.1				
Galvanize Pipe	2"	9,620.0			9,620.0				
Steel Pipe	1"	5,722.5	375.9		5,346.6				
P.V.C. Pipe	2"	322.0			322.0				
Linear Feet Total		9,143,786.1	383,568		8,752,008.6		15,680	47	15,633
Total Miles		1,800.0	72.6		1,726.2				

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SEWER TABULATION NO. 1

SEWER PIPES LAID DURING 1998

QUANTITIES MEASURED IN FEET

ITEMS	CONTRACTS	OTHERS	TOTAL FT.	TOTAL MLS.
6" P.V.C.	9,103.40	1,825	10,928.40	2.07
8" P.V.C.	28,022	2,695.40	30,717.4	5.81
8" D.I.	0	0	0	
10" P.V.C.	1,595.20	1,137	2,732.2	0.52
12" P.V.C.	0	0	0	
15" P.V.C.	275'	1,818'	2,093	0.39
18" P.V.C.	60'	0	60	0.01
21" P.V.C.	32'	0'	0	0.000075
4" P.V.C./S.F.M.	703'	0	703'	
36" P.V.C./S.F.M.	0	0	0	
36" P.V.C.	0'	0'	0	7.83 MILES
M.H.'S	13	64	77 M.H.'S	

ALL SEWER

BUILT	REMOVED & REPLACED	REMAIN	TOTAL	MILES
46,563 ft	28,022	18,541	7,969,610.2	1,508.54

MANHOLES

BUILT	REMOVED	REMAIN
77	4	23,150

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SEWER TABULATION NO. 2

SEWER MANHOLE AND FLUSH TANKS BUILT BY EACH CONSTRUCTION UP TO THE END OF 1997
THE QUANTITIES DESTROYED OR ABANDONED AND THE EXTENT OF THE SEWERAGE AT THE END OF 1997

	Pipe			All Sewers			Manholes		
	Built	Remove	Remain	Built	Abandon	Remain	Built	Abandon	Remain
Bought from W. O. Sewer Co	21,307.5	14,498.3	6,809.2	24,908.2	18,099.0	6,809.2	0	0	0
Built under Ordinary Contracts	64,439.50	2,732.20	41,707.3	3,654,218.2	1,415	3,597,215.3	73	4	22,477
Built by S&WB Forces	1,353,426.2	6,1270.8	1,349,055.4	1,357,727.7	61,898.8	1,293,758.9	3,998	142	2,856
Built by Dock Board	5,839.7	0.0	5,839.7	6,874.3	0.0	6,874.3	14	0	14
Built Under CMAA-EBA Contracts	25,462.5	360.0	25,302.6	25,462.6	360.0	25,302.6	76	3	73
Built under MPA Contracts	118,903.6	26,168.4	112,735.2	112,735.2	26,168.4	112,735.2	504	3	501
Built under PMA Contracts	177,599.3	14,095.4	163,503.9	163,503.4	14,095.4	163,503.9	474	5	469
Built under PMA Contracts	9,120.8	0.0	9,120.8	9,120.8	0.0	9,120.8	32	0	32
Built by Orleans Levee Board	126,348.7	7,503.0	11,8845.7	156,348.7	7,503.0	118,845.7	675	4	669
Built by PMA	4,253.1	340.5	3,912.6	4,253.1	340.5	3,912.6	17	1	16
Built under L.M.P. Contracts	700,963.5	16,332.4	717,411.1	743,801.8	22,809.4	720,992.4	2,192	60	2,132
Built by others	2,958,576.3	40,208.4	1,918,389.9	1,937,282.8	40,208.4	1,897,084.4	5,508	82	5,426
Totals Linear Feet	8,251,423.6	243,204.7	7,924,728.3	7,981,308.3	294,720.3	7,686,588.0	23,424	571	23,855
Total Miles	1,561.67	53.60	1,501.9	1,510.7	55.78	1,454.9			

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 SEWERS TABULATION NO. 3
 LENGTH OF SEWERS OF EACH SIZE AND MATERIAL BUILT,
 DISCARDED, AND NOW REMAINING IN THE SYSTEM

