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Released On: 7-28-04

Consolidated Waterworks District No. 1

Year Ended December 31

2003



JEFFERSON PARISH LOUISIANA

ANNUAL FINANCIAL REPORT

CONSOLIDATED WATERWORKS DISTRICT NO. 1

PARISH OF JEFFERSON

STATE OF LOUISIANA

December 31, 2003 and 2002

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Release Date _____

CONSOLIDATED WATERWORKS DISTRICT NO. 1
JEFFERSON PARISH, LOUISIANA

Annual Financial Report

December 31, 2009 and 2008

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INDEPENDENT AUDITOR'S REPORT

March 31, 2004

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

We have audited the accompanying component unit financial statements of the Jefferson Parish Consolidated Waterworks District No. 1, a component unit of the Parish of Jefferson, State of Louisiana, under accounting principles generally accepted in the United States of America, as of and for the years ended December 31, 2003 and December 31, 2002, as listed in the table of contents in the report. These financial statements are the responsibility of management of the Jefferson Parish Consolidated Waterworks District No. 1. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and Government Auditing Standards, issued by the Comptroller General of the United States. These 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 component unit financial statements referred to above present fairly, in all material respects, the financial position of the Jefferson Parish Consolidated Waterworks District No. 1 as of December 31, 2003 and 2002, and the results of operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note A to the financial statements, the Jefferson Parish Consolidated Waterworks District No. 1 adopted the provisions of the Governmental Accounting Standards Board Statement Number 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, during the year ended December 31, 2002.

Management's discussion and analysis on Pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express an opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2004 on our consideration of the Jefferson Parish Consolidated Waterworks District No. 1's internal control over financial reporting and on its compliance with laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Deloitte, Touche, Haysman, & Hande, LLP

CONSOLIDATED WATERWORKS DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2003 AND 2002

This section of the Consolidated Waterworks' District No. 1's (the District's) annual financial report provides important background information and management's analysis of The District's financial performance during the fiscal year that ended on December 31, 2003. Please read this section in conjunction with the basic financial statements and the notes to the basic financial statements beginning on page 7 in this report.

Financial Highlights

- Total assets increased by \$2.1 million, or 2.8%, resulting primarily from collections of Ad Valorem taxes and offset by a loss from operations for the year ended December 31, 2003.
- In 2003, total operating revenues decreased by \$0.3 million, or 1.4%, when compared to the prior year. Total operating expenses increased over the prior year by \$0.4 million, or 1.0%.
- The District experienced a loss from operations of \$4.0 million, or 18.1% of total operating revenue, for fiscal year 2003. This compares to the prior fiscal year's loss from operations of \$3.3 million, or 13.5% of total operating revenue. Operating results for 2003 were significantly affected by an increase in depreciation and amortization expenses.
- The District invested \$80.3 million in various capital projects and assets during 2003. Major ongoing projects include the expansion of the West Bank water treatment plant and the addition of emergency electrical generators to the East Bank water treatment plant. Funding for these capital investments came primarily from Ad Valorem tax collections and cash reserves.
- The total net assets of The District increased by \$4.8 million to \$180.3 million.

Overview of the Financial Statements

This financial report consists of the following basic parts: management's discussion and analysis (this section), the basic financial statements, the notes to the financial statements and supplementary information.

The basic financial statements contained in this report are presented using Governmental Accounting Standards Board (GASB) accounting principles. These financial statements provide overall information about The District's financial activities on both a short-term and long-term basis. The statement of net assets presents information about its assets (resources) and liabilities (the amounts obligated to its creditors). The statements of revenues, expenses, and changes in net assets present information about the current and prior years' revenues and expenses. This statement can be used to measure operating improvements or deterioration for the past two years. The statement also provides useful information for determining whether The District's service revenue and other revenue sources were sufficient to allow The District to recover all of its costs. The final financial statement in this report is the statement of cash flows which provides information

CONSOLIDATED WATERWORKS DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2002 and 2001

about The District's cash from operations, investing, and financing activities. In addition, this statement provides useful information to answer questions such as where cash came from, what cash was used for, and what was the change in cash balance during the reporting period.

The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

Financial Analysis of the District

The statement of net assets and the statement of revenues, expenses, and changes in net assets report information about The District's activities. These two statements report the net assets of The District and changes in them. Increases or decreases in The District's net assets are one of a number of indicators of whether its overall financial health is improving or deteriorating. However, other nonfinancial factors such as population growth should also be considered.

Net Assets

A summary of The District's statements of net assets is presented in Table 1 below.

TABLE 1
Condensed Statement of Net Assets
As Of December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>	<u>Change</u>
Current assets	\$ 18,128,402	\$ 18,387,231	\$ (258,829)
Restricted current assets	32,369,379	39,698,272	(7,328,893)
Noncurrent assets:			
Capital assets - net	<u>152,708,281</u>	<u>136,105,814</u>	<u>16,602,467</u>
Total assets	<u>303,205,762</u>	<u>194,196,327</u>	<u>109,009,435</u>
Current liabilities	4,108,704	4,542,840	(434,136)
Current liabilities payable from restricted assets	<u>18,141,732</u>	<u>16,398,891</u>	<u>1,742,841</u>
Total liabilities	<u>22,250,436</u>	<u>20,941,731</u>	<u>1,308,705</u>
Net assets:			
Invented in capital assets	152,708,281	136,105,814	16,602,467
Restricted	13,218,382	23,299,381	(10,080,999)
Unrestricted	<u>14,818,899</u>	<u>15,894,451</u>	<u>(1,075,552)</u>
Total net assets	<u>\$ 180,829,241</u>	<u>\$ 175,299,156</u>	<u>\$ 5,530,085</u>

CONSOLIDATED WATERWORKS DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2003 and 2002

As shown in Table 1, total assets increased by \$7.2 million, from \$186.1 million in 2002 to \$193.3 million as of December 31, 2003. Total liabilities were \$23.3 million as of December 31, 2003, an increase of \$2.4 million from the previous year.

Changes in Net Assets

The District's net assets increased \$4.8 million to \$169.0 million in fiscal year 2003, from \$173.2 million at the end of fiscal year 2002. The change results primarily from the collection of ad valorem taxes, the proceeds of which were used to purchase and build capital assets.

Summary of Revenues, Expenses, and Changes in Net Assets

The following table presents a summary of the District's historical revenues and expenses for the fiscal years ended December 31, 2003 and 2002.

