

~~99500357~~
99500357
2534
RECEIVED
LEGISLATIVE AUDITOR
93 JUL -2 PM 4:24

OFFICIAL
FILE COPY

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

Financial Report

St. Bernard Parish Government

Chalmette, Louisiana

December 31, 1997

REISSUED

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date AUG 12 1998

FINAL

TABLE OF CONTENTS

St. Bernard Parish Government

December 31, 1997

	<u>Exhibits</u>	<u>Page Number</u>
Introductory Section		
Title Page		i
Table of Contents		ii - iv
Financial Section		
Independent Auditor's Report		1 - 2
General Purpose Financial Statements		
Combined Balance Sheet - All Fund Types and Account Groups	A	3 - 4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types	B	5 - 6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund and Special Revenue Funds	C	7 - 8
Combined Statement of Revenues and Expenses - All Proprietary Fund Types	D	9
Combined Statement of Changes in Retained Earnings and Contributed Capital - All Proprietary Fund Types	E	10
Combined Statement of Cash Flows - All Proprietary Fund Types	F	11 - 12

TABLE OF CONTENTS (Continued)

	<u>Exhibits</u>	<u>Page Number</u>
Notes to General Purpose Financial Statements	G	13 - 74
	<u>Schedules</u>	
Supplemental Information Section		
Combining Financial Statements - Governmental Fund Types:		
Special Revenue Funds:		
Combining Balance Sheet	1	75 - 77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)	2	78 - 81
Debt Service Funds:		
Combining Balance Sheet	3	82 - 83
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	4	84 - 85
Capital Projects Funds:		
Combining Balance Sheet	5	86 - 87
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	6	88 - 89
Schedule of Changes in Long-Term Debt - Governmental and Enterprise Funds	7	90 - 93
Compensation Paid Parish Council Members	8	94

TABLE OF CONTENTS (Continued)

	<u>Page Number</u>
Special Reports of Certified Public Accountants	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Primary Government General Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	95 - 96
Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	97 - 99
Schedule of Expenditures of Federal Awards - Primary Government	100 - 102
Notes to Schedule of Expenditures of Federal Awards - Primary Government	103
Schedule of Findings and Questioned Costs	104 - 112
Reports By Management	
Schedule of Prior Year Findings and Questioned Costs	113 - 117
Management's Corrective Action Plan	118 - 121

FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the St. Bernard Parish Council,
Chalmette, Louisiana.

We have audited the accompanying general purpose financial statements of the St. Bernard Parish Government, State of Louisiana, as of and for the year ended December 31, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the St. Bernard Parish Government. Our responsibility is to express an opinion on these general purpose financial statement based on our audit. We did not audit the financial statements of the discretely presented component unit, St. Bernard Parish Home Mortgage Authority. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditors.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statement are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the St. Bernard Parish Government as of December 31, 1997, and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated, June 5, 1998 on our consideration of the St. Bernard Parish Government's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants.

As discussed in Note 10 to the general purpose financial statements, the St. Bernard Parish Government is a defendant in numerous lawsuits seeking damages which cannot be quantified. These lawsuits are in various stages of resolution, and their ultimate outcome cannot presently be determined. Accordingly, no provision for any liability that may result has been made in the general purpose financial statements.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of St. Bernard Parish Government taken as a whole. The accompanying supplementary information 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. The accompanying schedule of expenditures of federal awards - primary government is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, Audits of States, 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, based upon our audit and the report of other auditors, is fairly presented, in all material respects, in relation to the general purpose financial statements taken as a whole.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, La.,
June 5, 1998.

GENERAL PURPOSE FINANCIAL STATEMENTS

COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS

St. Bernard Parish Government

December 31, 1997

ASSETS AND OTHER DEBITS

	Governmental Fund Types				Proprietary Fund Types		Account Groups		Total (Memorandum Only)		
	General Fund	Special Revenue Funds		Capital Projects Funds	Enterprise Fund	Internal Service Fund	General Fixed Assets	Long-Term Debt	Primary Government	Component Unit	Total (Memorandum Only) Reporting Entity
		Special Revenue Funds	Debt Service Funds								
Assets	\$ 51,468	\$ 703,298	\$ 1,204,533	\$ 1,003,213	\$ 686,114	\$ 1,702,112	\$ -	\$ -	\$ 5,350,738	\$ 529	\$ 5,351,267
Cash (Note 6)	-	-	36	-	-	108,965	-	-	109,001	-	364,928
Cash equivalents (Note 6)	-	1,250,000	831,050	-	-	400,000	-	-	2,481,050	-	109,001
Cash with fiscal agent	-	4,951,496	565,806	-	328,027	16,072	-	-	8,613,204	918,572	3,399,622
Investments - at cost (Note 6)	-	-	-	-	-	-	-	-	-	957	8,614,161
Receivables - net (Note 1)	-	-	5,035	-	-	-	-	-	5,035	-	5,035
Special assessments:	-	-	306,149	-	-	-	-	-	306,149	-	306,149
Delinquent	-	-	-	-	-	-	-	-	-	-	-
Deferred	-	-	-	-	-	-	-	-	-	-	-
Deferred financing costs - net	-	-	-	-	-	-	-	-	-	226,995	226,995
Due from other funds (Note 9)	494,754	107,077	161,336	1,608,169	-	3,388,722	-	-	5,760,058	-	5,760,058
Other assets	1,451	1,237	-	-	849,717	-	-	-	852,405	2,888	855,293
Restricted assets:											
Cash and cash equivalents: (Note 6)	-	-	-	-	-	-	-	-	-	-	-
Debt service reserve	-	-	-	-	1,154,687	-	-	-	1,154,687	-	1,154,687
Other debt service account	-	-	-	-	1,337,916	-	-	-	1,337,916	-	1,337,916
Renewal and replacement account	-	-	-	-	572,132	-	-	-	572,132	-	572,132
Customer deposits	-	-	-	-	150,896	-	-	-	150,896	-	150,896
Receivables - ad valorem tax	-	-	-	-	541,727	-	-	-	541,727	-	541,727
Mortgage loans receivable (Note 12)	-	-	-	-	-	-	-	-	-	2,876,301	2,876,301
Accrued interest on mortgage loans	-	-	-	-	-	-	-	-	-	20,383	20,383
Unamortized debt expense (Note 1)	-	-	-	-	345,979	-	-	-	345,979	-	345,979
Property, plant and equipment, net (Note 4 and 5)	-	-	-	-	41,393,425	-	40,059,818	-	81,453,243	-	81,453,243
Other Debits											
Amount available for debt service funds	-	-	-	-	-	-	2,428,056	-	2,428,056	-	2,428,056
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	7,492,226	-	7,492,226	-	7,492,226
Total assets and other debits	\$ 3,299,476	\$ 7,013,108	\$ 3,073,945	\$ 2,611,382	\$ 47,360,620	\$ 5,615,871	\$ 40,059,818	\$ 9,920,282	\$ 118,954,502	\$ 4,411,553	\$ 123,366,055

Exhibit A
(Continued)

	Governmental Fund Types				Proprietary Fund Type		Account Groups		Total Memorandum (Memorandum Only)		
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Enterprise Fund	Internal Service Fund	General Fixed Assets	General Long-Term Debt	Primary Government	Component Unit	Total Reporting Entity
LIABILITIES, FUND EQUITY AND OTHER CREDITS											
Liabilities											
Accounts payable	\$ 111,919	\$ 843,510	\$ -	\$ 341,160	\$ 272,296	\$ 24,646	\$ -	\$ -	\$ 1,593,531	\$ -	\$ 1,593,531
Claims payable (Notes 10 and 17)	-	-	-	-	140,202	-	-	-	140,202	-	140,202
Retainage payable	7,750	-	-	-	-	-	-	-	7,750	-	7,750
Salaries and payroll deductions payable	324,488	382,408	-	-	-	-	-	-	706,896	-	706,896
Due to other funds (Note 9)	1,175,353	3,022,708	131,600	485,834	722,220	222,343	-	-	5,760,058	-	5,760,058
Deferred revenue	-	-	306,149	-	-	-	-	-	306,149	-	306,149
Lease payable (Note 7)	-	-	-	-	11,452	-	-	-	11,452	-	11,452
Other liabilities	-	81,675	-	-	87,508	-	-	-	169,183	-	169,183
Payable from restricted assets:											
Bonds payable (Note 8)	-	-	-	-	1,241,000	-	-	-	1,241,000	-	1,241,000
Accrued interest	-	-	-	-	232,203	-	-	-	232,203	21,875	254,078
Customer deposits (Note 8)	-	-	-	-	1,088,654	-	-	-	1,088,654	-	1,088,654
Deferred credit and other	-	-	-	-	25,200	-	-	-	25,200	-	25,200
Other liabilities (Note 1)	-	-	-	-	258,062	-	-	-	258,062	-	258,062
Estimated claims and judgment (Notes 10 and 17)	400,000	-	-	-	-	1,876,000	-	-	2,276,000	-	2,276,000
Bonds payable (Note 8)	-	-	-	-	9,883,000	-	-	-	9,883,000	3,486,758	13,369,758
General obligations - bonds payable (Note 8)	-	-	-	-	-	-	-	9,920,282	9,920,282	-	9,920,282
Total liabilities	2,019,510	4,330,301	437,749	826,994	13,961,797	2,122,989	-	9,920,282	33,619,622	3,508,633	37,128,255
Contingencies (Notes 10, 21 through 24)	-	-	-	-	-	-	-	-	-	-	-
Fund Equity And Other Credits											
Investment in general fixed assets	-	-	-	-	-	-	40,059,818	-	40,059,818	-	40,059,818
Contributed capital	-	-	-	-	15,779,692	-	-	-	15,779,692	-	15,779,692
Retained earnings - reserved (Note 15)	-	-	-	-	8,480,686	-	-	-	8,480,686	-	8,480,686
Retained earnings - unreserved	-	-	-	-	9,138,445	-	-	-	9,138,445	902,920	10,041,365
Fund balances:											
Reserved for incomplete contracts (Note 15)	-	-	-	77,051	-	-	-	-	77,051	-	77,051
Reserved for debt service (Note 15)	-	-	2,428,056	-	-	-	-	-	2,428,056	-	2,428,056
Designated - capital improvements	-	583,500	-	-	-	-	-	-	583,500	-	583,500
Unreserved - undesignated	1,279,966	2,099,307	208,140	1,707,337	-	3,492,882	-	-	8,787,632	-	8,787,632
Total fund equity and other credits	1,279,966	2,682,807	2,636,196	1,784,388	33,398,823	3,492,882	40,059,818	-	85,334,880	902,920	86,237,800
Total liabilities, fund equity and other credits	\$ 3,299,476	\$ 7,013,108	\$ 3,073,945	\$ 2,611,382	\$ 47,360,620	\$ 5,615,871	\$ 40,059,818	\$ 9,920,282	\$ 118,954,502	\$ 4,411,553	\$ 123,366,055

See notes to general purpose financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES**