Size & Material of Sewer	Total Length Built Including Substitutes	Destroyed or Abandoned	Now Remaining In The System
72" Steel	29,182.4		29,182.4
68" Steel	9,061.9		9,061.9
66" Concrete	13,740.7		13,740.7
66" Steel	28,979.7		28,979.7
60" Steel	2,577.7		2,577.7
60" Concrete	748.9	26.1	722.8
57" Concrete	1,766.8		1,766.8
54" Concrete	7,030.4		7,030.4
54" Steel	44,014.5		44,014.5
51" Concrete	928.3	172.4	755.9
50" Steel	135.0		135.0
48" Concrete	13,791.0		13,791.0
48" PVP	10,900.2		10,900.2
48" Steel	21,147.2		21,147.2
45" Concrete	3,048.4		3,048.4
42" Concrete	20,170.1	1,048.9	19,121.2
42" Steel	3,580.2		3,580.2
39" Brick	884.8	52.0	832.8
39" Concrete	4,410.6		4,410.6
36" Vitrified Clay	2,777.9	538.8	2,239.1
36" Prestressed Concrete	11,617.2	344.2	11,273.0
36" Reinforced Concrete	9,392.7		9,392.7
36" Steel	150	80	442.6
36" Cast Iron	3,244.7	734.0	10,674.0
36" P.V.C.	10,604.0		888.10
33" Brick	3,150.4		3,150.4
33" Reinforced Concrete	1,450.9	69.5	1,381.4
30" Vitrified Clay	1,672.2	1,109.9	562.3
30" Brick	3,006.6	243.6	2,763.0
30" Prestressed Concrete	484.0		484.0
30" Reinforced Concrete	34,449.7	420.2	34,029.5
30" Vitrified Clay	11,732.2	4,193.7	7,538.5
30" Cast Iron	4,305.9		4,305.9
30" Steel	3,255.2		3,255.2
30" ERP	16,400.0		16,400.0
29" P.V.C.	887.0		887.0
28" P.V.C.	541.0		541.0
27" Vitrified Clay	29,134.8	1,986.7	27,148.1
27" Terra Cotta	11.0		11.0
27" P.V.C.	11.0		11.0
27" Reinforced Concrete	13,738.4		13,684.4
26" P.V.C.	2,331.0	54.0	2,331.0
24" Vitrified Clay	42,463.0	10,551.6	31,911.4
24" Cast Iron	17,653.2	15.1	17,638.1
24" Asbestos Cement	4,942.2		4,942.2
24" Reinforced Concrete	11,880.3	3,503.3	28,377.0
24" P.V.C.	162.0		162.0
24" Steel	110.0		110.0
21" P.V.C.	32		1,533.50
21" Reinforced Concrete	15,355.1	933.5	14,421.6
20" Ductile Iron Pipe	143.8		143.8
18" P.V.C.	60		1,190
16" Steel	120.0		120.0
16" Asbestos Cement	28,894.9	8.0	28,886.9
16" Plastic	1,913.1		1,913.1
15" Plastic	2,093		26,118.0
15" Plastic Truss	1,766.8		1,766.8
15" Vitrified Clay	121,696.0	7,483.5	114,212.5
10" Vitrified Clay	195,275.4	3,196.0	183,079.50
10" Concrete	68,743.4	14,647.6	54,095.8
10" Steel	130.0		130.0
10" Asbestos Cement	4,959.2	603.0	4,356.2
10" Plastic	2,732.20		101,701.7
10" Plastic Truss	6,102.5		6,102.5
8" Plastic	706,297.5	32.0	706,265.5
8" Concrete	375,816.0	42,210.0	333,606.0
8" Terra Cotta	18,388.2	3.0	18,385.2
8" Cast Iron	74.0	692.0	12,887.4
8" Vitrified Clay		28,022	4,542,450.8
8" Asbestos Cement	9,818.9	5,923.0	3,895.9
8" Plastic Truss	78,885.9		78,885.9
8" P.V.C.	30,717.40		59,554.9
8" Concrete	2,700.0	1,438.9	1,261.1
8" Asbestos Cement	4,493.9		4,493.9
8" Cast Iron	4,204.4		4,204.4
8" Vitrified Clay		9,103.40	160,185.9
8" Plastic	371,272.7		371,272.7
8" Plastic Truss	7,617.1	12.0	7,605.1
8" Terra Cotta	18.5		
8" P.V.C.	10,928.40	4,583	30,604.20
4" Cast Iron	874.2		874.2
4" Ductile Iron	180.4		180.4
4" Plastic	126.0		126.0
4" P.V.C.	703		703.0
Total Linear Feet	4,298,884.30	37,203.4	2,883,680.7
Total Miles	17,381.67	7.04	1,551.90

