

## COMMANDER'S ASSESSMENT OF THE FINANCING PLAN

The West Jefferson Levee District (WJLD) will serve as the local sponsor of the project, providing approximately \$5.3 million for construction over a three year period. The Federal government will provide approximately \$4.7 million during the same time period. Following construction, the WJLD will provide operation and maintenance costs, currently estimated as \$19,000 in 1997 dollars. (See Table 1 for a breakdown of annual costs.)

### Funding Sources and Uses

The Levee District uses fund accounting, and its financial statements show General, Debt Service, Special Revenue, and Capital Projects funds. The General Fund tracts most governmental revenues and expenditures. The Debt Service Fund accounts for payment of bonds outstanding; the Special Revenue Fund accounts for funds set aside to handle emergencies; and the Capital Projects Fund accounts for money used to build projects such as levees. The latter is divided into individual funds for particular projects, and one was set up in 1996 for the subject project.

The local sponsor's financing plan shows a combined projection of revenues and expenditures for its General and Lafitte Project funds, the two sources that will be used to pay for this project. (Lafitte and Fisher Basin are synonymous. Fisher Basin is in the town of Lafitte, and while Corps documents refer to the project as the Fisher Basin Project, the local sponsor has its capital fund for the project titled "Lafitte Levee." That name is used in this report to maintain consistency with WJLD's financial statements.)

Revenues and expenditures are projected in the financing plan over an eight year period, including three years after the project is completed, at which time the project will be in the operations and maintenance phase. Growth for recurring revenues is projected at 2.6% over the period, which compares favorably with the actual experience from 1995 to 1998, when the average growth rate was 3.3% for these sources (See Table 2).

The revenue projections also include a substantial portion of non-recurring revenue, i.e., revenue from an outside source that will not be available to the Levee District on a regular basis. The non-recurring revenue comes from interest earnings on funds granted by the Louisiana Department of Transportation and Development (DOTD) for construction of another project. The WJLD agreed in 1989 to be the local sponsor of the Corps' Westwego to Harvey Canal Hurricane Protection Project. Since that time, the project has been expanded to include three other areas of protection, substantially raising overall project costs. The DOTD has granted the Levee District funds to pay for that project, and has agreed to take over the local sponsor role for what will then be known as the West Bank Hurricane Protection Project (WBHPP). The transition of local sponsorship is awaiting execution of a new Project Cooperation Agreement.

To assist the Levee District in paying for the expanded project prior to the change in sponsorship, the DOTD has granted substantial amounts of money to WJLD. While these funds will not be available for the Fisher Basin Project, WJLD is free to use interest earnings on this money to pay for the Fisher Basin Levee. Moreover, much of the funding already turned over to an escrow account held by the Corps to pay for the WBHPP is earning interest payable to WJLD.

earnings are shown in Table 2 of the Financing Plan. The projection of interest earnings should be regarded as quite conservative. The projected balance draw down is based on current Corps projections of spending in the next several years, and does not take into consideration a substantial amount of credits due to the local sponsor. These project credits (for WBHPP) are expected to amount to several million dollars, and a portion them currently being audited. This credit will substantially reduce the rate of the balance draw down, and consequently, increase interest earnings beyond what are shown in the financing plan.

Non-debt service expenditures are also projected to grow at a 2.6% rate, and this comparison is also favorable with

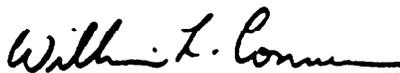
past performance: non-debt service expenditures actually fell by an average of 2.3% for the period (see Table 2).

Debt service is projected based on the terms of current bonds outstanding. No bonding is needed for this project, and no sales of additional bonds are anticipated in the near future.

As Table 1 of the Financing Plan shows, the projected revenues minus expenditures for the two funding sources will create a substantial balance during the construction period. Consequently, the Levee District will be able to pay for the project and will likely have substantial excess funds to transfer to its Special Revenue (or emergency) Fund. In the event of some cost overruns, funds from that account can be transferred back to the General or Lafitte funds to pay for the overruns.

The operation and maintenance costs of this project (O&M) are also shown in Table 1 of the financing plan. As the figures show, by FY 2003, the O&M will be just over 22,000, rising thereafter with inflation. These costs are insubstantial and are easily covered by the revenue sources identified.

The WJLD has served as local sponsor for the Westwego to Harvey Canal Project and other Corps projects in the past, and has a good record as a local sponsor. Given the conservative nature of the revenue and expense projections, the substantial fund balances expected, and the Levee District's past performance as a local sponsor, it is reasonable to expect that the sponsor will live up to its obligations in a timely fashion.