St. Bernard Parish Government

For the year ended December 31, 1997

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total (Memorandum Only) Primary Government
Revenues (Note 1)					
Taxes:					
Ad valorem	\$ 457,074	\$ 4,166,439	\$ 616,547	\$ -	\$ 5,240,060
Sales taxes	12,246,015	-	-	-	12,246,015
Other taxes, penalties, and interest, etc.	759,963	299,711	-	-	1,059,674
Licenses and permits	870,503	245,207	-	-	1,115,710
Federal grants	30,206	4,930,865	-	-	4,961,071
State funds:					
Parish transportation funds	-	657,564	-	-	657,564
State revenue sharing	54,865	374,760	-	-	429,625
Other state funds	377,073	1,270,235	-	248,930	1,896,238
Fees, charges, and commissions for services	660,860	550,405	-	-	1,211,265
Fines and forfeitures	-	300,531	-	-	300,531
Use of money and property	137,694	97,780	123,436	26,038	384,948
Special assessments	-	-	34,939	-	34,939
Other revenues	21,398	239,355	-	30,000	290,753
Total revenues	15,615,651	13,132,852	774,922	304,968	29,828,393
Expenditures (Note 1)					
General government:					
Legislative	261,681	38,258	-	-	299,939
Judicial	511,128	848,939	-	-	1,360,067
Elections	65,164	-	-	-	65,164
Finance and administrative	2,197,507	210,038	22,012	-	2,429,557
Other general government	466,333	3,333,391	-	-	3,799,724
Public safety	1,212,238	5,306,541	-	-	6,518,779
Public works	-	6,855,840	-	703,238	7,559,078
Health and welfare	124,522	2,477,464	-	-	2,601,986
Culture and recreation	-	1,797,407	-	-	1,797,407
Economic development	81,211	-	-	-	81,211
Capital outlay	7,406	455,441	-	952,569	1,415,416
Debt service:					
Principal retirement	3,986	-	743,172	-	747,158
Interest and service charges	3,074	-	591,961	-	595,035
Total expenditures	4,934,250	21,323,319	1,357,145	1,655,807	29,270,521

**Exhibit B
(Continued)**

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total (Memorandum Only) Primary Government
Excess (Deficiency) of Revenues Over Expenditures	10,681,401	(8,190,467)	(582,223)	(1,350,839)	557,872
Other Financing Sources (Uses)					
Proceeds of refunding bonds	-	-	4,335,000	-	4,335,000
Payment of refunded bond escrow agent	-	-	(4,430,000)	-	(4,430,000)
Operating transfers in	402,091	9,448,409	804,300	2,750,375	13,405,175
Operating transfers out	(11,847,144)	(161,333)	-	(358,698)	(12,367,175)
Total other financing sources (uses)	(11,445,053)	9,287,076	709,300	2,391,677	943,000
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(763,652)	1,096,609	127,077	1,040,838	1,500,872
Fund Balances					
Beginning of year	2,039,418	1,590,398	2,509,119	743,550	6,882,485
Residual equity transfer	4,200	(4,200)	-	-	-
End of year	<u>\$ 1,279,966</u>	<u>\$ 2,682,807</u>	<u>\$ 2,636,196</u>	<u>\$ 1,784,388</u>	<u>\$ 8,383,357</u>

See notes to the general purpose financial statement.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL-
GENERAL FUND AND SPECIAL REVENUE FUNDS**

St. Bernard Parish Government

For the year ended December 31, 1997

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues (Note 1)						
Taxes:						
Ad valorem	\$ 457,074	\$ 457,074	\$ -	\$ 4,066,641	\$ 4,166,439	\$ 99,798
Sales taxes	12,348,782	12,246,015	(102,767)	-	-	-
Other taxes, penalties, and interest, etc.	720,784	759,963	39,179	291,282	299,711	8,429
Licenses and permits	870,503	870,503	-	245,207	245,207	-
Federal grants	26,644	30,206	3,562	4,864,551	4,930,865	66,314
State funds:						
Parish transportation funds	-	-	-	511,580	657,564	145,984
State revenue sharing	54,865	54,865	-	365,032	374,760	9,728
Other state funds	407,203	377,073	(30,130)	1,458,328	1,270,235	(188,093)
Fees, charge, and commissions for services	657,094	660,860	3,766	540,550	550,405	9,855
Fines and forfeitures	-	-	-	291,430	300,531	9,101
Use of money and property	74,107	137,694	63,587	62,321	97,780	35,459
Other revenues	46,868	21,398	(25,470)	160,151	239,355	79,204
Total revenues	15,663,924	15,615,651	(48,273)	12,857,073	13,132,852	275,779
Expenditures (Note 1)						
General government:						
Legislative	261,681	261,681	-	-	38,258	(38,258)
Judicial	511,128	511,128	-	835,193	848,939	(13,746)
Elections	65,164	65,164	-	-	-	-
Finance and administrative	1,802,275	2,197,507	(395,232)	-	210,038	(210,038)
Other general government	466,333	466,333	-	3,825,797	3,333,391	492,406
Public safety	1,212,238	1,212,238	-	4,996,176	5,306,541	(310,365)
Public works	-	-	-	6,997,085	6,855,840	141,245
Health and welfare	124,522	124,522	-	2,463,995	2,477,464	(13,469)
Culture and recreation	-	-	-	1,944,823	1,797,407	147,416
Economic development	104,715	81,211	23,504	-	-	-
Capital outlay	406	7,406	(7,000)	181,500	455,441	(273,941)
Debt service:						
Principal retirement	3,986	3,986	-	-	-	-
Interest and service charges	3,074	3,074	-	-	-	-
Total expenditures	4,555,522	4,934,250	(378,728)	21,244,569	21,323,319	(78,750)

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Excess (Deficiency) of Revenues Over Expenditures	11,108,402	10,681,401	(427,001)	(8,387,496)	(8,190,467)	197,029
Other Financing Sources (Uses)						
Operating transfers in	45,028	402,091	357,063	9,415,321	9,448,409	33,088
Operating transfers out	(11,326,251)	(11,847,144)	(520,893)	(220,121)	(161,333)	58,788
Total other financing sources (uses)	(11,281,223)	(11,445,053)	(163,830)	9,195,200	9,287,076	91,876
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(172,821)	(763,652)	(590,831)	807,704	1,096,609	288,905
Fund Balances						
Beginning of year	2,039,418	2,039,418	-	1,590,398	1,590,398	-
Residual equity transfer	-	4,200	4,200	-	(4,200)	(4,200)
End of year	\$ 1,866,597	\$ 1,279,966	\$ (586,631)	\$ 2,398,102	\$ 2,682,807	\$ 284,705

See notes to the general purpose financial statement.

**COMBINED STATEMENT OF REVENUES AND EXPENSES-
ALL PROPRIETARY FUND TYPES**

St. Bernard Parish Government

For the year ended December 31, 1997

	Enterprise Fund	Internal Service Fund	Total (Memorandum Only) Primary Government	Component Unit	Total (Memorandum Only) Reporting Entity
Operating Revenues (Note 1)					
User fees	\$ 8,329,051	\$ -	\$ 8,329,051	\$ -	\$ 8,329,051
Other operating income	320,853	1,851,719	2,172,572	-	2,172,572
Interest earned on mortgage loans	-	-	-	310,313	310,313
Interest earned on investments	-	191,209	191,209	90,178	281,387
Total operating income	8,649,904	2,042,928	10,692,832	400,491	11,093,323
Operating Expenses (Note 1)					
Salaries and related benefits	2,710,188	206,302	2,916,490	-	2,916,490
Utilities	1,086,640	-	1,086,640	-	1,086,640
Contractual services, supplies and materials	1,269,323	-	1,269,323	-	1,269,323
Outside services	150,548	43,230	193,778	-	193,778
Insurance premiums	82,169	279,467	361,636	-	361,636
Claims expense	-	756,651	756,651	-	756,651
Interest	-	-	-	296,335	296,335
Operating expenses	-	-	-	23,895	23,895
Other	52,149	53,995	106,144	-	106,144
Depreciation and amortization	2,344,176	-	2,344,176	-	2,344,176
Amortization of deferred financing costs	-	-	-	44,023	44,023
Servicing fees	-	-	-	11,125	11,125
Capital outlay	-	-	-	-	-
Mortgage loan insurance costs	-	-	-	3,369	3,369
Total operating expenses	7,695,193	1,339,645	9,034,838	378,747	9,413,585
Operating Income	954,711	703,283	1,657,994	21,744	1,679,738
Nonoperating Revenues (Expenses)					
Ad valorem taxes for repayment of bonds	593,397	-	593,397	-	593,397
Interest income	134,673	-	134,673	-	134,673
Interest expense and bank fees	(608,744)	-	(608,744)	-	(608,744)
Deduction from ad valorem taxes for debt retirement	(18,478)	-	(18,478)	-	(18,478)
Total nonoperating revenues	100,848	-	100,848	-	100,848
Income before operating transfers	1,055,559	703,283	1,758,842	21,744	1,780,586
Operating transfers to other funds (Note 1)	-	(1,038,000)	(1,038,000)	-	(1,038,000)
Net Income (Loss)	\$ 1,055,559	\$ (334,717)	\$ 720,842	\$ 21,744	\$ 742,586

See notes to the general purpose financial statements.

**COMBINED STATEMENT OF CHANGES IN RETAINED EARNINGS AND CONTRIBUTED CAPITAL -
ALL PROPRIETARY FUND TYPES**

St. Bernard Parish Government

For the year ended December 31, 1997

	Enterprise Fund		Internal Service Fund	Total (Memorandum Only)		Component Unit	Total (Memorandum Only) Reporting Entity
	Contributed Capital	Retained Earnings		Primary Government	Reporting Entity		
Beginning Balance	\$16,236,210	\$15,629,250	\$3,827,599	\$35,693,059	\$881,176	\$36,574,235	
Net income (loss)	-	1,055,559	(334,717)	720,842	21,744	742,586	
Other - donated lines	477,804	-	-	477,804	-	477,804	
Depreciation on contributed capital	(934,322)	934,322	-	-	-	-	
Ending Balance	<u>\$15,779,692</u>	<u>\$17,619,131</u>	<u>\$3,492,882</u>	<u>\$36,891,705</u>	<u>\$902,920</u>	<u>\$37,794,625</u>	

See notes to the general purpose financial statement.