TABLE OF RAINFALL IN NEW ORLEANS

1994 - 1998

YEAR	JAN.		FEBRUARY		MARCH		APRIL		MAY		JUNE		JULY		AUGUST		SEPTEMBER		OCTOBER		NOVEMBER		DECEMBER		Annual Average	Excess or Deficit	YEAR
	AMOUNT	Total to Date	AMOUNT	Total to Date	AMOUNT	Total to Date	AMOUNT	Total to Date	AMOUNT	Total to Date	AMOUNT	Total to Date	AMOUNT	Total to Date	AMOUNT	Total to Date	AMOUNT	Total to Date	AMOUNT	Total to Date	AMOUNT	Total to Date	AMOUNT	Total to Date			
1994	3.22	3.85	0.43	3.85	5.14	8.79	1.44	10.23	6.21	16.44	7.88	24.32	9.14	33.46	4.00	37.46	7.00	44.46	3.27	47.73	2.40	50.13	3.75	53.88	4.49	-2.60	1994
Average	4.58	4.71	4.71	9.29	5.13	14.42	4.95	19.37	4.80	24.17	5.37	29.54	3.90	33.34	5.96	39.40	5.51	44.91	3.16	48.07	3.62	51.69	4.79	56.48			
1995	3.53	4.96	4.96	8.49	9.79	18.28	5.17	23.45	20.91	44.36	1.98	46.34	7.67	54.01	2.99	57.00	1.20	58.20	2.05	60.25	2.99	63.24	3.60	66.84	5.57	+7.66	1995
Average	4.57	4.70	4.70	9.27	5.17	14.44	4.95	19.39	4.96	24.35	5.34	29.69	6.56	36.24	5.93	42.17	5.47	47.64	3.15	50.79	3.61	54.40	4.78	59.18			
1996	3.52	2.55	6.07	4.47	10.54	4.92	15.46	2.41	17.87	5.90	23.77	7.27	31.04	5.82	36.86	3.11	39.97	0.97	40.94	3.42	43.96	4.66	48.62	4.05	+10.43	1996	
Average	4.56	4.68	4.68	9.24	5.17	14.41	4.95	19.36	4.93	24.29	5.32	29.61	6.56	36.17	5.93	42.10	5.44	47.54	3.13	50.67	3.60	54.27	4.78	59.05			
1997	5.04	3.76	8.80	3.30	12.30	5.43	17.73	5.48	23.21	4.84	28.05	4.30	32.35	1.92	34.27	0.52	34.79	1.21	36.00	7.26	43.26	1.90	45.16	3.76	-13.81	1997	
Average	4.57	4.67	4.67	9.24	5.15	14.39	4.95	19.34	4.94	24.28	5.34	29.62	6.54	36.16	5.89	42.05	5.39	47.44	3.14	50.58	3.64	54.22	4.75	58.97			
1998	10.70	5.03	25.73	9.28	36.01	4.12	39.13	0.74	39.87	3.28	43.15	5.02	48.17	7.59	55.76	26.90	82.66	0.99	83.65	3.65	87.30	1.74	89.04	7.42	+20.65	1998	
Average	4.72	4.67	4.67	9.39	5.19	14.58	4.94	19.52	4.90	24.42	5.32	29.74	6.52	36.26	6.91	42.17	5.60	46.94	3.09	50.03	3.64	53.67	4.72	58.37			

COST OF OPERATIONS IDENTIFICATION PROGRAM

ADMINISTRATIVE SERVICES DEPARTMENT

Insurance Cost per Employee:

Workers' Compensation	\$864.00
Auto Liability	\$377.00
General Liability	\$120.00

DRAINAGE DEPARTMENT

Cost of Drainage in Gallons Pumped	\$0.15/M
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ENGINEERING DEPARTMENT

Cost to Design a Project	5.8%
	of Project Cost

ENVIRONMENTAL DEPARTMENT

Cost of Typical Industry Sampling Event	\$159.00
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FACILITY MAINTENANCE DEPARTMENT

Cost to set 5/8" water meter	\$62.80
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MANAGEMENT SERVICES DEPARTMENT

ACCOUNTING:

Cost to Process a Miscellaneous Invoice	\$4.57
Cost to process a Vendor Invoice	\$5.17
Cost to process a Paycheck	\$2.81

INFORMATION SYSTEMS:

Cost to Microfiche a Document	\$0.55
Cost to Retrieve a Customer Account Microfiche Record	\$5.58
Cost to Box a Workorder Document	\$0.01

PERSONNEL:

Cost to Hire an Employee	\$423.34
Cost to complete a Voluntary Employee Termination	\$13.10
Cost to Train an Employee:	\$328.63

PURCHASING:

Cost to Process a Sundry Purchase Order	\$10.26
---	---------

REVENUE:

Cost to Read a Meter	\$0.38
Cost to Render a Bill	
(Less Meter Reading)	\$0.48
Cost to Manage a Customer by Phone	\$1.85
Cost to Manage a Customer by Mail	\$1.12
Cost to Manage a Walk-in Customer	\$8.87
Cost to Process a Mail-in Payment	\$0.25
Cost to Process a Walk-in Payment	\$1.71

OPERATIONS DEPARTMENT

Cost to Purify Water in Gallons Treated (Eastbank & Westbank)	\$0.855/M
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SEWER TREATMENT

Cost of the Treatment in Gallons (Eastbank & Westbank)	\$0.1985/M
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SUPPORT SERVICES DEPARTMENT

Average Annual Maintenance Cost per Piece of Equipment	\$514.00
Average % of Fleet Down for 1998	14%



Suite 3500 One Shell Square
New Orleans, LA 70139-3599

Bruno
& Tervalon

3300 Lakeside Drive, Suite 2200
New Orleans, LA 70119

April 9, 1999

The Members of the Finance Committee
Sewerage and Water Board of New Orleans

We have audited the general purpose financial statements of the Sewerage and Water Board of New Orleans as of and for the year ended December 31, 1998, and have issued our report thereon dated April 9, 1999. Under generally accepted auditing standards, we are providing you with the attached information related to the conduct of our audit.