TABLE 2
Condensed Statement of Revenues, Expenses, and Changes in Net Assets
For the years Ended December 31,

	2003	2002	Change
Operating revenues	\$ 21,142,844	\$ 21,442,949	\$ (299,105)
Operating expenses	<u>25,176,375</u>	<u>24,777,621</u>	<u>398,754</u>
Operating income (loss)	<u>(4,033,531)</u>	<u>(3,334,672)</u>	<u>(698,859)</u>
Nonoperating Revenues (Expenses)			
Ad valorem taxes	7,348,058	7,058,058	289,999
Interest Income	429,528	828,344	(398,816)
Other	<u>1,657,411</u>	<u>1,657,106</u>	<u>(303,695)</u>
Total nonoperating revenues (expenses)	<u>9,434,997</u>	<u>9,543,508</u>	<u>(108,511)</u>
Net transfers in (out)	<u>(8,801)</u>	<u>(102,091)</u>	<u>93,290</u>
Change in net assets	<u>4,787,066</u>	<u>8,248,124</u>	<u>(3,461,058)</u>
Total net assets, beginning of year	<u>175,225,156</u>	<u>168,213,032</u>	<u>7,012,124</u>
Total net assets, end of year	<u>\$ 180,012,222</u>	<u>\$ 176,461,156</u>	<u>\$ 3,551,066</u>

Operating losses were \$4.0 million in 2003 compared to \$3.3 million in 2002. The increased loss is due primarily to a reduction in operating revenues and an increase in depreciation expenses. Interest income was \$8.4 million in 2002 and \$8.9 million in 2003. The decrease in interest income was due to the lower interest rate environment of 2003. Total net assets were \$180.0 million and \$176.5 million at the end of 2003 and

COAGULATED WATERWORKS DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
December 31, 2003 and 2002

2002 respectively. The \$4.7 million increase is due primarily to the collection of ad valorem tax collected for the purpose of acquiring and maintaining capital equipment.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, customers and other interested parties with a general overview of the District's finances and to demonstrate the District's finances and to demonstrate the District's accountability for money it receives. If you have questions about this report or need additional financial information, contact the Jefferson Parish Finance Department at 384-2767.

COMPONENT UNIT FINANCIAL STATEMENTS

CONSOLIDATED WATERWORKS DISTRICT NO. 1
JEFFERSON PARISH, LOUISIANA
STATEMENTS OF NET ASSETS
December 31, 2003 and 2002

ASSETS	<u>2003</u>	<u>2002</u>
		(in thousands)
Current assets:		
Cash	\$ 1,268,236	\$ 1,020,361
Share of pooled assets	8,838,688	8,838,478
Receivables		
Acc. returned tax	758,957	784,133
Accounts	2,888,088	3,076,168
Intergovernmental	1,580	47,478
Other	838,828	847,082
Inventory	<u>3,698,232</u>	<u>3,012,526</u>
Total current assets	<u>18,128,462</u>	<u>18,987,201</u>
Restricted current assets:		
Cash	487,048	459,138
Investments	6,437,685	6,674,371
Share of pooled assets	16,756,747	16,688,361
Receivables	<u>8,713,479</u>	<u>8,688,957</u>
Total restricted current assets	<u>32,394,959</u>	<u>32,300,827</u>
Capital assets (net of accumulated depreciation)	<u>182,768,281</u>	<u>128,126,814</u>
Total capital assets	<u>182,768,281</u>	<u>128,126,814</u>
TOTAL ASSETS	<u>\$ 203,251,762</u>	<u>\$ 189,138,877</u>

(Continued)

CONSOLIDATED WATERWORKS DISTRICT NO. 1
JEFFERSON PARRIS, LOUISIANA
STATEMENTS OF NET ASSETS (Continued)
December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
LIABILITIES		(revised)
Current liabilities:		
Accounts payable	\$ 473,234	\$ 598,188
Retainage payable	-	-
Intergovernmental payable	1,180,290	1,162,837
Sales tax payable	28,184	51,872
Accrued payroll expenses	1,752,580	1,098,718
Deferred revenue	<u>787,687</u>	<u>786,858</u>
Total current liabilities	<u>4,193,784</u>	<u>4,542,842</u>
Current liabilities payable from restricted assets:		
Accounts payable	2,047,977	2,655,404
Retainage payable	1,493,276	883,898
Customers' deposits	3,886,214	5,486,442
Due to operating fund	329,030	647,892
Deferred revenue	<u>8,713,620</u>	<u>8,884,267</u>
Total current liabilities payable from restricted assets	<u>16,470,127</u>	<u>18,557,803</u>
TOTAL LIABILITIES	<u>20,663,911</u>	<u>23,100,645</u>
NET ASSETS:		
Invested in capital assets	192,788,281	158,135,814
Restricted	13,218,282	25,329,821
Unrestricted	<u>14,311,526</u>	<u>13,554,451</u>
TOTAL NET ASSETS	<u>\$ 180,318,089</u>	<u>\$ 176,999,156</u>

The accompanying notes are an integral part of this statement.

CONSOLIDATED WATERWORKS DISTRICT NO. 1
JEFFERSON PARISH, LOUISIANA
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
		(restated)
OPERATING REVENUES		
Charges for sales and services	\$ 21,147,844	\$ 21,459,249
Total operating revenues	<u>21,147,844</u>	<u>21,459,249</u>
OPERATING EXPENSES		
Personnel services	8,897,198	8,591,080
Contractual services, supplies, materials, and other	10,814,091	12,197,211
Depreciation and amortization	<u>8,864,221</u>	<u>5,089,452</u>
Total operating expenses	<u>28,575,510</u>	<u>25,877,743</u>
Operating income/(loss)	(7,427,666)	(4,418,494)
NON-OPERATING REVENUES (EXPENSES)		
Taxes	7,342,833	7,056,038
State revenue sharing	608,250	626,048
Intergovernmental revenues	570	44,844
Interest income	428,428	650,348
Other	<u>418,574</u>	<u>1,324,288</u>
Total nonoperating revenues (expenses)	<u>8,828,575</u>	<u>9,699,467</u>
Income (loss) before transfers	4,776,548	(5,348,270)
Transfers in	-	8,483
Transfers out	<u>(8,992)</u>	<u>(118,574)</u>
Change in net assets	<u>4,767,556</u>	<u>8,245,191</u>
Total net assets - beginning as previously reported	175,258,156	168,022,892
Year period adjustment	<u>-</u>	<u>(80,242)</u>
Total net assets - beginning	<u>175,258,156</u>	<u>168,013,050</u>
Total net assets - ending	<u>\$ 180,025,712</u>	<u>\$ 176,258,241</u>

The accompanying notes are an integral part of this statement.