**COMBINED STATEMENT OF CASH FLOWS-
ALL PROPRIETARY FUND TYPES**

St. Bernard Parish Government

For the year ended December 31, 1997

	Enterprise Fund	Internal Service Fund	Total (Memorandum Only) Primary Government	Component Unit	Total (Memorandum Only) Reporting Entity
Cash Flows From Operating Activities					
Operating income	\$ 954,711	\$ 703,283	\$ 1,657,994	\$ -	\$ 1,657,994
Net income	-	-	-	21,744	21,744
Sub-total	954,711	703,283	1,657,994	21,744	1,679,738
Adjustments to reconcile operating income / net income to net cash provided by operating activities:					
Amortization of deferred financing cos	-	-	-	44,023	44,023
Amortization of investment discount	-	-	-	(65,874)	(65,874)
Amortization of bond discount	-	-	-	81,139	81,139
Depreciation and amortization	2,344,176	-	2,344,176	-	2,344,176
(Increase) decrease in assets:					
Accounts receivable	(21,522)	4,827	(16,695)	-	(16,695)
Unbilled charges	(259,029)	-	(259,029)	-	(259,029)
Inventory	(44,345)	-	(44,345)	-	(44,345)
Prepaid expenses	36,567	-	36,567	-	36,567
Accounts receivable - other	346,500	-	346,500	895	347,395
Accrued interest receivable	-	-	-	12,731	12,731
Due from other funds	-	559,878	559,878	-	559,878
Increase (decrease) in liabilities:					
Accounts payable and accruals	(276,300)	(7,783)	(284,083)	-	(284,083)
Customer and inspection deposits	88,629	-	88,629	-	88,629
Interest payable	-	-	-	(4,720)	(4,720)
Due to other funds	-	28,530	28,530	-	28,530
Estimated claims and judgements	-	(13,593)	(13,593)	-	(13,593)
Interest paid on bonds payable	-	-	-	219,917	219,917
Interest received on investments	-	-	-	(24,304)	(24,304)
Total adjustments	2,214,676	571,859	2,786,535	263,807	3,050,342
Net cash provided by operating activities	3,169,387	1,275,142	4,444,529	285,551	4,730,080
Cash Flows From Noncapital Financing Activities					
Ad valorem taxes - operations and maintenance	659,146	-	659,146	-	659,146
State revenue sharing	57,840	-	57,840	-	57,840
Decrease in negative cash balances implicitly financed	(1,153,681)	-	(1,153,681)	-	(1,153,681)
Loan from St. Bernard Parish Self Insurance Fund	722,220	-	722,220	-	722,220
Operating transfers to other funds	-	(1,038,000)	(1,038,000)	-	(1,038,000)
Bond redemptions	-	-	-	(508,741)	(508,741)
Interest paid on bonds payable	-	-	-	(219,917)	(219,917)
Net cash provided by (used in) noncapital financing activities	285,525	(1,038,000)	(752,475)	(728,658)	(1,481,133)

	Enterprise Fund	Internal Service Fund	Total (Memorandum Only) Primary Government	Component Unit	Total (Memorandum Only) Reporting Entity
Cash Flows From Capital Financing Activities					
Ad valorem taxes - debt retirement	836,618	-	836,618	-	836,618
Payment on capital lease	(17,692)	-	(17,692)	-	(17,692)
Interest paid on capital lease	(2,571)	-	(2,571)	-	(2,571)
Purchase of capital assets	(601,884)	-	(601,884)	-	(601,884)
Principal paid on bonds	(1,216,000)	-	(1,216,000)	-	(1,216,000)
Interest paid on bonds	(644,069)	-	(644,069)	-	(644,069)
Net cash used by capital financing activities	(1,645,598)	-	(1,645,598)	-	(1,645,598)
Cash Flows From Investing Activities					
Interest on cash management account	134,673	-	134,673	-	134,673
Interest earned on investments	-	-	-	24,304	24,304
Decrease in mortgage loans receivable	-	-	-	335,881	335,881
Net cash provided by investing activities	134,673	-	134,673	360,185	494,858
Net Increase (Decrease) In Cash and Cash Equivalents	1,943,987	237,142	2,181,129	(82,922)	2,098,207
Cash and Cash Equivalents					
Beginning of year	1,957,758	1,573,935	3,531,693	448,379	3,980,072
End of year	<u>\$ 3,901,745</u>	<u>\$ 1,811,077</u>	<u>\$ 5,712,822</u>	<u>\$ 365,457</u>	<u>\$ 6,078,279</u>
Supplemental Cash Flow Information:					
Interest Paid For The Year Ended December 31, 1997:					
Enterprise Fund - St. Bernard Parish Government Department of Public Works Water and Sewer Division					<u>\$ 642,255</u>
Component Unit - St. Bernard Parish Home Mortgage Authority					<u>\$ 219,917</u>
Noncash Capital Financing Activity - Enterprise Fund - St. Bernard Parish Government Department of Public Works Water and Sewer Division:					
Donated Lines					<u>\$ 477,804</u>

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENT**St. Bernard Parish Government**

December 31, 1997

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Parish of St. Bernard is a local governmental subdivision which operates under a home rule charter, under the authority of the Louisiana Revised Statutes 33:1395 through 33:1395.6. The Home Rule Charter provides for a "president-council" form of government which consists of an elected council representing the legislative branch of the government and an elected president heading the executive branch.

a) Reporting Entity and Individual Component Unit Disclosure

The St. Bernard Parish Council is the governing authority for St. Bernard Parish. As the governing authority of the parish, for reporting purposes, the St. Bernard Parish Government is the financial reporting entity for St. Bernard Parish. The financial reporting entity consists of the primary government (parish government), organizations for which the primary government is financially accountable, and other organization for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's general purpose financial statement to be misleading or incomplete.

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

- 1) Appointing a voting majority of an organization's governing body, and
 - i) The ability of the parish government to impose its will on that organization and/or

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity and Individual Component Unit Disclosure (Continued)

- ii) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the parish government.
- 2) Organizations for which the parish government does not appoint a voting majority but which are fiscally dependent on the parish government.
- 3) Organizations for which the reporting entity's general purpose financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the above criteria, the parish government had determined that the following component units are part of the reporting entity:

	<u>Criteria Used</u>
St. Bernard Parish Library	1
St. Bernard Parish Government Department of Public Works Water and Sewer Division and the Districts	1
St. Bernard Parish Home Mortgage Authority	1
St. Bernard Parish Commerce Commission	2

These primary government (parish government) general purpose financial statements include all funds, account groups and organizations for which the parish government maintains the accounting records. The organizations for which the parish government maintains the accounting records are considered part of the primary government (parish government) and include the Thirty-Fourth Judicial District Criminal Court Fund.

The following component units, although legally separate entities, are, in substance, part of the parish government's operations and accordingly, data from these units are combined with data of the primary government and are reported as blended component units:

- St. Bernard Parish Library
- St. Bernard Parish Government Department
of Public Works Water and Sewer Division and the Districts
- St. Bernard Parish Home Mortgage Authority
- St. Bernard Parish Commerce Commission

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity and Individual Component Unit Disclosure (Continued)

The component unit columns in the combined general purpose financial statements include the financial data of the St. Bernard Parish Home Mortgage Authority. It is reported in a separate column as a discrete component unit to emphasize that it is legally separate from the parish government.

Considered in the determination of component units of the reporting entity were the Parish School Board, the Parish Assessor's Office, the Parish Clerk of Court, the Indigent Defender Board, the Parish Sheriff's Office, and the Council on Aging. It was determined that these governmental entities are not component units of the parish government reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the parish government.

b) Basis of Presentation - Fund Accounting

The accounts of the parish government are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures or expense, as appropriate. Parish government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The fund categories, fund types and account groups presented in the general purpose financial statements are described as follows:

1) Governmental Funds

General Fund

The general fund is the principal fund of the parish government and is used to account for all activities of the parish government except those required to be accounted for in other funds.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

1) Governmental Funds (Continued)

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources which by law are designated to finance particular functions or activities of the parish government.

Debt Service Funds

Debt service funds are established to meet requirements of bond ordinances and to account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs.

Capital Project Funds

Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those projects financed by the proprietary fund). In addition, the funds are used to account for major street repairs and the acquisition of movable fixed assets.

2) Proprietary Funds

Enterprise Funds

Enterprise funds are 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 costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are 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, public policy, management control, accountability or other purposes.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

2) Proprietary Funds (Continued)

Internal Service Fund

The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies *within the same government or to other governments or not-for-profit associations on a cost reimbursement basis.*

3) Account Groups

General Fixed Assets Account Group

This account group is established to account for the fixed assets of the parish government and its component units, except those accounted for in the Proprietary Funds.

Public domain or infrastructures are not capitalized. No depreciation has been provided on the General Fixed Assets Account Group. All fixed assets are valued at historical cost where available. Historical cost was not available for a minor amount of fixed assets thus estimated historical cost was used.

General Long-Term Debt Account Group

This account group is established to account for all long-term obligations of the parish government, except those accounted for in the Proprietary Funds.

c) Governmental Funds

1) Basis of Accounting

The accounting and financial reporting treatment applied to a fund are determined by its measurement focus. Governmental funds are accounted for using a current financial resources measurement focus. With this measurement

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Governmental Funds (Continued)

1) Basis of Accounting (Continued)

focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be *determined* and "available" means *collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period*.

The governmental funds reported in the general purpose financial statements utilize the following practices in recording revenues and expenditures:

i) Revenues

Revenues are recognized when they become measurable and available.

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed and available for use on current debt. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. The taxes are generally collected in December of the current year and January through March of the ensuing year.

Federal and state aid and grants are recorded when the entity is entitled to the funds.

Interest income on investments is accrued through the end of the year.

Sales and use tax revenues are recognized by the parish government on the accrual basis.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Governmental Funds (Continued)

1) Basis of Accounting (Continued)

i) Revenues (Continued)

Substantially all other revenues are recorded when received.

ii) Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt which is not recognized until due.

iii) Accounts Receivable

The St. Bernard Parish Government uses the direct write-off method to write off the majority of general uncollectible accounts receivable. This method approximates methods in accordance with generally accepted accounting principles.

The majority of the parish government's receivables consist of sales tax of \$2,059,170, ad valorem taxes of \$4,771,299, other state funds of \$281,333, federal grants of \$530,930, road royalty of \$162,466 and water and sewer customer receivables of \$328,027.

iv) Other Financing Sources (Uses)

Transfers between funds which are not to be repaid are accounted for as other financing sources (uses).

Proceeds of long-term debt including bonds and notes are reflected as other financing sources in the operating statement of the recipient fund and are included in the general long-term account group.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Governmental Funds (Continued)

2) Fund Descriptions - Special Revenue Funds

- **Public Works Fund**

The Public Works Fund is used to account for the operations and maintenance of all parish infrastructure (roads, bridges, right of ways, neutral grounds, including ditches and drainage, and operation of the mosquito control program.) Revenues of this fund are substantially derived from the parish transportation fund, parish road royalty fund and a parish ad valorem tax.

- **Garbage District No. 1 Fund**

The Garbage District No. 1 Fund is used to account for the parish's garbage collection and disposal system. These services are presently being contracted out to a private firm. Revenues are derived from ad valorem taxes, state revenue sharing, and a 1/2% dedicated sales tax for garbage collection.

- **Consolidated Fire Protection District No. 1-2 Fund**

The Consolidated Fire Protection District No, 1-2 Fund is used to account for the maintenance and operations of the fire protection facilities. Revenues are derived from ad valorem taxes, state revenue sharing and 2% of the State of Louisiana distribution of fire insurance premium taxes.

- **Recreation Department Fund**

The Recreation Department Fund is used to account for the maintenance and operations of the recreation facilities within the parish. Revenues are derived from ad valorem taxes and state revenue sharing.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Governmental Funds (Continued)

2) Fund Descriptions - Special Revenue Funds (Continued)

- **Health Fund**

The Health Fund is used to account for the activities which contribute to the health monitoring services provided by the state health unit within the parish. The State bills the parish health department for the building operating and maintenance expenses related to the facility. Revenues are derived from ad valorem taxes and state revenue sharing.

- **Urban Mass Transportation Administration Fund**

The Urban Mass Transportation Administration Fund is used to account for the operations of the public transit system. The system is partly funded by an operating grant received from the Federal Transit Authority. The deficit fund equity of \$123,873 will be absorbed through future fees.

- **Jobs Training Partnership Act Fund**

The Jobs Training Partnership Act Fund is used to account for the collection and payment of jobs training partnership act funds on behalf of other agencies, governing bodies and/or other funds.

- **Housing Rent Subsidy Fund**

The Housing Rent Subsidy Fund is used to account for the administration of a housing assistance program. Financing is provided by the Department of Housing and Urban Development.