This report is intended solely for the use of the Board, the Board's management and federal awarding agencies and pass-through entities, such as the State of Louisiana and the Legislative Auditors' office and is not intended to be, and should not be used for any other purpose.

Very truly yours,

KPMG LLP

Bruno & Tervalon



SEWERAGE & WATER BOARD OF NEW ORLEANS

DECEMBER 31, 1998

Our Responsibility Under Generally Accepted Auditing Standards

Our responsibility under generally accepted auditing standards is to express an opinion on the general purpose financial statements of the Sewerage & Water Board of New Orleans (the Board) as of and for the year ended December 31, 1998 based on our audit. In carrying out this responsibility, we assessed the risk that the financial statements may contain a material misstatement, either intentional or unintentional, and designed and conducted our audit to provide reasonable, not absolute, assurance of detecting misstatements that are material to the financial statements. In addition, we considered the internal control structure of the Board to gain a basic understanding of the accounting system in order to design an effective and efficient audit approach, although not for the purpose of providing specific assurance on the internal control structure.

Furthermore, our audit, including the limited inquiries we made in connection with the Year 2000 issue, was not designed to, and does not, provide any assurance that a Year 2000 issue which may exist will be identified on the adequacy of the Board's remediation plans related to Year 2000 financial or operational issues, or on whether the Board is or will become Year 2000 compliant. Year 2000 compliance is the responsibility of management.

Significant Accounting Policies

The significant accounting policies used by the Board are described in the "*Summary of Significant Accounting Policies*" note to the general purpose financial statements.

We noted no transactions entered into by the Board during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the general purpose financial statements prepared by management and are based upon management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of the significance of the general purpose financial statements and because of the possibility that future events affecting them may differ from management's current judgments. We considered the calculation of claim provisions and liabilities to be estimates that are significant due to the amount of management's estimate. Based on the testwork performed, we conclude that management's estimate appears reasonable at December 31, 1998.

Significant Audit Adjustments

We proposed significant audit adjustments to the general purpose financial statements that could, in our judgment, either individually or in the aggregate, have a significant effect on the Board's financial reporting process. We have recorded several entries, such as a provision for claims and a provision for pension expense.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the Board's general purpose financial statements and our report thereon does not extend beyond the financial information identified in our report, and we have no obligation to perform any procedures to corroborate other information contained in these documents. We have read the other information included in the Board's annual report and noted no matters that came to our attention that could cause us to believe that such information, or its manner of presentation, was materially inconsistent with the information, or manner of its presentation, appearing in the general purpose financial statements.

Disagreements With Management

There were no disagreements with management on financial accounting and reporting matters which, if not satisfactorily resolved, would have caused a modification of our report on the Board's 1998 financial statements.

Consultation With Other Accountants

To the best of our knowledge, management has not consulted with or obtained an opinion, written or oral, from other independent accountants during the past year which were subject to the requirements of Statement on Auditing Standards No. 50, "*Reporting on the Application of Accounting Principles.*"

Major Issues Discussed With Management Prior to Retention

There have been no major issues discussed with management prior to our retention as your auditors.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit.

Total Fees

We have met the terms of our agreement with you regarding the sharing of fees between our firms.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

**Single Audit Reports and Findings and
Independent Auditors' Management Letter**

December 31, 1998

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Suite 3500 One Shell Square
New Orleans, LA 70139-3599

Bruno
& Tervalon

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

To the Members of the Board
Sewerage and Water Board of New Orleans:

We have audited the general purpose financial statements of the Sewerage and Water Board of New Orleans (the Board), as of and for the year ended December 31, 1998, and have issued our report thereon dated April 9, 1999, which included an explanatory paragraph concerning the adoption of Governmental Accounting Standards Board's Statement Numbers 27 and 32. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Board's 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Board in a separate letter dated April 9, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Board in a separate letter dated April 9, 1999.



This report is intended solely for the information of the Board, the Board's management and federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Bruno & Jervolan

April 9, 1999



Suite 3500 One Shell Square
New Orleans, LA 70139-3599

Bruno
& Tervalon

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

To the Members of the Board
Sewerage and Water Board of New Orleans:

Compliance

We have audited the compliance of the Sewerage and Water Board of New Orleans (the Board) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 1998. The Board's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board'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*, issued by the Comptroller General of the United States; and OMB 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 Board'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 Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1998.

Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Board'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.

Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of the Board as of and for the year ended December 31, 1998, and have issued our report thereon dated April 9, 1999, which included an explanatory paragraph concerning the adoption of Governmental Accounting Standards Board's Statement Numbers 27 and 32. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 audits of State and Local Governments and Non-Profit Organizations and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended solely for the information of the Board, the Board's management and federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Bruno & Jervatan

April 9, 1999

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Schedule of Expenditures of Federal Awards

For the year ended December 31, 1998

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
United States Environmental Protection Agency:		
Grant #1	66.606	\$ 1,800,553
Grant #2	66.606	<u>2,246,942</u>
Total Federal Awards		<u>\$ 4,047,495</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Notes to Schedule of Expenditures of Federal Awards

December 31, 1998

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of the federal financial awards program of the Sewerage and Water Board of New Orleans (the Board). The Board reporting entity is defined in note 1 to the general purpose financial statements for the year ended December 31, 1998. All federal awards received directly from federal agencies is included on the schedule.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in note 1 to the Board's general purpose financial statements for the year ended December 31, 1998.

(3) Relationship to General Purpose Financial Statements

Federal award funds are included in contributed capital in the general purpose financial statements.

SEWERAGE AND WATER BOARD OF NEW ORLEANS
New Orleans, Louisiana

Schedule of Findings and Questioned Costs

Year ended December 31, 1998

(1) Summary of Auditors' Results

- (a) The type of report issued on the general purpose financial statements: unqualified opinion
- (b) Reportable conditions in internal control were disclosed by the audit of the Financial Statements: none reported; Material weaknesses: no
- (c) Noncompliance which is material to the general purpose financial statements: no
- (d) Reportable conditions in internal control over major programs: none reported; Material weaknesses: no
- (e) The type of report issued on compliance for major programs: unqualified opinion
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: no
- (g) Major programs:
 - United States Environmental Protection Agency -
Special Purpose (CFDA number 66.606)
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: yes

(2) Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards: None

(3) Findings and Questioned Costs relating to Federal Awards: None



Suite 3500 One Shell Square
New Orleans, LA 70139-3599

**Bruno
& Tervalon**

23 0 100 P12 : 23

April 9, 1999

CONFIDENTIAL

Board of Directors
Sewerage & Water Board of New Orleans
625 St. Joseph Street
New Orleans, Louisiana 70165

Dear Members of the Board:

We have audited the general purpose financial statements of the Sewerage & Water Board of New Orleans (the Board) for the year ended December 31, 1998, and have issued our report thereon dated April 9, 1999, which included an explanatory paragraph concerning the adoption of Governmental Accounting Standards Board's Statement Numbers 27 and 32.

In planning and performing our audit of the financial statements of the Board, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are listed in Appendix A to this report. Appendix B provides a status of prior year management letter comments. Appendix C provides management's response to current year and open prior year comments.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the Board's organization gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information of the Board, the Board's management and federal awarding agencies and pass-through entities, such as the State of Louisiana and the Legislative Auditor's office and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

KPMG LLP

Bruno & Tervalon



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CURRENT YEAR COMMENTS

Financial Statement Account Reconciliations

During our audit we noted financial statement accounts that were not reviewed or reconciled on a timely basis during the year. These accounts included cash and accounts payables. To ensure accurate financial information on a timely basis during the year and at year-end, we recommend:

- reconciliation of all balance sheet accounts to supporting documentation on a monthly basis;
- review of reconciliations and account balances by supervisors on a timely basis, and
- documented analytical reviews of all account balances on a quarterly basis.

The recommendations should be considered by management and may require additional training and efforts of the staff. However, these or similar changes would provide the Board and management with more accurate interim as well as year-end data.

EPA Grant

The Board has established an anticipated long-term relationship resulting in receipt of funding from the Environmental Protection Agency (EPA). As part of the requirements in receiving such funds, the Board is subject to EPA and other regulations. A portion of these regulations requires the Board to submit an EPA Form 5700-52A, "MBE/WBE Utilization Under Federal Grants/Cooperative Agreements and Other Federal Financial Assistance," report to the EPA award official within thirty (30) days after the end of each Federal Fiscal Year quarter.

The Board did not submit these reports within the required time frame. We recommend that the Board develop a process to comply with the above.

Inventory

During the audit, it came to our attention that inventory at Central Yard location was misappropriated during the year. The misappropriation occurred primarily due to collusion of employees. While we recognize that employee circumvention of controls can occur, we recommend that the Board re-evaluate their system of internal control and regularly monitor the effectiveness of such controls to ensure that the Board's assets are appropriately safeguarded.

Reporting Model Changes

After years of study and consideration of the needs of users of government financial statements, the Governmental Accounting Standards Board (GASB) issued its revolutionary new reporting model in June 1999. The new model dramatically changes the presentation of governments' external financial statements. In the GASB's view, the objective of the new model is to enhance the clarity and usefulness of government financial statements to the citizenry, oversight bodies, investors and creditors. It will substantially affect the

Board's financial data accumulation and financial statement presentation processes. Some of the key aspects of the changes follow:

Management's Discussion and Analysis (MD&A) – A comprehensive MD&A will now be included as required supplementary information. The MD&A will introduce the financial statements by presenting an analysis of the government's financial performance for the year and its financial position at year-end. The MD&A will be *in addition* to the transmittal letter currently required for Government Finance Officers Association (GFOA) award candidates, such as your Board, but we expect that the GFOA will make changes in their requirements so as to avoid any duplication between the two documents.