CONSOLIDATED WATERWORKS DISTRICT NO. 1

JEFFERSON PARISH, LOUISIANA

STATEMENTS OF CASH FLOWS

December 31, 2000 and 2001

	<u>2000</u>	<u>2001</u>
		(restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 62,200,706	\$ 61,790,805
Payments to supplier	(10,887,142)	(9,856,544)
Payments to employees	(5,881,512)	(5,444,912)
Net cash provided (used) by operating activities	<u>4,432,052</u>	<u>4,629,349</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Taxes	764,085	764,816
State revenue sharing	658,254	658,254
Intergovernmental revenues	679	44,844
Transfers to other funds	(5,981)	(100,001)
Other revenue sources	418,674	1,014,396
Net cash provided (used) by noncapital financing activities	<u>1,812,611</u>	<u>2,382,631</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Taxes	6,467,298	6,895,246
Purchases of capital assets	(796,675)	(832,286)
Acquisition and construction of capital assets	(25,026,470)	(14,461,284)
Net cash provided (used) by capital and related financing activities	<u>(19,355,847)</u>	<u>(18,400,324)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	34,001,601	36,217,811
Purchases of investments	(25,582,187)	(26,821,818)
Interest received	628,628	826,862
Net cash provided (used) by investing activities	<u>9,048,042</u>	<u>1,222,855</u>
Net increase (decrease) in cash and cash equivalents	<u>(10,281,628)</u>	<u>(7,843,428)</u>
Cash and cash equivalents, January 1,	<u>21,854,284</u>	<u>29,697,712</u>
Cash and cash equivalents, December 31	<u>\$ 11,572,656</u>	<u>\$ 21,854,284</u>

(Continued)

CONSOLIDATED WATERWORKS DISTRICT NO. 1
JEFFERSON PARISH, LOUISIANA
STATEMENTS OF CASH FLOWS (Continued)
December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
		(continued)
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	<u>\$ 4,000,000</u>	<u>\$ 4,328,175</u>
Adjustments to reconcile operating income to net cash provided (used by) operating activities:		
Depreciation expense	1,664,201	1,388,422
(Increase) decrease in accounts receivable	226,207	(724,808)
(Increase) decrease in intergovernmental receivables	41,217	(28,208)
(Increase) decrease in inventory	(188,838)	(128,173)
Increase (decrease) in customer deposits	895,712	527,345
Increase (decrease) in accounts payable	142,473	1,568,840
Increase (decrease) in accrued payroll expenses	(184,817)	148,576
Increase (decrease) in due to other funds	261,886	864,712
Total adjustments	<u>3,818,886</u>	<u>7,267,871</u>
Net cash provided by operating activities	<u>\$ 7,818,886</u>	<u>\$ 4,092,992</u>

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes To Financial Statements
December 31, 2003 and 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidated Waterworks District No. 1 of the Parish of Jefferson (the District) was created effective January 1, 1982, pursuant to Ordinance #19410, adopted by the Jefferson Parish Council on December 4, 1981, and includes all of its territory within former East Jefferson Waterworks District Number One and Consolidated Waterworks District No. 2 of the Parish of Jefferson, Louisiana (which included the former Sub Waterworks District No. 1 of Consolidated Waterworks District No. 2 of the Parish of Jefferson, Louisiana). The District was established for the purpose of maintaining an adequate supply of water for the residents of the unincorporated and certain incorporated areas of Jefferson Parish, Louisiana. The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

1. REPORTING ENTITY

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

2. FUND ACCOUNTING

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

a. Proprietary Fund

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

3. BASIS OF ACCOUNTING

The Proprietary Fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

In accordance with Statement No. 30 of the Governmental Accounting Standards Board (GASB), "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," it is the District's policy to apply all applicable GASB pronouncements as well as all Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Proprietary Issues or, on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The District has not adopted any Financial Accounting Standards Board Statements or Interpretations, Accounting Principles Board Opinions or Accounting Research Bulletins of the Committee on Accounting Proprietary Issues issued after November 30, 1989. In addition, these financial statements include the implementation of GASB Statement Number 34, Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments and related standards.

4. DEBT, INVESTMENTS AND SOURCE OF POOLED ASSETS

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

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

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes To Financial Statements (continued)
December 31, 2009 and 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. CASH, INVESTMENTS, AND SHARE OF POOLED ASSETS (Continued)

Louisiana statutes permit the District to invest in United States bonds, treasury notes, certificates or other obligations of the U.S. Government and agencies of the U.S. Government when are federally sponsored, and certificates of deposit of state banks and national banks having their principal office in the state of Louisiana, or in mutual or trust fund institutions which are registered and which have underlying investments limited to securities of the U.S. Government or its agencies.

6. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The District considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. Uncollectible amounts are recognized as bad debts at the first information becomes available which would indicate the uncollectibility of the particular receivable.

6. INVENTORY

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

7. RESTRICTED ASSETS

Restricted assets consist of: 1) The "Customer Meter Deposit" account, which is used to segregate water meter deposits used to pay any outstanding water bills when customers discontinue service, and 2) The "Construction Fund" account, which is used to segregate those resources accumulated by transfers from the operating fund to be used for capital improvements and renovations.

8. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment associated with the activity of the District are recorded as assets of that fund. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of these assets is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives may be found in Note D.

9. COMPENSATED ABSENCES

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

10. NET ASSETS

A portion of total retained earnings of the District is reserved to indicate that a cost of net assets is legally restricted for a specific future use. Reserves for construction and from former Eastbank and Westbank Districts are provided for in the financial statements.

NOTE B - CASH, POOLED ASSETS, AND INVESTMENTS

CASH

At December 31, 2009 and 2008, the carrying amount of the District's unrestricted deposits were \$1,795,036 and \$1,690,081 respectively; the bank balances were \$1,526,030 and \$1,615,775, respectively. At December 31, 2009 and 2008 the carrying amount of the District's restricted deposits were \$467,948 and \$408,160, respectively; the bank balances were \$073,110 and \$004,947, respectively. No deposits were encumbered or uncollateralized at year end.