- **Housing Voucher Program Fund**

The Housing Voucher Program Fund is used to account for the administration of the Housing Voucher Program. Financing is provided by the Department of Housing and Urban Development. The deficit fund equity of \$9,316 will be absorbed as part of the 1998 budget.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Governmental Funds (Continued)

2) Fund Descriptions - Special Revenue Funds (Continued)

- **Judicial Court Reporter Fund**

The Judicial Court Reporter Fund is used to account for the salaries of the Thirty-Fourth Judicial District Court reporters. This fund is financed from the judicial fees collected by the clerk of court and remitted to the parish government. The deficit fund equity of \$312 will be absorbed as part of the 1998 budget.

- **Criminal Court Fund**

The Criminal Court Fund of the Thirty-Fourth Judicial District was established under Section 571.11 of Title 15 of the Louisiana Revised Statutes of 1950. Fines and forfeitures imposed by the district court and district attorney's conviction fees in criminal cases are transferred to the parish treasurer and deposited into a special "Criminal Court Fund" account. These funds are used for expenses of the criminal court of the parish government. Expenditures are made from this fund on motion of the district attorney and approval by the district judges.

The statutes also require that one-half of the surplus in the fund at December 31, of each year be transferred to the parish General Fund. For the year ended December 31, 1997, \$4,200 was transferred to the General Fund.

- **Contingency Criminal Court "A" Fund**

The Contingency Criminal Court "A" Fund is used to account for the administration of the Indigent Defenders Board. Revenues are derived from reimbursements from the Indigent Defenders Board and from transfers from the Criminal Court Fund.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Governmental Funds (Continued)

2) Fund Descriptions - Special Revenue Funds (Continued)

- **District Attorney General Fund**

The District Attorney General Fund is used to account for the salaries and expenses of the District Attorney of the Thirty-Fourth Judicial District. This fund is financed by a transfer of sales tax from the General Fund, which is budgeted annually by the parish government at the same time it prepares its annual budget. The deficit fund equity of \$36,688 will be absorbed as a part of the 1998 budget.

The parish government is mandated to pay the expenses of the District Attorney's office as provided by Louisiana Revised Statutes 16:6 and 16:839.4.

- **Environmental Mitigation Fund**

The Environmental Mitigation Fund is used to account for operation, maintenance and costs for the Parish Wetlands Management Program. Financing is provided by mitigation payments and voluntary donations.

- **Deputy Witness Fee Fund**

The Deputy Witness Fee Fund is used to account for the fees paid to deputies for court appearances. The fund is financed from court costs collected by the clerk of court and remitted to the parish government.

- **Library Fund**

The Library Fund is used to account for the operations and maintenance of the parish library. Revenues are derived from ad valorem tax, state revenue sharing, other state grants and interest.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Governmental Funds (Continued)

2) Fund Descriptions - Special Revenue Funds (Continued)

- **Road Lighting District No. 1 Fund**

The Road Lighting District No, 1 Fund is used to account for the maintenance of the lighting facilities of the roads, alleys and public places within the parish. Revenues are derived from ad valorem taxes and state revenue sharing.

- **Group Home Fund**

The Group Home Fund is used to account for the activity of the Boys and Girls Group Home. The Group Homes are for juvenile delinquents and emotionally disadvantaged children. The revenues are derived from federal and state grants. Effective December 31, 1996 the Boys and Girls Group Home discontinued operations. For the year ended December 31, 1997 \$33,162 of expenditures was incurred related to the closure of the Home.

- **Group Home Residents Fund**

The Group Home Residents Fund is used to account for the allowance given to children residing at the Group Home. The revenue is derived from federal and state grants.

- **Human Resources Fund**

The Human Resources Fund was established to record the income and expenditures on various federal and state grants.

- **Civic Auditorium Fund**

The Civic Auditorium Fund is used to account for the maintenance and operation of the St. Bernard Parish Civic Center (Center). Revenues are derived from fees charged for the use of the Center.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Governmental Funds (Continued)

2) Fund Descriptions - Special Revenue Funds (Continued)

- **Communications Fund**

The Communication Fund is used to account for the cost of the 911 Emergency Service number. Revenues are derived from a telephone tax.

- **Community Development Fund**

The Community Development Fund is used to account for the coordination of planning activities and emergency preparedness. The revenues are derived from permits, licenses and transfers from sales tax. The deficit fund equity of \$445 will be absorbed as part of the 1998 budget.

- **Council On Aging Fund**

The Council On Aging Fund is used to account for the receipt and disbursement of a one mill property tax levy for the maintenance and operation of the Senior Citizens Center.

3) Fund Descriptions - Debt Service Funds

- **Public Improvement Bonds Series A, B, C Fund**

The Public Improvement Bonds Series A, B, C Fund is used to accumulate monies for the payment of bonds dated June 1, 1965. Series A was issued for the purpose of acquiring land and buildings for recreational purposes, and acquiring necessary equipment therefore. Series B was issued for the purpose of constructing public buildings consisting of incinerators for the parish government and acquiring all necessary land, equipment and furnishings therefore. Series C was issued for the purpose of constructing

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Governmental Funds (Continued)

3) Fund Descriptions - Debt Service Funds (Continued)

• Public Improvement Bonds Series A, B, C Fund (Continued)

an auditorium for the parish government and acquiring all necessary land, equipment and furnishings therefore. Each series is secured by an ad valorem tax levy. At December 31, 1997, all obligations of the A, B, C Fund has been paid. The fund balance at December 31, 1997 of \$208,140 will be used to fund a drainage project in the future.

• Public Improvement Bonds Series 1977 Fund

The Public Improvement Bonds Series 1977 Fund is used to accumulate monies for the payment of bonds dated June 1, 1977, which were issued for the purpose of paying all or any part of the cost of public works, buildings, improvements and facilities in the parish. The bonds are secured from the proceeds of a special one-half of 1 percent sales and use tax.

• Public Improvement Bonds Series 1996 Fund

The Public Improvement Bond Series 1996 Fund is used to accumulate monies for the payment of bonds dated April 9, 1996, which were issued to defease 1986 series public improvement bond issue. The bonds are secured from the proceeds of a special one-half of 1 percent sales and use tax. During 1997, the fund was renamed. At December 31, 1996, the fund was reported as the Public Improvement Bonds Series 1986 Fund.

• Bond Reserve 1996 Fund

The Bond Reserve 1996 Fund was established to comply with the bond resolutions of the Public Improvement Bonds Series 1996. This fund is used to account for a \$274,000 reserve as required by the 1996 issue. At December 31, 1997, there was an excess of \$62,255 in the 1996 Fund. During 1997, the fund was renamed. At December 31, 1996, the fund was reported as the Bond Revenue 1973 and 1986 Fund.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Governmental Funds (Continued)

3) Fund Descriptions - Debt Service Funds (Continued)

- **Bond Reserve 1977 Fund**

The Bond Reserve 1977 Fund was established to comply with the bond resolutions of the Public Improvement Bonds, Series 1977. This account is used for transfers of sales tax from the sales tax account. Payments into the Reserve Fund have ceased due to accumulating an amount equal to the highest combined principal and interest requirements for any succeeding bond year.

- **1990 and 1997 General Obligation Bond Fund**

The 1990 and 1997 General Obligation Bond Fund is used to accumulate monies for the payment of bonds dated February 1, 1990 and December 1, 1997. The 1990 Bonds were used for the purpose of constructing a jail and detention facility and the acquisition of any necessary equipment and furnishings associated with the facility. The 1997 bonds were used to defease \$4,125,000 of the previously issued 1990 bonds. The bonds are secured by an ad valorem tax.

- **Versailles Industries Park Sinking Fund**

The Versailles Industrial Park Sinking Fund is used to accumulate monies for the payment of special assessment bonds. These bonds were used to finance public improvements deemed to benefit the properties against which the cost are assessed. The costs of the project is estimated and property owners are assessed their proportionate share. The property owner either pays the assessment within 60 days or over a 10-year period. Interest is charged on the unpaid assessments at the rate of 6.25%. Bond principal and interest are paid with the monies provided by payments on the assessments and related interest.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Governmental Funds (Continued)

4) Fund Descriptions - Capital Projects

- **Drainage and Siphon Fund**

The Drainage and Siphon Fund is used to account for the construction and improvements of drains and drainage canals, including the construction of pumping stations.

- **Fire District 1-2 C.I. Series Bond Fund**

The Fire District 1-2 Construction Fund is used to account for the costs of improving fire protection facilities and purchasing fire trucks and other fire fighting equipment for Fire Protection District 1 and 2.

- **Road District Project Bond Fund**

The Road District Project Fund is used to account for the costs of acquiring equipment to be used for constructing, improving and maintaining public roads and highways.

- **Public Improvement Bond Series D, E, F, G Fund**

The Public Improvement Bonds Series D, E, F, G Fund is used to account for the road maintenance, road lighting and drainage construction.

- **Drainage Construction Bonds of 1967 and 1982 Fund**

The Drainage Construction Bonds of 1967 and 1982 Fund is used to account for maintaining, digging, and improving drains and drainage canals including the maintenance of two new pumping stations.

- **Capital Projects Fund**

The Capital Projects Fund is used to track and pay for costs of capital projects. The source of funding for the projects will be from transfers from general, special revenue or internal service operating accounts.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Governmental Funds (Continued)

4) Fund Descriptions - Capital Projects (Continued)

• Courthouse Capital Fund

The Courthouse Capital Fund is used to account and pay for the cost associated with improvements and maintenance to the Courthouse. The source of funding for the improvements will be from transfers from the Criminal Court Fund.

• Islenos Multipurpose Building Fund

The Islenos Multipurpose Building Fund is used to account and pay for the costs associated with construction of the Islenos Multipurpose Building. The source of funding for the construction is from state grants.

• Urban System Roadway Reconstruction Fund

The Urban System Roadway Reconstruction Fund is used to account for the costs associated with roadway reconstruction in various areas of the parish. The reconstruction is financed by the transfers from the general fund.

**d) Proprietary Funds - Enterprise Funds - St. Bernard Parish Government
Department of Public Works Water and Sewer Division and the Districts**

1) Organization

The St. Bernard Parish Water and Sewer Commission was created by an intergovernmental agreement dated November 13, 1985, as ratified, confirmed and approved by Louisiana Revised Statute 33:7802 which became effective July 2, 1986. The Commission's major operation was to provide water and sewerage services for the parish of St. Bernard. The Commission assumed control of operations and began providing services effective with the close of business on December 31, 1985. Prior to that time, such water and sewerage services had been provided by five separate entities: St. Bernard Water District No. 1, St. Bernard Water District No. 2, St. Bernard Sewer District No. 1, St.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Proprietary Funds - Enterprise Funds - The Division (Continued)

1) Organization (Continued)

Bernard Sewer District No. 2, and St. Bernard Sewer District No. 1-2. On December 31, 1985, St. Bernard Sewer District No. 1-2, a contractual entity which had performed sewerage operations for St. Bernard Sewer Districts No. 1 and No. 2, was dissolved. The other water and sewer districts remain in existence and serve primarily as tax levying entities.

On November 1, 1996, the St. Bernard Parish Water and Sewer Commission was consolidated and merged into the St. Bernard Parish Government and is now known as the St. Bernard Parish Government Department of Public Works Water and Sewer Division (the Division). The Commission was abolished and the parish council assumed all rights, revenues, resources, authority and obligations of the Commission. The water and sewer districts still exist as separate political subdivisions; however, the parish council is the governing authority. Each district retained its rights, revenues, resources, jurisdiction, authority, indebtedness and any other obligations it possessed prior to November 1, 1996, including the authority to continue to levy ad valorem taxes.

2) Reporting Entity

Because the parish government is the governing board of the districts, the districts are considered to be component units of the St. Bernard Parish Government. Financial statements for the Division may be obtained from the St. Bernard Parish Finance Department.