Statement of Activities – Governments will now be required to use a "net program cost" format for the entity-wide statements instead of a traditional operating statement. This new format groups revenues and expenses by functional categories (such as public safety, public works, etc.). The purpose of the new statement is to inform readers about the cost of specific functions and the extent to which they are financed with program revenues or general revenues of the government (such as tax revenues). Governments will have the option of reporting both direct and indirect program costs.

Capital Contributions – Capital contributions to enterprise funds would be reported as nonoperating revenues (rather than direct additions to equity); governments would no longer report contributed capital equity accounts. This change would recognize all contributed resources-including grants, tap fees, and developer contributions-consistently in enterprise fund operating statements. It also would eliminate the confusion caused by reporting negative retained earnings (offset) by large contributed capital balances.

The effective date of the new pronouncement will require implementation by the Board for its year ending December 31, 2001. The magnitude of these changes and the time required to prepare for implementation should not be underestimated. We recommend that the Board begin to look at its systems and processes to ensure that the required information will be available to ensure timely implementation. We recommend that the Board consider the cost of required changes to its systems and processes to ensure availability of necessary funds in its upcoming budget and also consider identifying training programs for key staff members to attend.

Year 2000

As part of our audit, limited inquiries and documentation reviews were made in connection with Year 2000 issues. Such procedures were not intended to, and do not, provide any assurance that Year 2000 issues which may exist have been identified, on the adequacy of the Board remediation plans related to Year 2000 financial or operational problems, or on whether Board is or will become Year 2000 compliant. Identified comments are listed as follows:

- The Board has not adequately documented its Year 2000 contingency plan. The lack of a formal, documented contingency plan leaves the Board at risk of discontinuity of operations in the event of problems associated with the Year 2000.

The Board should immediately develop and adopt a formal Year 2000 contingency plan. The contingency plan should be aimed to provide alternate resources or direction for all of the Board departments. The contingency plan would allow the Board to continue operations deemed critical to the Board in the event that Year 2000 problems arise.

- The Board has not created documented test plans for the testing of Year 2000 related issues. The lack of a formalized and documented test planning process leaves the Board at risk of inadequate testing.

The Board should develop a documented test planning process for its Year 2000 effort. The documented process would allow the Board to ensure that all testing associated with the Year 2000 is conducted appropriately.

Prior Year Comments

The status of prior year comments are included in Appendix B.

STATUS OF PRIOR YEAR COMMENTS

<u>Prior Year Recommendation</u>	<u>Management Response</u>	<u>Status</u>	<u>Comment Disposition</u>
Year 2000 Issues			
<p>Entities throughout the United States have addressed or are in the process of addressing the Year 2000 challenge. It has been estimated that it will cost on average well over one dollar per line of executable code to correct the Year 2000 problem; this estimate factors in not only the cost of assessing the scope of the problem but implementing the program changes and performing programming testing. The Gartner Group estimates that it may require one person a year to correct 100,000 lines of code.</p> <p>The Board has in-house developed software as well as commercial packages. To ensure that the Board is ready for the year 2000, that internal services (such as payroll, compensated absences, pension information, network monitoring) and external services (such as customer billings and external reporting) continue smoothly on January 1, 2000, the Board, through its Information Systems Computer Center (Computer Center), should review each system in order of significance and document how the year 2000 has been or will be addressed. Specific steps may include:</p> <ul style="list-style-type: none">• Identifying a project team with defined responsibilities;	Concur	In-progress	<p>Undertaken several years ago, the Computer Center staff contacted third party software developers and reviewed internal programs to identify Year 2000 concerns. Each area of non-compliance has been addressed and measures have been taken or are underway to rectify problem areas. Based on the current status, the Computer Center believes that it will be in good shape with all of the software for which it is responsible. Announcements have been made by Computer Center staff to inform departments with non-network versions of software that they should contact the respective providers and obtain necessary updates to be Year 2000 compliant.</p>

PRIOR YEAR COMMENTS

<u>Prior Year Recommendation</u>	<u>Management Response</u>	<u>Status</u>	<u>Comment Disposition</u>
<ul style="list-style-type: none">• Surveying the organization to determine applications that require conversion;• Creating an inventory of affected software;• Assessing and updating the processing environment -- hardware, software, release levels and computing capacity;• Reviewing conversion options that include rewrite, renovate or replace;• Developing a strategy for dealing with vendor-written software;• Breaking the project into logical conversion units;• Developing a testing plan, and• Reviewing and updating software tools.			
<p>Automating Manual Processes</p> <p>With the acquisition of the AMS software and related modules in 1995, several modules to AMS are available to the Board which may assist the Board in creating or identifying increased areas of efficiency, such as investments/cash management, inventory, and fixed assets. One area recommended as a priority is the fixed asset module.</p>	Concur	In-progress	With a recent change in the management of the Accounting Department, all processes are being reviewed and modified as necessary. Increased use of software tools to create efficiencies is anticipated.