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes To Financial Statements (Continued)
December 31, 2003 and 2002

NOTE B - CASH, POOLED ASSETS, AND INVESTMENTS (Continued)

POOLED ASSETS

Pooled assets consist of cash. At December 31, 2003 and 2002 the District's share of unrestricted pooled assets were \$1,048,206 and \$6,830,409 respectively. At December 31, 2003 and 2002 the District had restricted pooled assets in the amount of \$16,731,747 and \$25,626,951, respectively. Some of the District's bank deposits are held at the same financial institutions as other funds of Jefferson Parish, thus sharing the maximum amount of federal depository insurance of that institution. No amounts were uninsured or uncollateralized at year-end.

INVESTMENTS

The District's investments at December 31, 2003 and 2002 are categorized below to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the county's agent or agent in the District's name. Category 3 includes uninsured or unregistered investments for which the securities are held by the county's agent, or by its trust department or agent, but not in the District's name.

	2003		2002		CATEGORY
	CARRYING VALUE	MARKET VALUE	CARRYING VALUE	MARKET VALUE	
U. S. Industrially securities (PIMEX, PFD-UB, etc.)	<u>\$6,407,006</u>	<u>\$6,407,006</u>	<u>\$6,674,001</u>	<u>\$6,674,001</u>	1
	<u>\$6,407,006</u>	<u>\$6,407,006</u>	<u>\$6,674,001</u>	<u>\$6,674,001</u>	

Market values are furnished by the Parish's investment custodian.

NOTE C - RECEIVABLES

Receivables consist of the following as of December 31:

	2003	2002
Accounts	\$ 2,998,082	\$ 3,076,968
Ad Valorem Taxes	758,957	784,953
Due from Other Governments	1,588	47,478
Miscellaneous	<u>679,626</u>	<u>647,282</u>
	<u>\$ 4,046,432</u>	<u>\$ 4,556,681</u>

The District considers un billed receivables at year-end to be those amounts for water services received by customers in the current year, but not actually billed by the District until the following year. The unbilled receivable at December 31, 2003 and 2002 is \$1,203,028 and \$1,268,820 respectively.

The District had a receivable due from Jefferson Parish Sheriff's Department as of December 31, 2003 and 2002 in the amount of \$10,839 and \$14,700, respectively.

CONSOLIDATED WATERWORKS DISTRICT NO. 1
 Jefferson Parish, Louisiana
 Notes To Financial Statements (Continued)
 December 31, 2003 and 2002

NOTE D - RESTRICTED ASSETS

Restricted assets are comprised of the following:

	2003		
	CUSTOMERS' DEPOSIT FUNDS	CONSTRUCTION FUNDS	TOTAL
Cash	\$ 487,348	\$ -	\$ 487,348
Investments	8,427,585	-	8,427,585
Share of pooled assets	-	18,721,747	18,721,747
Ad valorem taxes receivable	-	8,708,008	8,708,008
Due (to) from other governments	-	8,471	8,471
	\$ 8,914,933	\$ 25,441,236	\$ 34,356,170

	2002		
	CUSTOMERS' DEPOSIT FUNDS	CONSTRUCTION FUNDS	TOTAL
Cash	\$ 458,193	\$ -	\$ 458,193
Investments	5,874,321	-	5,874,321
Share of pooled assets	-	26,828,381	26,828,381
Ad valorem taxes receivable	-	6,584,270	6,584,270
Due (to) from other governments	-	11,897	11,897
	\$ 6,332,514	\$ 33,632,849	\$ 39,965,373

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes To Financial Statements (Continued)
December 31, 2003 and 2002

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

A summary of changes in property, plant, equipment, depreciation and construction in progress for the year ended December 31, 2003 follows:

	BALANCE DECEMBER 31, 2002	ADDITIONS	COMPLETED CONSTRUCTION IN PROGRESS	NET TRANSFERS (TO) FROM OTHER FUNDS	BALANCE DECEMBER 31, 2003
Buildings	\$ 8,121,834	\$ -	\$ -	\$ -	\$ 8,121,834
Distribution system	149,324,321	-	8,988,040	-	158,312,361
Plants	41,847,706	-	698,728	-	42,546,434
Improvements	399,860	-	-	-	399,860
Equipment	4,282,688	248,697	-	(57,790)	4,473,695
Vehicles	2,588,028	229,079	-	(355,824)	2,661,283
	<u>\$1,169,937</u>	<u>477,776</u>	<u>7,646,878</u>	<u>(391,214)</u>	<u>213,028,878</u>
Land	1,749,454	-	-	-	1,749,454
	<u>283,727,346</u>	<u>687,776</u>	<u>7,646,878</u>	<u>(391,214)</u>	<u>\$1,173,444</u>
Construction in progress	33,218,878	18,222,927	(7,646,878)	-	43,804,927
	<u>\$ 316,946,224</u>	<u>\$ 18,910,703</u>	<u>\$ -</u>	<u>\$ (391,214)</u>	<u>\$336,565,713</u>

		ACCUMULATED DEPRECIATION DECEMBER 31, 2002	2003 DEPRECIATION	NET TRANSFERS (TO) FROM OTHER FUNDS	ACCUMULATED DEPRECIATION DECEMBER 31, 2003
Buildings	50	\$ 4,884,687	\$ 112,668	\$ -	\$ 4,997,355
Distribution system	25	60,187,144	3,881,247	-	64,068,391
Plants	25	19,875,028	1,173,328	-	21,048,356
Improvements	25	174,617	18,008	-	192,625
Equipment	18	3,295,281	129,660	(57,790)	3,367,151
Vehicles	5	1,532,784	389,181	(247,735)	1,674,230
		<u>\$ 89,869,541</u>	<u>\$ 5,684,091</u>	<u>\$ (305,435)</u>	<u>\$ 95,248,197</u>

Construction in progress is comprised of the following at December 31, 2003:

	PROJECT AUTHORIZATION	EXPENDED TO (DECEMBER 31, 2003	COMMITTED TO DATE	REQUIRED FUTURE FINANCING NOM
Plant Improvements	<u>\$ 2,382,000</u>	<u>\$ 2,329,188</u>	<u>\$ 12,180,678</u>	

CONSOLIDATED WATERWORKS DISTRICT NO. 1
 Jefferson Parish, Louisiana
Notes To Financial Statements (Continued)
 December 31, 2002 and 2001