3) Basis of Presentation

The general purpose financial statements include Division and the districts which are separate component units of the parish government. The Division is responsible for water and sewerage operations of the parish and the districts (St. Bernard Water District No. 1, St. Bernard Water District No. 2, St. Bernard Sewer District No. 1, St. Bernard Sewer District No. 2.) Ad valorem taxes are levied by the individual districts for either water or sewerage operations and for the retirement of outstanding bonds. Taxes received by the

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Proprietary Funds - Enterprise Funds - The Division (Continued)

3) Basis of Presentation (Continued)

individual districts for operation and maintenance of water and sewerage systems of the parish are transferred to the Division to operate the systems. The general purpose financial statements present the financial position, results of operations and cash flows of these entities taken as a whole and do not purport to present information for any of these entities individually.

4) Basis of Accounting

The Water and Sewer Division applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict with or contradict GASB pronouncements.

The general purpose financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP). The following practices were used:

i) Revenues

The Division's customers are billed monthly and the general purpose financial statements provide for accrual of charges billed but not collected as well as for unbilled charges through the date of the combined balance sheet.

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January through March of the ensuing year.

Substantially all other revenues are recorded when earned.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Proprietary Funds - Enterprise Funds - The Division (Continued)

4) Basis of Accounting (Continued)

ii) Expenses

The Division's unamortized debt expense consists of costs associated with the 1991 and 1994 Revenue Bond Issues and the 1991 General Obligation Refunding Bond Issues of Sewer District No. 1 and 2. The cost of issuance on the 1991 Revenue Bond Issue of \$58,707 is amortized, using the straight-line method over the 19-year life of the bond. The cost of issuance on the 1994 Revenue Bond Issue of \$266,655 is amortized using the straight-line method over the 18-year life of the bond. The cost of issuance of the Sewer District No. 1 1991 General Obligation Refunding Bond Issue of \$36,700 is amortized using straight-line method over the 11 ½-year life of the bond. The cost of issuance of the Sewer District No. 2 1991 General Obligation Bond Issue of \$147,300 is amortized using straight-line method over the 13 ½-year life of the bond.

Amortization of debt expense for the year ended December 31, 1997 was \$32,010.

The remaining unamortized debt expense on all bond issues at December 31, 1997 is \$345,979.

Depreciation expense on all exhaustible fixed assets is determined by the straight-line method using the estimated useful life and is recorded as an operating expense during the accounting period.

Substantially all other expenses are recognized at the time the liability is incurred.

iii) Inventory

The Division maintains an inventory of parts and expendable supplies that is valued at the lower of cost or market. The inventory is recognized as an expense when consumed.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Proprietary Funds - Enterprise Funds - The Division (Continued)

4) Basis of Accounting (Continued)

iv) Fixed Assets and Long-Term Liabilities

Property, plant and equipment of the Division are included on the combined balance sheet of the enterprise fund. Interest costs incurred during construction is not capitalized. Depreciation of all exhaustible fixed assets are charged as an expense against operations. Fixed assets, other than those donated, are recorded at cost. Donated fixed assets, primarily water and sewer lines constructed by independent contracts, are recorded at estimated fair market value as of the date donated. Fixed assets are reported on the balance sheet net of accumulated depreciation. Depreciation is computed using the straight-line method, over the following useful lives, stated in years:

	<u>Water and Sewer Division</u>	<u>Water District No. 1</u>	<u>Water District No. 2</u>	<u>Sewer Districts</u>
Pipeline System	100	100	100	5-20
Buildings and improvements	50-100	50	33	25
Machinery and equipment	5-10	4-10	8-10	10-20
Water tanks	50-100	33	50	-
Meter boxes	33-66	33	33	-

Long-term liabilities are recognized within the enterprise fund.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Proprietary Funds - Enterprise Funds - The Division (Continued)

5) Levied Taxes

The following is a summary of authorized and levied ad valorem taxes for debt services for the year ended December 31, 1997:

	Authorized Millage	Levied Millage
Water District No. 1	Variable	.15
Sewer District No. 1	Variable	5.00
Sewer District No. 2	Variable	3.75

On April 5, 1997, there was an election to renew the operation and maintenance ad valorem tax of 3.34 mills in Water District No. 1 and 2.04 mills in Sewerage District No 2. Both millage renewals were rejected by the qualified voters. The estimated loss in revenue for the organization in 1997 due to the defeat is approximately \$250,000 in Water District No. 1 and \$450,000 in Sewerage District No 2.

6) Compensated Absences

Employees earn two to five weeks of paid vacation each year, up to 90 days will be paid in cash at retirement or termination if proper notice is given. If proper notice is not given, up to 10 days may be subtracted from their accumulated vacation and the remainder is paid in cash. Employees earn 12 days of sick leave each year, which may accumulate to an unlimited number of days but does not vest. At December 31, 1997, the accrued vacation was \$258,062.

7) Restricted Assets

Certain proceeds of the Division's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the combined balance sheet because their use is limited by applicable bond covenants.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Proprietary Funds - Enterprise Funds - The Division (Continued)

8) Fund Equity

i) Contributed Capital

The Division's grants received that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Donated lines are also recorded as contributed capital. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired from such contributions.

ii) Reserves

The Division's reserves represent those portions of fund equity legally segregated for a specific future use.

9) Allowance for Doubtful Accounts

The Division has established an allowance for doubtful accounts for a write-off of delinquent accounts. The Division's allowance is based on management's best estimate of uncollectible amounts. The allowance for doubtful accounts at December 31, 1997 is \$44,846.

10) Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows cash includes amounts in petty cash, demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in certificates of deposit.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Proprietary Funds - Enterprise Funds - Home Mortgage Authority

1) Organization

The St. Bernard Parish Home Mortgage Authority (the Authority) was created through a Trust Indenture dated May 9, 1979, pursuant to provisions of Chapter 2-A of Title 9 of the Louisiana Revised Statutes of 1950, as amended. The initial legislation and subsequent amendments grant the Authority the power to obtain funds and to use the proceeds to promote the financing and development of any essential program conducted in the public interest within the boundaries of St. Bernard Parish, Louisiana.

The Authority's operations consist of two single family mortgage revenue bond programs and one single family mortgage refunding bond program whereby the Authority promoted residential home ownership through the acquisition of mortgage loans secured by first mortgage liens on single family residential housing. The funds for these programs were obtained through the issuance of \$25,000,000 in Single Family Mortgage Revenue Bonds dated September 1, 1979, \$10,000,000 in Single Family Mortgage Revenue Bonds dated November 1, 1980, \$4,435,000 in Single Family Mortgage Refunding Bonds dated March 29, 1991, \$11,255,000 in 1992 Series A Taxable Single Family Mortgage Refunding Bonds, dated June 1, 1992, \$2,130,000 in 1992 Series B-1 Taxable Single Family Mortgage Refunding Bonds, dated June 1, 1992, \$200,000 (maturity amount) in 1992 Series B-2 Taxable Single Family Mortgage Refunding Bonds, dated June 1, 1992, and \$3,000,000 (maturity amount) in 1992 Series C Tax Exempt Single Family Mortgage Revenue Bonds dated June 1, 1992. The bonds dated September 1, 1979 have been defeased and the bonds dated November 1, 1980 have been called. The \$11,255,000 in 1992 Series A bonds dated June 1, 1992 have matured. The bonds issued by the Authority are general obligations of the Authority and are not obligations of the State of Louisiana or any other political subdivision thereof.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**e) Proprietary Funds - Enterprise Funds - Home Mortgage Authority
(Continued)**

1) Organization (Continued)

The Authority has a Board of Trustees which is empowered under the bond trust indentures and the bond program agreements to contract with outside parties to conduct the day-to-day operations of the programs it initiates. Under the bond programs, the Authority utilizes financial institutions to originate and service the mortgage loans acquired. In addition, a bank has been designated as Trustee of the separate bond programs and has the fiduciary responsibility for the custodianship and investment of funds.

2) Reporting Entity

The financial statements of the Authority include the 1979 single family mortgage revenue bond program and the 1991 and 1992 single family mortgage refunding bond programs. There is no longer activity in the 1980 single family mortgage revenue bond program.

3) Basis of Presentation

The Authority's fiscal year ends March 31, 1998. The general purpose financial statements include the activities of the Authority for the fiscal year end. A comprehensive annual financial statement may be obtained from the Authority.

4) Basis of Accounting

The Authority follows the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when the related liability is incurred. Certain funds were established under the powers granted by the Bond Trust Indentures. The funds, which are maintained by the trustee bank, provide for the accounting of bonds issued, debt service and bond redemption requirements, investments and related revenues and operating expenses.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**e) Proprietary Funds - Enterprise Funds - Home Mortgage Authority
(Continued)**

4) Basis of Accounting (Continued)

The Authority applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

5) Amortization

Bond issuance costs, including an underwriter's discount on bonds sold, are being amortized ratably over the life of the bonds based upon the principal outstanding amounts.

Premiums and discounts on the purchase of investments are amortized over the life of the security using the level yield method.

Discounts on bonds payable are amortized over the lives of the bonds using the level yield method.

6) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all short-term, highly liquid investments with a maturity of three months or less to be cash equivalents.

f) Internal Service Fund - Self-Insurance Fund

1) Organization

The Insurance Fund was established to account for the self-insurance of workman's compensation, unemployment compensation, general and automobile liability by the St. Bernard Parish Government. The parish government is self-insured for claims up to \$250,000 per occurrence. The parish government has an insurance policy for claims between \$250,000 and

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Internal Service Fund - Self-Insurance Fund (Continued)

1) Organization (Continued)

\$5,000,000 per occurrence. This policy has a 20% coinsurance clause with a maximum liability to the parish of \$1,000,000. The fund is administered by an independent insurance service company.

2) Basis of Accounting

The general purpose financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP). The following practices were used.

i) Estimated Liability for Claims and Judgments

The estimated claims liability related to prior years' workers compensation claims are computed by subtracting paid claims from the reserves previously set up to arrive at remaining reserves and then developing that number based on factors determined by the third party administrator using historical data.

The estimated claims liability related to prior years' general liability and auto claims was estimated by the parish government's legal department based on a claim by claim evaluation to determine the potential loss.