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# West Jefferson Levee District

## Fisher Basin Project Financing Plan

Table 1. Projection of Future Revenues and Expenditures

ACTUAL FYE 1998	1990	2000	2001	2002	2003	2004	2005	2006
<b>REVENUES</b>								
STATE REVENUE SHARING	\$ 358,414	\$ 377,410	\$ 387,087	\$ 397,123	\$ 407,517	\$ 417,911	\$ 429,022	\$ 440,132
STATE SOURCES--DOTD	1,614,722							
AD VALOREM TAXES	2,356,246	2,481,127	2,544,746	2,610,721	2,679,052	2,747,383	2,820,426	2,893,470
INTEREST--West Bank Hurricane Prot.	376,165	130,796	112,571	76,296	29,581			
INTEREST--Gen. + Lafitte Funds	53,893	159,248	66,242	73,003	96,368	134,395	173,926	216,311
OTHER	171,100	175,549	184,788	189,579	194,541	199,503	204,807	210,111
<b>TOTAL REVENUES</b>	<b>4,930,540</b>	<b>3,399,953</b>	<b>3,295,434</b>	<b>3,346,721</b>	<b>3,407,058</b>	<b>3,499,192</b>	<b>3,628,181</b>	<b>3,760,025</b>
<b>EXPENDITURES</b>								
PERSONNEL	\$ 972,163	\$ 1,023,688	\$ 1,049,936	\$ 1,077,157	\$ 1,105,349	\$ 1,133,542	\$ 1,163,679	\$ 1,193,816
EMPLOYEE EXPENDITURES	21,853	23,011	23,601	24,213	24,847	25,481	26,156	26,835
OFFICE	30,827	32,461	33,293	34,156	35,050	35,944	36,900	37,856
PROFESSIONAL SERVICES	114,618	120,693	123,787	126,997	130,321	133,645	137,196	140,751
REPAIRS AND MAINTENANCE	172,291	181,422	186,074	190,898	195,895	200,891	206,232	211,573
OPERATING	245,193	258,188	264,808	271,674	278,784	285,895	293,496	301,097
OTHER	244,705	257,674	264,281	271,133	278,230	285,326	292,912	300,498
CAPITAL OUTLAY	247,742	260,872	267,561	274,498	281,683	288,867	296,547	304,227
LEVEE CONSTRUCTION PROJECTS		3,785,000	800,000	688,000				
FISHER BASIN CONSTRUCTION								
FISHER BASIN O&M	188,311	192,680	191,800	200,505	203,525	201,097	201,097	201,097
DEBT SERVICE *	\$ 2,237,703	\$ 2,295,891	\$ 3,205,143	\$ 3,159,231	\$ 2,555,847	\$ 2,613,427	\$ 2,677,550	\$ 2,741,688
<b>TOTAL EXPENDITURES</b>								
	2,692,837	1,104,062	90,290	187,489	851,211	885,764	950,631	1,018,337
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>								
	593,990	3,286,827	4,390,889	1,640,056	1,827,546	2,678,756	3,564,521	4,515,152
<b>FUND BALANCE BEGINNING OF YEAR **</b>								
	\$ 3,286,827	\$ 4,390,889	\$ 1,549,766	\$ 1,827,546	\$ 2,678,756	\$ 3,564,521	\$ 4,515,152	\$ 5,533,499
<b>END OF YEAR</b>								

\* Principal and interest for outstanding Excess Revenue Bond. The last three years shown (2004-2006) are an average figure taken from the schedule of debt service contained in the comprehensive financial statements.

\*\* The fund balance shown is the General Fund plus the Lafitte Levee Fund.

# West Jefferson Levee District

## Fisher Basin Project Financing Plan

Table 2. Interest Earnings from West Bank Hurricane Protection Funds

Expected Rate of Return 4.4%

Fiscal Year	Previous Balance *	COE Withdrawal (Begin. of Yr.)	Begin. of Year Balance	Interest Earnings
1999	\$ 6,361,716		\$ 6,361,716	\$ 279,916
2000	6,641,632	3,669,000	2,972,632	130,796
2001	3,103,427	545,000	2,558,427	112,571
2002	2,670,998	937,000	1,733,998	76,296
2003	1,810,294	1,138,000	672,294	29,581
2004	701,875	701,875	-	-

\* Combines equity currently on hand in the West of Harvey Canal Capital Project Fund and funds in the escrow account for the West Bank Hurricane Protection Project.