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

A summary of changes in property, plant, equipment, depreciation and construction in progress for the year ended December 31, 2002 follows:

	BALANCE DECEMBER 31, 2001	ADDITIONS	COMPLETED CONSTRUCTION IN PROGRESS	NET TRANSFERS (TO) FROM OTHER FUNDS	BALANCE ON DECEMBER 31, 2002
Buildings	\$ 8,161,034	\$ -	\$ -	\$ -	\$ 8,161,034
Distribution system	141,810,262	-	3,412,219	-	145,222,481
Ponds	47,525,265	-	42,443	-	47,567,708
Improvements	390,865	-	-	-	390,865
Equipment	3,860,470	44,812	118,131	15,426	4,028,839
Vehicles	2,429,690	288,628	-	(281,032)	2,637,286
	<u>196,256,496</u>	<u>624,040</u>	<u>3,530,313</u>	<u>(265,606)</u>	<u>200,665,243</u>
Land	1,743,484	-	-	-	1,743,484
	<u>198,000,000</u>	<u>290,040</u>	<u>3,530,313</u>	<u>(265,606)</u>	<u>200,731,260</u>
Construction in progress	11,213,861	18,967,792	(2,065,673)	-	28,115,980
	<u>\$ 211,177,927</u>	<u>\$ 19,594,832</u>	<u>\$ -</u>	<u>\$ (265,606)</u>	<u>\$ 230,667,153</u>

	ACCUMULATED DEPRECIATION DECEMBER 31, 2001	2002 DEPRECIATION	NET TRANSFERS (TO) FROM OTHER FUNDS	ACCUMULATED DEPRECIATION DECEMBER 31, 2002
Buildings	\$ 4,871,526	\$ 115,282	\$ -	\$ 5,086,808
Distribution system	58,469,417	9,677,707	-	68,147,124
Ponds	17,854,464	1,160,864	-	19,015,328
Improvements	158,810	18,854	-	177,664
Equipment	3,308,547	62,831	(148,847)	3,222,531
Vehicles	1,465,922	336,734	(248,282)	1,554,374
	<u>\$ 83,088,486</u>	<u>\$ 9,308,468</u>	<u>\$ 404,734</u>	<u>\$ 92,801,686</u>

Construction in progress is comprised of the following at December 31, 2002:

	PROJECT AUTHORIZATION	EXPENDED TO DECEMBER 31, 2002	COMMITTED	REQUIRED FUTURE FINANCING NEEDS
Plant Improvements	<u>\$ 48,150,000</u>	<u>\$ 23,318,842</u>	<u>\$ 24,861,000</u>	

NOTE F - COMPENSATED ABSENCE

All full-time classified employees of the Parish hired prior to April 30, 1998, are permitted to accumulate and carry forward from one calendar year to the next a maximum of 90 days of accrued vacation (annual leave) and an unlimited number of days of accrued sick leave. Upon termination of employment, an employee is paid for his accumulated annual leave and

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes To Financial Statements (Continued)
December 31, 2003 and 2002

after 10 years of employment, receive/reimburse credits for one half of accumulated (vested) sick leave and cash payment for the other half. Any employee who has a current balance of 90 or more days of annual leave may be reimbursed for any number up to, but not in excess of, 30 days. In addition, employees with less than 90 days, but more than 40 days of annual leave accrued may elect a one-time per year option to sell up to 13 days. For budgetary purposes, requests for reimbursement must be submitted to the Finance Department in writing not later than October 1 of the year preceding the year in which reimbursement is to be made. At December 31, 2003 and 2002 the accrued annual and sick leave, and salary-related costs was \$1,156,000 and \$1,008,716, respectively.

Full-time classified employees hired after April 28, 1986, are permitted to carry forward no more than 60 days of accrued vacation (annual leave) and an unlimited number of days of accrued sick leave. These employees also have the one-time annual option to sell leave as described above. Upon termination of employment an employee is paid for his accumulated annual leave and after 10-years of employment (vested) to pay up to 40 days of accrued sick leave.

Salary related costs (i.e., Medicare, Social Security, etc.) have been accrued as of December 31, 2003 and 2002 in accordance with GASB Statement #18 for those-employees hired after April 1, 1986.

NOTE G - DUE TO OTHER GOVERNMENTS

The District has the following payables to other municipalities and governmental agencies for collectors of PRIDE and sewer and garbage service charges in their behalf.

	<u>2003</u>	<u>2002</u>
Jefferson Parish Sheriff	\$ 710	\$ 516
City of Metairie	28,827	25,887
City of Kenner	674,814	670,480
State of Louisiana	<u>452,650</u>	<u>455,830</u>
	<u>\$ 1,156,000</u>	<u>\$ 1,602,653</u>

NOTE H - RESTRICTED NET ASSETS

Restricted net assets restricted for construction are as follows:

	<u>2003</u>	<u>2002</u>
Balance at January 1	\$ 20,800,881	\$ 27,528,417
Ad Valorem Taxes received	6,540,570	6,281,428
State Revenue Sharing received	540,812	581,518
Interest earned	254,492	386,018
Miscellaneous Income	195,300	648,058
Construction costs incurred	(19,850,890)	(15,587,798)
General expense incurred	(151,841)	(116,732)
Transfers in (out)	<u>2,000,000</u>	<u>3,288,487</u>
Balance at December 31	<u>\$ 13,218,982</u>	<u>\$ 23,328,081</u>

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes To Financial Statements (Continued)
December 31, 2003 and 2002

NOTE I - WATER RATES

Pursuant to Ordinance #0140, adopted by the Jefferson Parish Council on November 18, 2001, service charges for the use of water, are being adjusted annually beginning January 1, 2002. Ordinance #0267, adopted by the Jefferson Parish Council on June 5, 2001, amended Ordinance #0264 (in regards to the index to be used for the annual rate adjustment. The annual adjustment will now equal the U.S. City Average 12-month percentage change in All Urban Consumer - All Items Index (CPI-U) as compiled by the Bureau of Labor Statistics.