Estimated claims liability related to the current year's general liability, auto and workers compensation was determined by using the average annual claims expense incurred for each type of coverage based on the fund's history.

ii) Revenue

Other operating income is generated through payments of premiums by the governmental funds. The income is recorded when earned.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Internal Service Fund - Self-Insurance Fund (Continued)

2) Basis of Accounting (Continued)

iii) Statements of Cash Flows

For the purpose of the statement of cash flows, the parish government considers all deposits to be cash equivalents.

iv) Self Insurance Dividend / Operating Transfers

An annual analysis of all open policy years for workers compensation and automobile and general liability is completed by the risk manager and legal council to determine the exposer in each policy year. When it is determined that losses on outstanding and current claims can be reasonably estimated, an evaluation on the policy year is performed. The evaluation determines if a dividend can be declared by the self insurance fund for that policy year. Once it is determined that a dividend can be declared, the findings are reviewed by the administration and presented before the Parish Council. The Parish Council then must pass an ordinance declaring a dividend from the self insurance fund and dedicating the dividend to a project. For the year ended December 31, 1997 \$1,038,000 of dividends were paid from the Internal Service Fund. This amount is reported as a transfer out in the Internal Service Fund.

g) Use of Estimates

The preparation of general purpose financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the general purpose financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Budgets

The following summarizes the budget activities of the parish government for the year ended December 31, 1997:

	1997 Budget Year
Completed and Available for Public Inspection	October 1, 1996
Public Notices	November 22, 1996
Public Hearings	December 3, 1996
Council Adoption	December 3, 1996
Budget Amendments	May 6, 1997, June 3, 1997 October 7, 1997, February 17, 1998

The St. Bernard Parish Government adopted annual budgets for the general fund, all special revenue funds, capital project funds, debt service funds and the enterprise fund. Budgets for the general fund and all special revenue funds are included in these general purpose financial statements. The budgets are prepared on the modified accrual basis of accounting. All appropriations except an appropriation for a capital expenditure will lapse at year end to the extent that they have not been expended or encumbered. The parish president is authorized to transfer amounts between line items within any fund. Budget amounts included in the general purpose financial statements include the original adopted budget and all subsequent revisions.

i) Cash and Investments

Cash includes amounts in regular and money market accounts. Investments are stated at cost. Investments during the year consisted of certificates of deposits.

j) Bad Debts

The general purpose financial statements for the parish government, excluding accounts receivable in the St. Bernard Parish Government Department of Public Works Water and Sewer Division, contain no allowance for bad debts. Uncollectible amounts due for ad valorem taxes and other receivables are

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Bad Debts (Continued)

recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the funds.

k) Accumulated Vacation and Sick Leave

Substantially all employees of the parish government earn from 10 to 20 days of annual leave each year depending on length of service. Annual leave accumulated in one year must be used by December 31 of the following year. Accumulated annual leave may be used only after 26 weeks of service. There are no leave benefits which require accrual under generally accepted accounting principles except for accumulated vacation for employees of the St. Bernard Parish Government Department of Public Works Water and Sewer Division.

Substantially all employees of the parish government accrue one day of sick leave for each month of continuous employment. Sick leave may be accumulated to a maximum of 90 days. All accumulated sick leave lapses upon termination or retirement.

According to L.R.S. 33:1995, firemen employed by the parish government are entitled to full pay during sickness or incapacity not brought about by the fireman's own negligence for a period of fifty-two weeks.

l) Sales and Use Tax

St. Bernard Parish Government has a 4½% sales and use tax. Two percent is dedicated to the parish government, 2% is dedicated to the St. Bernard Parish School Board, and ½% is dedicated to the St. Bernard Parish Sheriff. The St. Bernard Parish Sheriff is authorized to collect and remit this tax to the parish government and School Board for a stipulated fee.

The parish government's sales tax ordinances provide that the proceeds can be used for the general governmental operations of the parish. The sales tax receipts are included in the revenues of the General Fund.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Fund Equity

i) Reserves

Reserves represent those portions of fund equity not appropriable for expenditures in the following year or legally segregated for a specific future use.

ii) Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

iii) Residual Equity Transfer

A residual equity transfer represents nonrecurring or nonroutine transfer between funds. Because these transfers are not associated with the operations of the governmental funds, they are recorded as adjustments to fund balance.

n) Total Columns on Combined Statements - Overview

The total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - FUND DEFICITS

The following individual funds had deficit fund balances at December 31, 1997.

	<u>Deficit Amount</u>
Governmental Fund	
Special Revenue Funds:	
Urban Mass Transportation Administration Fund	\$123,873
Housing Voucher Program Fund	9,316
Judicial Court Reporter Fund	312
District Attorney General Fund	36,688
Community Development Fund	445

All noted deficits will be absorbed through fees over future years or as part of the 1998 budget.

Note 3 - REVENUES, EXPENDITURES AND FINANCING SOURCES - ACTUAL AND BUDGET

The following individual funds have actual revenues and/or other sources which fall below 5% of budgeted revenues and/or other sources and/or actual expenditures and/or other uses which exceed 5% of budgeted expenditures and/or other uses:

	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>	<u>Percentage Difference</u>
Revenues:				
Special Revenue Funds:				
Criminal Court Fund	\$185,120	\$195,994	\$(10,874)	(5.55)
Group Home Fund	13	27,448	(27,435)	(99.95)
Expenditures:				
General Fund	4,934,250	4,555,522	378,728	8.31
Special Revenue Funds:				
District Attorney Fund	481,270	444,627	36,643	8.24
Human Resources Fund	360,231	333,617	26,614	7.98
Urban Mass Transportation Administration Fund	559,811	325,797	234,014	71.83

Note 4 - CHANGES IN GENERAL FIXED ASSETS

Changes in the general fixed assets account group are as follows:

	<u>January 1, 1997</u>	<u>Additions</u>	<u>Disposals</u>	<u>Adjustment (1)</u>	<u>December 31, 1997</u>
Land, buildings and improvements	\$29,094,352	\$ 543,480	\$ 70,429	\$ -	\$29,567,403
Furniture, equipment trucks and automobiles	<u>9,356,557</u>	<u>950,028</u>	<u>337,055</u>	<u>522,885</u>	<u>10,492,415</u>
Totals	<u>\$38,450,909</u>	<u>\$1,493,508</u>	<u>\$407,484</u>	<u>\$522,885</u>	<u>\$40,059,818</u>

(1) During 1997 the parish government updated their fixed asset records. As a result, an adjustment was required to report the fixed assets at the actual carrying value as of December 31, 1997. The above adjustment is a result of the cumulative effect of the change in the carrying value of the fixed assets.

Note 5 - PROPERTY, PLANT AND EQUIPMENT

The following is a summary of property, plant and equipment for the St. Bernard Parish Government Department of Public Works Water and Sewer Division:

Land	\$ 141,569
Pipeline system	49,781,915
Plant, machinery and equipment	<u>33,750,323</u>
Total property, plant and equipment	83,673,807
Less accumulated depreciation	<u>(42,280,382)</u>
Net property, plant and equipment	<u>\$ 41,393,425</u>

Note 5 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The composition of property, plant and equipment at December 31, 1997, by entity, is as follows:

The Division	\$ 33,427,421
Water District No. 1	20,774,020
Water District No. 2	2,128,277
Sewer District No. 1	9,775,707
Sewer District No. 2	<u>17,568,382</u>
Total property, plant and equipment	83,673,807
Less accumulated depreciation	<u>(42,280,382)</u>
Net property, plant and equipment	<u>\$ 41,393,425</u>

Depreciation expense totaled \$2,312,166 for the year ended December 31, 1997.

Note 6 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

a) Bank Deposits

State Law requires deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision, or with an unaffiliated bank, or with a trust company for the account of the political subdivision. In accordance with state law all cash and deposits were collateralized.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the St. Bernard Parish Government or its agent, in the St. Bernard Parish Government's name.

Note 6 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department, or its agent in the St. Bernard Parish Government's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution, or its trust department or agent but not in the St. Bernard Parish Government's name, and deposits which are uninsured or uncollateralized.

At year end the carrying amount and the bank balances of deposits for Governmental Funds and Internal Service Fund are as follows:

	Bank Balances Category			Book Balance
	1	2	3	
Cash	<u>\$5,156,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,664,624</u>

At year end the carrying amount and the bank balances of deposits of the Proprietary Fund - Enterprise Fund - Water and Sewer and the Districts are as follows:

	Bank Balances Category			Book Balance
	1	2	3	
Cash	\$2,879,810	\$ -	\$ -	\$2,701,745
Certificates of deposit	<u>1,200,000</u>	<u>-</u>	<u>-</u>	<u>1,200,000</u>
Totals	<u>\$4,079,810</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,901,745</u>

At December 31, 1997, cash and certificates of deposit in excess of the FDIC insurance were collateralized by securities held by unaffiliated banks for the account of the depositors. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 6 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

For purposes of the Statement of Cash Flows for the Division cash and cash equivalents consist of the following accounts:

	<u>Beginning of Year</u>	<u>End of Year</u>
Cash and Cash Equivalents		
Nonrestricted	\$ 197,798	\$ 686,114
Restricted	<u>1,759,960</u>	<u>3,215,631</u>
Total cash and cash equivalents	<u>\$1,957,758</u>	<u>\$3,901,745</u>

Home Mortgage Authority

The Authority has deposits (bank balance) of \$529 as of March 31, 1998. The deposits are insured by FDIC Insurance.

The Authority invests in the Marquis Treasury Securities Money Market Fund which is considered a cash equivalent. The Marquis Treasury Securities Money Market Fund invests exclusively in obligations issued by the U.S. Treasury and backed by its full faith and credit and in repurchase agreements involving such obligations. However, an investment in the fund is neither insured nor guaranteed by the U.S. Government. The Money Market Funds are held by a subcustodian in the name of the Authority. The Funds are managed by the Trustee Bank of the Authority.

b) Investments

Under state law the entity may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the entity may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Note 6 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

b) Investments (Continued)

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

	<u>Market Value</u>	<u>Carrying Value</u>	<u>Category</u>
Governmental Funds			
Certificates of deposit	\$2,081,050	\$2,081,050	1
Internal Service Fund			
Self-Insurance Fund:			
Certificates of deposit	400,000	400,000	1
Component Unit			
St. Bernard Parish Home Mortgage Authority:			
Guaranteed investment contracts	96,545	96,545	2
U.S. Government securities	<u>1,179,936</u>	<u>822,027</u>	2
Totals	<u>\$3,757,531</u>	<u>\$3,399,622</u>	

U.S. Government securities and guaranteed investment contracts are carried at amortized cost.

The bond indentures of the Authority authorize the Trustee to make investments under prudent investment standards reasonably expected to produce the greatest investment yield.

Note 7 - LEASES

The St. Bernard Parish Government Department of Public Works Water and Sewer Division has recorded a capital lease for a computer billing system. The computer system is valued at \$45,371 and is payable in 36 monthly installments of \$1,493 including interest at 11.361%. The total due, excluding interest, at December 31, 1997, is \$11,452.

The following is a summary of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of December 31, 1997:

Total minimum lease payments for 1998	\$11,945
Less amount representing interest	<u>493</u>
Present value of net minimum lease payments	11,452
Less current portion	<u>11,452</u>
Long-term portion	<u>\$ -</u>

The total amount of assets recorded as capital leases is \$61,739. The accumulated amortization of \$13,373 is included in accumulated depreciation as is current year amortization expense of \$6,174.

The Division receives lease income from a right-of-way agreement. The annual rental income is \$2,500 and is payable for ten-years beginning September 1, 1995. At the end of the lease period the agreement may be renegotiated at no less than \$2,500 a year.

The Division also receives lease income from three different tower lease agreements. The first lease is \$5,000 per year for a period of five years beginning August 9, 1995. The lease can be renewed for four additional five-year periods. The second lease is for \$6,000 per year. The lease commenced June 26, 1996 and is for a period of five years. The agreement can be renewed for four additional five-year periods. The third lease is for \$12,000 per year. The lease commenced August 22, 1996 and is for a period of five years. The lease agreement can be renewed for four additional five-year periods.

Note 7 - LEASES (Continued)

The future minimum rentals for the next five years and in the aggregate are:

<u>Year Ending December 31,</u>	
1998	\$25,500
1999	25,500
2000	20,500
2001	2,500
2002	2,500
Thereafter	<u>5,000</u>
Total	<u>\$81,500</u>

Rental income for the year ended December 31, 1997 was \$27,588.

Note 8 - GENERAL LONG-TERM OBLIGATIONS

a) All Fund Types - Bonds Payable

The following is a summary of the bonds payable transactions for the year ended December 31, 1997.