PRIOR YEAR COMMENTS

<u>Prior Year Recommendation</u>	<u>Management Response</u>	<u>Status</u>	<u>Comment Disposition</u>
<p>As noted in prior year letters, the Board has completed Phase I of its fixed asset project, has developed a Fixed Asset Department and has compiled various records. Because of federal and state compliance provisions, we recommend that the Board develop a work plan to substantially complete this project by the end of 1997. Use of software can serve as an invaluable tool to assist in this effort.</p>			
<p>Use of New Software</p>			
<p>The first year to test and begin use of the new general ledger, purchasing and payroll software packages was 1996. One of the key features of the general ledger package was the budgetary control that could be used to ensure Department compliance with budgeted funds. While this control was not consistently used in 1996, as the Board becomes more familiar with the software system and considering its declining net income position, management should re-consider utilization of the software's budget controls.</p>	Concur	Noted	Management has assessed the benefits of having automated budget controls and considers its use of the budgetary control program's features to be efficient.

PRIOR YEAR COMMENTS

<u>Prior Year Recommendation</u>	<u>Management Response</u>	<u>Status</u>	<u>Comment Disposition</u>
<p>In addition, during our testwork on disbursements, we noted a few disbursements which were incorrectly coded. Departments should review the Board's chart of accounts for completeness and ease of use and, if budget revisions are needed to fund expenses, they should be requested timely.</p>			
<p>Fixed Asset Project</p>			
<p>We understand that the Board has recently completed Phase I of its records. Because of the future receipt by the Board of federal funds and to be in compliance with state requirements, we recommend that the Board initiate the next phase of the project. As required by State Law, fixed asset records should be maintained for land, buildings, other improvements, equipment, and other similar items and shall include information such as the date of purchase, initial cost (or an estimate thereof, dispositions, the purpose of disposition, recipient of the disposed property, serial numbers, location, depreciable life, accumulated depreciation and other related data.</p>	<p>Concur</p>	<p>Noted</p>	<p>The fixed asset project is a long-term effort, requiring updated appraisals, software acquisition and implementation and training. This effort has begun and is anticipated to be completed in two to three years. In the interim, measures are being undertaken to ensure the Federal and state property records are being updated timely and accurately.</p>

PRIOR YEAR COMMENTS

<u>Prior Year Recommendation</u>	<u>Management Response</u>	<u>Status</u>	<u>Comment Disposition</u>
<p>Equipment Purchased with Federal Funds</p> <p>The Board has established an anticipated long-term relationship resulting in receipt of funding from the Environmental Protection Agency (EPA). As part of the requirements in receiving such funds, the Board is subject to EPA and other regulations. A portion of these regulations require that a system exist to ensure that:</p> <ul style="list-style-type: none">• property records are maintained to include a description of the property, identification record, source of property, title data, acquisition date, cost of property, percentage of Federal participation, location, use and condition of the property and ultimate disposition, etc.;• physical inventory of property is taken and reconciled to property records at least once every two years;• a control system exists to ensure adequate safeguards to prevent loss, damage or theft of property and investigation of such incidence as needed;• adequate maintenance procedures are performed to maintain property in good condition, and	Concur	In-progress	<p>The Board has instructed the Grants Manager to maintain property records on a personal computer. This system includes a description of the property, acquisition date and the cost of property. The Board is in the process of including the source of the property, identification record, title date, percentage of Federal participation, location, use and condition of the property and ultimate disposition, etc. The property is also in the process of being tagged so a physical inventory can be taken and reconciled to property records at least once every two years. In addition, the Board is also implementing a control system to ensure adequate safeguards to prevent loss, damage or theft of property and investigation of such incidence as needed. The Board is aware that adequate maintenance procedures are to be performed to maintain property in good condition, and that authorization for the sale of the property should be received prior to the sale date.</p>

PRIOR YEAR COMMENTS

<u>Prior Year Recommendation</u>	<u>Management Response</u>	<u>Status</u>	<u>Comment Disposition</u>
<ul style="list-style-type: none">• authorization for the sale of the property is received prior to the sale date. <p>The Board has acquired minimal amounts of equipment under the current funding from EPA; however, substantial additional equipment and improvements will be acquired. The Board is responsible for compliance with the above conditions. While an overall fixed asset project is under development, we recommend that the Board develop a process to comply with the above and obtain EPA approval of the process.</p> <p>EPA Contractor Reimbursements</p> <p>As noted previously, as part of the EPA grant funding, the Board has contracted with an engineering firm. As part of the engineering contract, the firm is reimbursed for indirect costs with EPA funds. In our discussions with the Board's representatives at EPA, it is our understanding that these costs are subject to the indirect cost provisions of OMB Circular A-87, <u>Cost Principles for State and Local Governments</u>.</p>			
	Concur	Implemented	The Board received written documentation from the contractor stating that the rate has been supplied to Federal auditors and is awaiting Federal audit.