MONTHLY BILLING (PER THOUSAND GALLONS)

	<u>2003</u>	<u>2002</u>
First 8 -- 8,000 gallons, minimum	<u>\$3.25</u>	<u>\$3.18</u>
Over 8,000 gallons	1.04	1.02

BI-MONTHLY BILLING (PER THOUSAND GALLONS)

	<u>2003</u>	<u>2002</u>
First 8 -- 8,000 gallons, minimum	<u>\$4.40</u>	<u>\$4.31</u>
Over 8,000 gallons	1.04	1.02

NOTE J - AD VALOREM TAX

The Parish levies an ad valorem tax on property as of November 18 of each year to finance the budget for the following year. The tax is due and becomes an enforceable lien on the property on the first day of the month following the filing of the tax bills by the assessor with the Louisiana Tax Commission (usually December 1). The tax is delinquent 30 days after its due date. Taxes are levied based on property values determined by the Jefferson Parish Assessor's office. All land and residential improvements are assessed at 10 percent of fair market value, and other property at 15 percent of fair market value. Taxes are billed and collected by the Jefferson Parish Sheriff's Department which receives a certain millage for its services. The taxes remitted by the Sheriff's Department to the Parish are net of assessor's commission and parcel fund contribution. Ad valorem taxes are recorded as revenue of the parish for which budgeted, thus the 2003 property tax which was levied to finance the budget for 2003 was recorded as revenue for the year 2002. The 2002 property tax which was levied to finance the budget for 2004 is recorded as deferred revenue at December 31, 2003.

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

	<u>MILLAGE</u>	
<u>PURPOSE</u>	<u>2003</u>	<u>2002</u>
Maintenance and Operations	0.40	0.44
Capital Improvements	4.80	3.70

NOTE K - INTEREST COST

No interest cost was capitalized during the years ended December 31, 2003 and 2002. Interest expense incurred in the District during 2003 and 2002 was \$0 and \$0, respectively.

CONSOLIDATED WATERWORKS DISTRICT NO. 1
 Jefferson Parish, Louisiana
 Notes To Financial Statements (Continued)
 December 31, 2003 and 2002

NOTE L - OPERATING TRANSFERS

The District had the following operating transfers:

	<u>2003</u>	<u>2002</u>
	OPERATING TRANSFERS IN (OUT)	OPERATING TRANSFERS IN (OUT)
FUND TRANSFERRED TO/DEBITED		
Lower Capital Program	\$ -	\$ (118,874)
MSA Grants	(8,000)	-
Drainage Capital Program	-	8,440
	<u>\$ (8,000)</u>	<u>\$ (110,434)</u>

NOTE M - RISK MANAGEMENT

GENERAL LIABILITY

The Parish is exposed to various risks of loss related to tort (third party), damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To account for and finance its estimated risks of loss, the Parish has established a General Liability Fund (an internal service fund). Under this program, the General Liability Fund provides coverage for up to a maximum of \$200,000 for each worker's compensation claim, \$200,000 for each general liability claim, and \$50,000 for each automobile claim. The Parish also purchases commercial insurance for claims in excess of coverage provided by the fund.

The District makes payments to the Fund based on management's estimates of the amounts needed to pay prior and current year claims. These payments ("premiums") are reported as quasi-external transactions. The District's premiums were \$785,381 and \$855,888 for 2003 and 2002, respectively.

At December 31, 2003 and 2002 the total outstanding claims liability of the General Liability Fund was \$25,076,747 and \$24,881,328, respectively. The claims liability includes an estimated liability for incurred but not reported claims of \$12,825,278 and \$11,946,578 for 2003 and 2002, respectively. The estimated claim liability is determined by the third-party administrator based on historical information and anticipated payments. These liabilities are based on the requirements of GAAP Statement 18, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which requires that a liability for claims be reported prior to the issuance of the financial statements if it is probable and the amount of the loss can be reasonably estimated. Claims liability is not available by individual Fund.

HEALTH INSURANCE

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

The total amount of contributions by the District for health insurance was \$103,847 and \$97,813 for 2003 and 2002, respectively.

UNEMPLOYMENT COMPENSATION

The Parish is self-insured for unemployment claims filed with the state. To account for and finance these claims, the Parish has established a Self-insurance Fund (an internal service fund) whereby each fund contributes 40 percent of its annual payroll into the fund. The contribution has been temporarily suspended until such time as additional funding is needed to cover outstanding claims.

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes To Financial Statements (Continued)
December 31, 2003 and 2002

NOTE 8 - PENSION PLANS

The District's employees participate in the retirement systems described below. The pension expenses recorded by the District for contributions to the retirement systems for the year ended December 31, 2003 and 2002 were \$489,408 and \$538,095, respectively.

Additional data and other information of the two plans, as it relates to the District, is available in the separate component units of the Parish.

Plan Membership

Substantially all of the Parish's full-time employees, except the firemen, are participants in The Employees' Retirement System of Jefferson Parish (the Parish Plan), a single-employer defined benefit pension plan created by Jefferson Parish Ordinance 11027. The Parish Plan covers employees who were hired prior to December 15, 1979. As of that date, the Parish Plan was merged with the State Plan and members of the Parish Plan also became members of the State Plan. Employees hired subsequent to the merger of the two systems may participate only in the State Plan.

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

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

Plan Description

The Employees' Retirement System of Jefferson Parish Board of Trustees (The Board) administers The Employees' Retirement System of Jefferson Parish (the Parish Plan), a single-employer defined benefit pension plan created by Jefferson Parish Ordinance 11027. The Parish Plan covers employees who were hired prior to December 15, 1979. As of that date, the Parish Plan became a closed-plan and was merged with the Parochial Employees' Retirement System of Louisiana (The State Plan) whereby members of the Parish Plan continued to be members of the State Plan.

The Board issues a publicly available financial report that includes financial statements and required supplementary information for the Parish Plan. The financial report for year ended December 31, 2003 may be obtained by writing to The Employees' Retirement System of Jefferson Parish, 5001 Metairie Road, Metairie, LA 70001 or by calling 504-833-4288.

Employees who are members of the Parish Plan only receive benefits equal to one percent of the highest three-year average annual compensation plus two percent of the last \$1,200 of average compensation for each year of service. The benefits for employees who are members of the Parish Plan only, with less than 20 years of service, are reduced by three percent per year for each year participants receive benefits below the age of 60. Parish Plan participants who are also members of the State Plan receive benefits equal to three percent of the highest three-year average annual compensation for each year of service reduced by any amounts paid by the State Plan. The total combined payments of both plans may not exceed 100 percent of the member's final average compensation. Retirement benefits are payable monthly for the life of the retiree. Under certain conditions, upon the retiree's death, benefits are payable by the Parish Plan to the retiree's surviving spouse and/or minor children.