	<u>General Long-term Debt</u>	<u>Enterprise Fund</u>	<u>Total Primary Government</u>	<u>Component Unit</u>	<u>Total Reporting Entity</u>
Balances at January 1, 1997	\$10,457,440	\$12,340,000	\$22,797,440	\$3,914,360	\$26,711,800
Additions	4,335,000	-	4,335,000	67,923	4,402,923
Reductions	<u>(4,872,158)</u>	<u>(1,216,000)</u>	<u>(6,088,158)</u>	<u>(495,525)</u>	<u>(6,583,683)</u>
Balances at December 31, 1997	<u>\$ 9,920,282</u>	<u>\$11,124,000</u>	<u>\$21,044,282</u>	<u>\$3,486,758</u>	<u>\$24,531,040</u>

Note 8 - GENERAL LONG-TERM OBLIGATIONS (Continued)

b) Governmental Fund Types

i) Bonds Payable

Scheduled payments are as follows:

1998	\$ 927,550
1999	918,018
2000	978,487
2001	1,033,956
2002	1,089,583
Thereafter	<u>4,972,688</u>
Total	<u>\$9,920,282</u>

ii) Current Year Defeasance of Debt

On December 1, 1997, the parish government issued \$4,335,000 of General Obligation Refunding Bonds, Series 1997 with a yield of 4.75% to refund \$4,125,000 of General Obligation Refunding Bonds, Series 1990 outstanding with an average interest rate of 7%. The net proceeds of \$4,295,230 (after payment of \$39,770 in insurance and issuance costs) plus an additional \$82,416 of old debt service funds were used to purchase U.S. Government Securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the above General Obligation Refunding Bonds, Series 1990. As a result, these bonds are considered to be defeased and the liability for the bonds have been removed from the General Long-Term Debt Account Group. The parish government advance refunded the bonds for a net savings of \$472,754 and an economic gain of \$334,329.

iii) Prior Years' Defeasance of Debt

In prior years, the Parish Government has defeased a Public Improvement Refunding Bonds issue by creating separate irrecoverable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered

Note 8 - GENERAL LONG-TERM OBLIGATIONS (Continued)

b) Governmental Fund Types (Continued)

iii) Prior Years' Defeasance of Debt (Continued)

defeased and therefore removed as a liability from the Parish Government's General Long-Term Debt Account Group. As of December 31, 1997, the amount of defeased debt outstanding but removed from the General Long-Term Debt Account Group amounted to \$2,570,000.

c) Proprietary Fund Types - The Division

The following is a summary of long-term liabilities and the current portion due at December 31, 1997:

	<u>Water and Sewer Division</u>	<u>Water District No.1</u>	<u>Sewer District</u>		<u>Total</u>
			<u>No.1</u>	<u>No.2</u>	
Public improvement general obligation and revenue bonds payable	\$8,160,000	\$155,000	\$445,000	\$2,364,000	\$11,124,000
Capital lease payable	<u>11,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,452</u>
	8,171,452	155,000	445,000	2,364,000	11,135,452
Less current portion:					
Public improvement and revenue bonds payable	695,000	155,000	60,000	331,000	1,241,000
Capital lease payable	<u>11,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,452</u>
Long-term portion	<u>\$7,465,000</u>	<u>\$ -</u>	<u>\$385,000</u>	<u>\$2,033,000</u>	<u>\$ 9,883,000</u>

Note 8 - GENERAL LONG-TERM OBLIGATIONS (Continued)

c) Proprietary Fund Types - The Division (Continued)

Public Improvement And General Obligation Bonds

Public improvement and general obligations bonds are secured by the full faith and credit of the various districts and are financed through the levy and collection of ad valorem taxes. The statutory debt limitation for each district follows:

	<u>Limitation</u>	<u>Outstanding Debt</u>
Water District:		
No. 1	\$23,390,773	\$ 155,000
Sewer District:		
No. 1	4,098,497	445,000
No. 2	<u>20,562,215</u>	<u>2,364,000</u>
Totals	<u>\$48,051,485</u>	<u>\$2,964,000</u>

The Bonds were issued to construct improvements and extensions to the water works and sewerage systems. Public improvement and general obligation bonds are comprised of the following individual issues:

1. \$2,500,000 Public Improvement Bonds of the Water District No. 1 issue of September 1, 1973, due in annual installments of \$155,000 bearing an interest rate of 5.70% through March 1, 1998. Amount outstanding - \$155,000.
2. \$675,000 General Obligation Refunding Bonds of the Sewer District No. 1 issue of September 1, 1991, due in annual installments of \$10,000 to \$90,000 bearing interest rates of 5.2% to 6.5% through March 1, 2003. Amount outstanding - \$445,000.
3. \$240,000 Public Improvement Bonds of the Sewer District No. 2 issue of June 1, 1971, due in annual installments of \$1,000, bearing an interest rate of 6% through February 1, 2001. Amount outstanding - \$4,000.
4. \$3,295,000 General Obligation Refunding Bonds of the Sewer District No. 2 issue of September 1, 1991, due in annual installments of \$170,000 to \$340,000 bearing interest rates of 5.2% to 6.65% through March 1, 2005. Amount outstanding - \$2,360,000.

Note 8 - GENERAL LONG-TERM OBLIGATIONS (Continued)

c) Proprietary Fund Types - The Division (Continued)

Revenue Bonds

On April 1, 1994, the Commission defeased a portion of the 1986 Revenue Bond in the amount of \$7,195,000 with an interest rate ranging from 7.50% to 8% and debt service payments from \$400,000 to \$990,000 by issuing \$7,950,000 Series 1994 Revenue Refunding Bonds. The interest rate on the new bonds ranges from 3% to 5.2% and the bonds mature on August 1, 2006 with debt service payments due in annual principal installments ranging from \$115,000 to \$940,000. The balance outstanding at December 31, 1997 is \$7,040,000. The 1991 Revenue Bonds are due in annual principal installments of \$40,000 to \$135,000, bearing interest rates of 6.00 to 7.10% through August 1, 2011. The balance outstanding at December 31, 1997 is \$1,120,000.

The bonds are payable solely from and secured by a first lien upon and a pledge of the net revenues of the system. The revenues pledged by the Division include all fees, rents, charges, and other income derived, or to be derived by or for the account of the Division from, or for, the ownership, operation, use, or services of the system and any other amounts paid into and credited to the revenue fund created by the 1986, 1991, and 1994 revenue bond resolutions. Such revenues include, but are not limited to, proceeds of any advalorem taxes received by the Division pursuant to the terms of the intergovernmental agreement. Such revenues exclude (a) federal, state, or local government monies received for capital improvements to the system and (b) amounts necessary to pay the reasonable and necessary current expenses of operating and maintaining the system.

Pursuant to a resolution, the Division has agreed in each bond year to fix, establish, and collect such rates and collect such fees, rentals, or other charges for all services, after making due allowance for delinquencies in collection and after providing for the payment of the reasonable and necessary expenses of operating and maintaining the system, to produce net revenues (1) that are sufficient to pay debt service on all outstanding bonds and to maintain the funds and accounts established in the resolution and (2) that result in each fiscal year in the greater of (a) the sum of debt service payable on the bonds in the ensuing fiscal year plus any required deposit to the Debt Service Fund, or (b) a ratio of net revenues to average

Note 8 - GENERAL LONG-TERM OBLIGATIONS (Continued)

c) Proprietary Fund Types - The Division (Continued)

Revenue Bonds (Continued)

annual debt service of not less than 1.25 to 1. The ratio of net revenue to average annual debt service for the year ended December 31, 1997, is 3.07 to 1. The ratio is more than the minimum requirements of the bond indenture. The bond agreement requires the Division to establish and maintain the following accounts.

- 1) A debt service account with monthly deposits of one-twelfth of the annual principal and interest payment to pay promptly and fully the principal and interest on the loan as it becomes due and payable.
- 2) A debt service reserve account with the sum equal to the maximum annual debt service on the bonds.
- 3) A renewal and replacement account with monthly deposits of 5% of the prior month's operating expenses, which will be used to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the system.

The Division has established and maintained these accounts, and at December 31, 1997, the cash and cash equivalent balances in the debt service account, the debt service reserve account and the renewal and replacement account were \$474,328, \$1,154,687 and \$863,588, respectively. The account balance in the debt service reserve and renewal and replacement accounts exceed the minimum requirements of the bond indenture. The account balance in the debt service account is less than the minimum requirements of the bond indenture.

Note 8 - GENERAL LONG-TERM OBLIGATIONS (Continued)

c) Proprietary Fund Types - The Division (Continued)

Revenue Bonds (Continued)

A schedule of annual debt service requirements for both the public improvement and general obligation bonds and the revenue bonds for each of the next five years is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1998	\$ 1,241,000	\$ 581,840	\$ 1,822,840
1999	1,126,000	523,298	1,649,298
2000	1,166,000	465,995	1,631,995
2001	1,201,000	405,314	1,606,314
2002	1,255,000	341,018	1,596,018
2003-2011	<u>5,135,000</u>	<u>860,691</u>	<u>5,995,691</u>
Totals	<u>\$11,124,000</u>	<u>\$3,178,156</u>	<u>\$14,302,156</u>

Customer Deposits

The Division has used funds from the Customer Meter Deposit Fund to pay operating expenses and capital improvements. At December 31, 1997, the customer meter deposits cash account had a balance of \$150,896 and the customer meter deposits liability was \$1,088,654.

d) Home Mortgage Authority

The net proceeds obtained from the 1979 and 1980 bond issues were used to establish funds authorized by the Bond Trust Indentures and to purchase eligible mortgage loans secured by first mortgage liens on single family owner-occupied residences from qualified mortgage lenders accepted for participation in the programs by the Authority.

Note 8 - GENERAL LONG-TERM OBLIGATIONS (Continued)

d) Home Mortgage Authority (Continued)

Bonds Payable

On June 1, 1992, the Home Mortgage Authority issued \$11,255,000 in Single Family Mortgage Refunding Bonds, \$200,000 (maturity amount) in Single Family Mortgage Refunding Bonds, \$3,000,000 (maturity amount) in Single Family Mortgage Revenue Bonds, and \$2,130,000 in Single Family Mortgage Refunding Bonds to advance refund \$16,470,000 of outstanding 1979 Series bonds with interest rates of 5.87% to 7.5%. The net proceeds of \$13,795,143 (after \$1,621,319 in underwriting fees, trustee costs, and cash requirements) plus an additional \$4,294,455 of 1979 reserve fund money, loan proceeds and accrued interest were used to purchase Government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1979 Series Bonds. As a result, the 1979 bonds are considered defeased and the liability for those bonds was removed from the general purpose financial statements as of March 31, 1993. At March 31, 1998, \$13,960,000 of the defeased bonds are still outstanding.

The Bond Trust Indentures provide that bond principal and interest are secured by pledges of all mortgage loans acquired, all revenues and collections with respect to such loans, and all funds established by the Authority, together with all of the proceeds generated therefrom.