PRIOR YEAR COMMENTS

<u>Prior Year Recommendation</u>	<u>Management Response</u>	<u>Status</u>	<u>Comment Disposition</u>
<p>To ensure that EPA is satisfied with the support for the indirect cost-rate being used by the contractor, we recommend that the Board receive written documentation from the contractor that the rate has been approved and accepted by EPA to ensure that the Board is not at risk for questioned costs in future years.</p>			

MANAGEMENT'S RESPONSE TO CURRENT AND OPEN PRIOR YEAR COMMENTS

Financial Statement Account Reconciliations

During our audit we noted financial statement accounts that were not reviewed or reconciled on a timely basis during the year. These accounts included cash and accounts payable. To ensure accurate financial information on a timely basis during the year and at year-end, we recommend:

- reconciliation of all balance sheet accounts to supporting documentation on a monthly basis;
- review of reconciliations and account balances by supervisors on a timely basis, and
- documented analytical reviews of all account balances on a quarterly basis.

The recommendations should be considered by management and may require additional training and efforts of the staff. However, these or similar changes would provide the Board and management with more accurate interim as well as year-end data.

Management's Response:

The Board has hired consultants to train the finance department employees to perform their assigned tasks in a more efficient and accurate manner. In addition, the Board plans to issue quarterly financial statements internally.

EPA Grant

The Board has established an anticipated long-term relationship resulting in receipt of funding from the Environmental Protection Agency (EPA). As part of the requirements in receiving such funds, the Board is subject to EPA and other regulations. A portion of these regulations requires the Board to submit an EPA Form 5700-52A, "MBE/WBE Utilization Under Federal Grants/Cooperative Agreements and Other Federal Financial Assistance," report to the EPA award official within thirty (30) days after the end of each Federal Fiscal Year quarter.

The Board did not submit these reports within the required time frame. We recommend that the Board develop a process to comply with the above.

Management's Response:

The Board will require appropriate officials to ensure that reports are submitted timely. The Economic Disadvantaged Business Program Department prepares the reports, however, appropriate personnel from this department, such as the department head, will review the reports and follow-up on a timely submission.

Inventory

During the audit, it came to our attention that inventory at its Central Yard location was misappropriated during the year. The misappropriation occurred primarily due to collusion of employees. While we recognize that employee circumvention of controls can occur, we recommend that the Board re-evaluate their system of internal control and regularly monitor the effectiveness of such controls to ensure that the Board's assets are appropriately safeguarded.

Management's Response:

The Board will institute a policy to ensure inventory at its Central Yard site is adequately safeguarded.

Reporting Model Changes

After years of study and consideration of the needs of users of government financial statements, the Governmental Accounting Standards board (GASB) issued its revolutionary new reporting model in June 1999. The new model dramatically changes the presentation of governments' external financial statements. In the GASB's view, the objective of the new model is to enhance the clarity and usefulness of government financial statements to the citizenry, oversight bodies, investors and creditors. It will substantially affect the Board's financial data accumulation and financial statement presentation processes. Some of the key aspects of the changes follow:

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ensure that the required information will be available to ensure timely implementation. We recommend that the Board consider the cost of required changes to its systems and processes to ensure availability of necessary funds in its upcoming budget and also consider identifying training programs for key staff members to attend.

Management's Response:

The Finance Department will identify courses for key personnel to enhance the understanding of and preparation for new GASB reporting standards.

Year 2000

As part of our audit, limited inquiries and documentation reviews were made in connection with Year 2000 issues. Such procedures were not intended to, and do not, provide any assurance that Year 2000 issues which may exist have been identified, on the adequacy of the Board remediation plans related to Year 2000 financial or operational problems, or on whether Board is or will become Year 2000 compliant. Identified comments are listed as follows:

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- The Board has not created documented test plans for the testing of Year 2000 related issues. The lack of a formalized and documented test planning process leaves the Board at risk of inadequate testing.

The Board should develop a documented test planning process for its Year 2000 effort. The documented process would allow the Board to ensure that all testing associated with the Year 2000 is conducted appropriately.

Management's Response:

- Year 2000 Contingency Plan – The Board has in place a well-documented Disaster Recovery Plan. We have reviewed the Disaster Recovery Plan and believe that it adequately addresses problems that may arise from the year 2000 event as they may apply to the Computer Center

The Board is in process of formally documenting its contingency plans for the operations as a whole.

- Test Plans for testing Year 2000 related issues – The Computer Center recently purchased and received testing software to test its software that resides on the Board's mainframe computer. We are currently formulating a plan to test the systems with this software. This process is on schedule.