Summary of Significant Accounting Policies

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

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes To Financial Statements (Continued)
December 31, 2003 and 2002

NOTE 4 - PENSION PLANS (Continued)

Method Used to Value Investments – All investments of the Parish Plan are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates.

Concentration of Credit Risk – The Parish Plan had 55% of plan net assets invested in one mutual fund. Other than this mutual fund, no investment in any one organization, other than the U. S. Government, represented 5% or more of plan net assets.

Funding Policy – The Parish Council requires that the Parish Plan be funded on an actuarially sound basis. The funding policy provides for contributions from employees and employer which are actuarially determined. In 2003, employees made contributions of 0.85% of gross earnings and employer contributions were 7.32% of annual covered payroll.

Annual Pension Cost – The annual pension cost of the Parish Plan for the current year was \$1,428,134 and the employer contributions were \$1,585,147. The annual required contribution for the current year was determined as part of the December 31, 2003 actuarial valuation using the Entry Age Normal Cost Method with Unfunded Actuarial Accrued Liability.

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

Significant actuarial assumptions used in the valuation include: 1) a rate of return on the investment of present and future assets of 6.5% per year, compounded annually; 2) projected salary increases of 0.5% per year compounded annually, attributable to inflation of 0.25% and merit of 3.25%. The actuarial value of assets is set equal to market value of assets acquired to plan; it realized and unrealized capital gains (losses) over a three year period. This technique smooths the volatility of market values for investments. The unfunded actuarial accrued liability is being amortized over a 40 year period beginning on January 1, 1980 using a level dollar amortization method on a closed basis.

Annual Pension Cost and Net Pension Obligation:

Annual required contribution	\$ 1,581,898
Adjusted to annual required contribution	<u>(153,764)</u>
Annual pension cost	1,428,134
Contribution made	<u>(1,585,147)</u>
Decrease in net pension obligation	(157,013)
Net pension obligation beginning of year	<u>4,175,388</u>
Net pension obligation end of year	<u><u>\$ 3,974,875</u></u>

Schedule of Employer Contributions

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed
<u>Ended</u>		
12/31/03	\$ 1,428,134	111.36%
12/31/02	1,148,230	126.25%
12/31/01	1,137,877	128.21%

CONSOLIDATED WATERWORKS DISTRICT NO. 1
 Jefferson Parish, Louisiana
Notes To Financial Statements (Continued)
 December 31, 2003 and 2002

NOTE M - PENSION PLANS (continued)

Schedule of Funding Progress

<u>Actual</u> <u>Valuation</u> <u>Date</u>	<u>Actual</u> <u>Status of</u> <u>Assets</u>	<u>Actual</u> <u>Account</u> <u>Liability</u> <u>(AAL)</u> <u>Entry Age</u>	<u>Unfunded</u> <u>AAL</u> <u>(\$,000)</u>	<u>Funded</u> <u>Ratio</u> <u>Percentage</u>	<u>Covered</u> <u>Payroll</u>	<u>(AAL)</u> <u>as %</u> <u>of</u> <u>Covered</u> <u>Payroll</u>
2003	\$ 25,587,008	\$27,486,044	\$11,897,046	68.28%	\$16,581,437	74.18%
2002	25,716,045	26,293,980	10,588,555	71.00%	11,476,183	80.09%
2001	25,086,797	24,741,020	\$5,982,500	75.90%	10,696,585	44.87%

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

Plan Description

The Parishial Employees' Retirement System Board of Trustees (The Board) administers the Parishial Employees' Retirement System (the State Plan), a cost-sharing multiple-employer defined benefit plan established by the Louisiana legislature as of January 1, 1951, by Act 205 of 1951. The State Plan was revised by Act No. 355 of 1979, effective January 1, 1980, to create the Plan A and Plan B benefits replace the "regular plan" and the "supplemental plan". Plan B Fund replaced the "regular plan". The State Plan is operating pursuant to LSA-R.S. 11:1801 through 1:205B. The State Plan covers employees who were hired subsequent to December 31, 1979.

Under the State Plan, a member is eligible for normal retirement if the participant has at least 30 years of creditable service regardless of age, or 25 years of creditable service and is at least 55 years old, or 18 years of creditable service and is at least 60 years old or 7 years of creditable service and is at least 80 years old. The monthly retirement benefit is equal to three percent of the member's average monthly compensation for any 30 months of consecutive service in which compensation was highest, multiplied by years of creditable service, not to exceed 100 percent of the member's final compensation. Retirement benefits are payable monthly for the life of the retiree. Under certain conditions, upon the retiree's death, benefits are payable to the retiree's surviving spouse and minor children.

The State Plan issues a publicly available financial report that includes financial statements and required supplementary information. The financial report for the year ended December 31, 2002 may be obtained by writing to: The Parishial Employees' Retirement System, P. O. Box 1-4819, Baton Rouge, La 70898.

Summary of Significant Accounting Policies

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

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

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

Funding Policy - Member contributions, established by statute at 8.0% of compensation for Plan A and 3% of compensation for Plan B, are deducted from the member's salary and credited by the participating employer. Employer

CONSOLIDATED STATEMENTS (DISTRICT NO. 1)
Jefferson Parish, Louisiana
Notes To Financial Statements (Continued)
December 31, 2002 and 2000

NOTE H - PENSION PLANS (Continued)

contributions are actuarially determined every fiscal year according to statutory process. The unfunded actuarial accrued liability is being amortized over a 30 year period under the frozen attained age normal cost method, assuming an investment rate of return of 6% and projected salary increases of 6% for Plan A. The aggregate actuarial cost method is used to calculate the funding requirements for Plan B. This method does not develop an unfunded actuarial liability. Written notice of these rates is provided to employees annually. In 2002, these employee rates were 7.76% for Plan A and 2.17% for Plan B.

Schedule of Jefferson Parish Employee Contributions

Fiscal Year Ended	Plan A	
	Actual Required Employee Contributions	Percentage of APC Contributed
2002	\$8,460,279	108.14%
2001	8,246,711	107.32%
2000	8,888,280	148.17%

NOTE G - DEFERRED COMPENSATION PLAN

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

In 1986, the U. S. Congress passed the Small Business Job Protection Act of 1998, which requires that employer governments place all amounts deferred under IRC Section 402 into a trust for the exclusive benefit of participants and their beneficiaries. This change was allowed as early as January 1, 1997, but must be done by January 1, 1998. In prior years, these assets were solely the property of the Parish and subject to claims of general creditors, and were reported in the Jefferson Parish financial statements. During the year ended December 31, 1999, the Parish amended its Plan to comply with the requirements of the Act. The Parish no longer has ownership of the Plan assets and they are no longer reported in the financial statements.

NOTE F - POST-RETIREMENT HEALTH CARE

Health Care

In addition to providing pension benefits, the Parish provides certain health care benefits for retired employees as authorized by Resolution No. 7475. Substantially all employees who reach normal retirement age while working for the Parish are eligible. The cost of these benefits is recorded as expenditures when the premiums are paid. The health care premiums for retired employees of the district amounted to \$204,468 and \$174,104 for 2002 and 2000, respectively.

Cost of Living Plan

In addition to the health care benefits noted above, the Parish also provides a supplement to retirees' pensions as authorized by Ordinance No. 18175. This benefit is available to retirees participating in either the Employees' Retirement System of

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes To Financial Statements (Continued)
December 31, 2002 and 2001

NOTE F - POST-RETIREMENT HEALTHCARE (Continued)

Jefferson Parish or the Parochial Employees' Retirement System of Louisiana who have been retired for at least one year. This additional benefit is paid once a year and is calculated as 2% of the monthly benefit times the number of months the person has been retired including partial years. The minimum additional payment is \$200 and the maximum payment is \$1,200. Any additional payment due to the retiree per these calculations is further reduced by any cost of living adjustment benefits paid by the Parochial Employees' Retirement System of Louisiana (not available to all plan participants).

NOTE G - BOARD COMPENSATION

The District has no board compensation, as its governing authority is the Jefferson Parish Council whose compensation is disclosed in the Parish's Comprehensive Annual Financial Report.

NOTE H - PRIOR PERIOD ADJUSTMENT

In 2001, the entire amount related to accumulated employee sick leave was accrued when GAAP Statement 16, Accounting for Compensated Absences requires accrual for only that portion employees are eligible to receive upon termination and for which it is probable that the employer will pay. As a result net assets were understated by \$600,340 and accrued payroll expense was overstated by \$600,340. The financial statements for the year ended December 31, 2002 have been restated. The effect of the restatement was to increase net assets by \$600,340 and decrease accrued payroll expense by \$600,340.

NOTE I - RESTATEMENT

The accompanying financial statements for the year ended December 31, 2001 have been restated to properly reflect the accrued payroll expenses. The effect of the restatement was to decrease personnel services expenses by \$4,197 and decrease the operating loss by \$4,197.

**SPECIAL REPORTS OF CERTIFIED
PUBLIC ACCOUNTANTS**



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MEMBERS

MEMBER FIRM OF
CERTIFIED ACCOUNTANTS
SOCIETY OF LA, C.P.A. I

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

March 31, 2004

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

We have audited the financial statements of the Jefferson Parish Consolidated Waterworks District No. 1, a component unit of the Parish of Jefferson, State of Louisiana, as of and for the year ended December 31, 2003, and have issued our report thereon dated March 31, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether the Jefferson Parish Consolidated Waterworks District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Jefferson Parish Consolidated Waterworks District No. 1's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Jefferson Parish Consolidated Waterworks District No. 1's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is noted below:

During testing of the collection of accounts receivable, our procedures disclosed multiple instances where customer payments received by the Utility Billing Department were not being deposited in the bank until several days after receipt. Procedures should be in place to ensure that all payments received are deposited on the same day. By not depositing payments on the same day received, the District incurs the risk that funds will be misappropriated or mispleaded. There is also an accompanying loss of interest income when funds are not deposited on a timely basis.

We suggest that the District investigate why payments are not being deposited on the day received and then develop procedures to ensure that payments are deposited on the same day received.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Parish Council and pass-through entities and is not intended to be used and should not be used by anyone other than those specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Amptastic, Chapman, Hogan and Justice, LLP

CONSOLIDATED WATERWORKS DISTRICT NO. 1

**PARISH OF JEFFERSON
STATE OF LOUISIANA**

**CORRECTIVE ACTION PLAN
MEMORANDUM OF ADVISORY COMMENTS
For the Year Ended December 31, 2003**

Louisiana State Legislative Auditor

Consolidated Waterworks District No. 1, Jefferson Parish, Louisiana respectfully submits the following corrective action plan for the advisory comments for the year ended December 31, 2003.

Independent Public Accounting Firm
Duplacier, Huguenin, Hagan & Maher, L.L.P.
1340 Poydras St., Suite 2000
New Orleans, LA 70002

Audit period: January 1, 2003—December 31, 2003

INTERNAL CONTROL OVER FINANCIAL REPORTING

Finding 2003-04: Customer payments received by the Utility Billing Department were not being deposited in the bank until several days after receipt on multiple instances. Procedures should be in place to assure that all payments received are deposited on the same day. By not depositing payments on the same day received, the District incurs the risk that funds will be misappropriated or misplaced. There is also an accompanying loss of interest income when funds are not deposited on a timely basis.

Recommendation

The District should investigate why payments are not being deposited on the day received and then develop procedures to assure that payments are deposited on the same day received.

Management's Corrective Action Plan

The District will cut off collections one hour earlier to provide cashiers more time to reconcile the day's transactions and prepare deposits.

CONSOLIDATED WATERWORKS DISTRICT NO. 1

**PARISH OF JEFFERSON
STATE OF LOUISIANA**

**CORRECTIVE ACTION PLAN
MEMORANDUM OF ADVISORY COMMENTS (continued)**

SUMMARY OF PRIOR YEAR FINDINGS

Independent Public Accounting Firm
Duplantier, Hupmann, Hogan & Maher, L.L.P.
1548 Poydras St., Suite 2000
New Orleans, LA 70012

Audit period: January 1, 2002—December 31, 2002

Finding 2002-01: Customer payments received by the Utility Billing Department were not being deposited in the bank until several days after receipt on multiple instances. Procedures should be in place to ensure that all payments received are deposited on the same day. By not depositing payments on the same day received, the District incurs the risk that funds will be misappropriated or misplaced. There is also an accompanying loss of interest income when funds are not deposited on a timely basis.

Current status: The District had plans to hire two additional clerks to address this problem; however, budget restrictions prevented this from happening.