Outstanding bonds payable are due on a term and serial basis and bear interest at rates as follows:

Single Family Mortgage Revenue Bonds:

1992 program Series C, zero coupon, due 2014 at maturity value of \$3,000,000, discounted to yield approximately 7.65%, unamortized discount was \$2,115,761 at March 31, 1998	\$ 884,239
--	------------

Single Family Mortgage Refunding Bonds:

1991 program, due 1994-2012, 8%	1,794,426
---------------------------------	-----------

1992 program Series B-1, due 2011, 7.5%-stated rate, discounted to yield approximately 7.84%, unamortized discount was \$34,791 at March 31, 1998	762,173
---	---------

Note 8 - GENERAL LONG-TERM OBLIGATIONS (Continued)

d) Home Mortgage Authority (Continued)

Bonds Payable (Continued)

1992 program Series B-2, zero coupon, due 2014 at maturity value of \$200,000, discounted to yield approximately 9.25%, unamortized discount was \$154,080 at March 31, 1998	<u>45,920</u>
Total	<u>\$3,486,758</u>

It is not possible to project the bond principal payments for the 1991 and 1992 Series B-1 issue for the next five years due to the required redemption procedures of the Trust Indentures. The Indenture of the 1991 issue requires monies remaining in the Collection Account of the 1991 issue will pay principal of the bonds after the following payments are satisfied:

- 1) payment to the Rebate Account in an amount equal to the excess nonmortgage earnings;
- 2) payment of all interest due and payable with respect to any overdue bonds and any principal of such overdue bonds;
- 3) payment of interest due and payable on any bonds which are not overdue;
- 4) payment to the Debt Service Reserve Account (if necessary) to maintain the reserve requirement;
- 5) payment to the Revenue Account an amount equal to 1/12 of .55% per annum of the aggregate principal amount of outstanding bonds.

Note 8 - GENERAL LONG-TERM OBLIGATIONS (Continued)

d) Home Mortgage Authority (Continued)

Bonds Payable (Continued)

The Indenture of the 1992 Series B-1 issue requires monies remaining in the Bond Fund Account of the 1992 Series B-1 issue will pay principal of the bonds after the following payments are satisfied:

- 1) payment of all interest due and payable with respect to any overdue bonds;
- 2) payment of any installments of interest then due and payable on any bonds which are not overdue;
- 3) payment to the Expense Account an amount sufficient to maintain a balance of \$15,000 therein.

The 1992 Series C bonds are callable at the option of the issuer on any date on or after June 1, 2002 at the following redemption prices expressed as percentages of the accreted value of the bonds as of the date of redemption:

<u>Redemption Period</u>	<u>Redemption Prices</u>
June 1, 2002 through May 31, 2003	103%
June 1, 2003 through May 31, 2004	102%
June 1, 2004 through May 31, 2005	101%
June 1, 2005 and thereafter	100%

Note 9 - INTERFUND PAYABLES, RECEIVABLES AND INTERFUND TRANSFERS

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. The following balances represent the interfund receivables and payables at December 31, 1997:

**Note 9 - INTERFUND PAYABLES, RECEIVABLES AND INTERFUND TRANSFERS
(Continued)**

<u>Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 494,754	\$1,175,353
Special Revenue Funds	107,077	3,022,708
Debt Service Funds	161,336	131,600
Capital Projects Funds	1,608,169	485,834
Enterprise Fund	-	722,220
Internal Service Fund	<u>3,388,722</u>	<u>222,343</u>
Totals	<u>\$5,760,058</u>	<u>\$5,760,058</u>

During the course of the operations, the numerous transactions occur between individual funds for goods provided or services rendered. These transactions are classified as other financing sources (uses) operating transfers in and out on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance. The following balances represent the internal transfers at December 31, 1997:

<u>Funds</u>	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$ 402,091	\$11,847,144
Special Revenue Funds	9,448,409	161,333
Debt Service Funds	804,300	-
Capital Projects Funds	2,750,375	358,698
Internal Service Fund	<u>-</u>	<u>1,038,000</u>
Totals	<u>\$13,405,175</u>	<u>\$13,405,175</u>

Note 10 - LITIGATION

At December 31, 1997, the parish government is a defendant in a lawsuit in which an unfavorable judgment has been rendered. In April 1998 the Supreme Court of Louisiana rendered an opinion on a case with similar circumstances which may adversely affect the

Note 10 - LITIGATION (Continued)

legal position of the Parish during the appeals process. Accordingly, an estimated claim payable has been recorded in the General Fund at December 31, 1997 in the amount of \$400,000.

Along with the previously discussed litigation the parish government is a defendant in other lawsuits seeking damages which could not be quantified. These lawsuits are in various stages of resolution and their outcome cannot be presently determined. Accordingly, no provision for any liability that may result has been made in these general purpose financial statements.

The Parish Government estimates exposures for these claims to range from \$10,000 to \$850,000. These claims occurred prior to 1992, when the Parish began its self insurance program. Some of the claims are covered whole or in part by insurance. No provision for any liability that may result from these claims has been made at December 31, 1997 in these general purpose financial statements.

The St. Bernard Parish Government Department of Public Works Water and Sewer Division is involved in various claims for alleged negligence. The exposure to the organization is estimated to be approximately \$56,772. The estimated claims liability is computed based on information received from the insurance company. The claims liability of \$56,772 at December 31, 1997 is presented at current value and has not been discounted.

Note 11 - FOOD STAMP PROGRAM - GOVERNMENTAL FUNDS

The Food Stamp Program is operated by the parish government under an agreement with the Louisiana Department of Social Services. Under this program the parish government is responsible for the issuance of food stamps to eligible participants in the parish. The value of food stamps on hand, received and issued is not recorded in the general purpose financial statements. Effective September 30, 1997 the Food Stamp Program was discontinued. Eligible participants receive their benefits through the use of a Louisiana Purchase card.

Note 11 - FOOD STAMP PROGRAM - GOVERNMENTAL FUNDS (Continued)

Activity of food stamps for the year ended December 31, 1997 is as follows:

Balance at January 1, 1997	\$ 1,387,430
Received	1,723,574
Issued	<u>(3,111,004)</u>
Balance at December 31, 1997	<u>\$ -</u>

Note 12 - MORTGAGE LOANS RECEIVABLE - PROPRIETARY FUNDS

Mortgage loans receivable acquired by the Home Mortgage Authority from participating mortgage lenders under the 1979 program which were transferred to the 1992 program have a stated rate of 8.375%. The mortgage loans under the 1980 program previously had a stated rate of 11.5%, but after transfer to the 1991 program, have a stated rate of 9.3%. These mortgage loans, which were granted only to residents of St. Bernard Parish, have scheduled maturities of thirty years and are secured by first mortgages on the related real property. Each participating mortgage lender services those loans purchased from it by the Home Mortgage Authority and receives compensation for services rendered.

In addition to the customary insurance required of the mortgagors, the mortgage loans are insured by the Home Mortgage Authority under pool insurance policies. The loans of the 1991 program are also insured under a special hazard policy.

The mortgage loans receivable were obtained through conventional, FHA and VA programs sponsored by the various participating mortgage lenders.

Note 13 - EMPLOYEE RETIREMENT SYSTEMS

The St. Bernard Parish Government contributes to the Parochial Employees Retirement System of Louisiana, the Firefighters' Retirement System and the District Attorneys' Retirement System of Louisiana. The parish's payroll for employees covered by the retirement systems for the year ended December 31, 1997 was \$10,150,441 (which includes a parish payroll of \$8,167,084 and St. Bernard Parish Government Department of Public Works Water and Sewer Division payroll of \$1,983,357.)

Note 13 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

a) Parochial Employees' Retirement System

Plan Description - The Parish contributes to Plan A of the Parochial Employees' Retirement System of Louisiana (the System), cost-sharing multiple-employer defined benefit public employee retirement system (PERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 205 of the 1952 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1901 through 11:2015, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619.

Funding Policy - Plan members are required to contribute 9.5% of their annual-covered salary and the Parish is required to contribute at an actuarially determined rate. The current rate is 7.75% of annual payroll. The contribution requirements of plan members and the Parish are established and may be amended by state statute. The Parish's contributions to the System for the years ended December 31, 1997, 1996 and 1995 were \$361,988, \$330,840 and \$411,133, respectively, equal to the required contributions for each year.

b) Firefighters' Retirement System

Plan Description - The Parish contributes to the Firefighters' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan and members and beneficiaries. Act 434 of the 1979 Louisiana Legislative Session established the plan. The System is Governed by Louisiana Revised Statutes 11:2251 through 11:2269, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Firefighters' Retirement System of Louisiana, 2051 Silverside Drive, Suite 210, Baton Rouge, Louisiana 70808-4136.

Note 13 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

b) Firefighters' Retirement System (Continued)

Funding Policy - Plan members are required to contribute 8% of their earnable compensation and the Parish is required to contribute at an actuarially determined rate. The current rate is 9% of annual-covered payroll. The contribution requirements of plan members and the Parish are established and may be amended by state statute. The Parish's contributions to the System for the years ended December 31, 1997, 1996 and 1995 were \$296,251, \$283,545 and \$294,092, respectively, equal to the required contributions for each year.

c) District Attorneys' Retirement System

Plan Description - The Parish contributes to the District Attorneys' Retirement System (System), a cost-sharing multiple employer public employee retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 56 of the 1956 Louisiana Legislative Session established by the plan. The System is governed by Louisiana Revised Statutes 11:1581 through 11:1702, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to District Attorney Retirement System, 2109 Decatur Street, New Orleans, Louisiana, 70116.

Funding Policy - Plan members are required to contribute 7% of their compensation to the System. In addition, the Sheriffs and ex-office tax collectors are required to contribute 2% of taxes collected to the System. The Parish is required to contribute to an actuarially determined rate. The current rate is 2.5% of annual-covered payroll. The contribution requirements of plan members and the Parish are established and may be amended by state statute. The Parish's contributions to the System for the years ended December 31, 1997, 1996, and 1995 were \$3,402, \$5,113 and \$4,703, respectively, equal to the required contributions for each year.

Note 14 - SUPPLEMENTAL PAY

In addition to the compensation paid to St. Bernard Parish Government's employees, employees who are firemen, may be eligible to receive supplemental pay. Each type of employee is governed by their particular revised statute. The amount of the compensation is determined by State Law and is revised periodically.

As per Louisiana Revised Statute 33:2002, any full-time, regular employee of the parish fire protection district who is hired after March 31, 1986 and who has passed a certified firemen's training program equal to the National Fire Protection Association Standard 1001 and who is paid three hundred dollars per month from public funds is eligible for supplemental pay. These full-time employees are carried on the payroll paid from funds of the parish obtained through lawfully adopted bond issues or lawfully assessed taxes, either directly or through a board or commission set up by law or ordinance. Employees employed by the fire districts are not eligible for supplemental pay if they are presently drawing a retirement or disability pension, clerical employees and mechanics and for those employees who have not passed a certified firemen's training program but are hired after March 31, 1986. State supplemental pay for fire fighters must be taken into account in calculating fire fighters longevity pay, holiday pay, and overtime pay. The period of service for computing additional compensation includes prior service of employees who have returned or who hereafter return to such service provided that service in any parish or fire protection district fire department shall be used in computing such prior service which includes full-time employees of a volunteer fire department.

As of December 31, 1997, the Parish has recognized \$344,359 in revenues (other state funds) and expenditures (salary supplements) that the State of Louisiana has paid directly to the Parish's employees.

Note 15 - RESERVED AND DESIGNATED FUND BALANCES/RETAINED EARNINGS

Use of the term "reserve" in describing fund balances/retained earnings indicates that a portion of the fund balances/retained earnings is not available for expenditure in the next period or is legally restricted for a specific future use. The nature and purpose of these reserves are explained below.

**Note 15 - RESERVED AND DESIGNATED FUND BALANCES/RETAINED EARNINGS
(Continued)**

a) Governmental Funds - Reserved Fund Balances

Reserve for Incomplete Projects

The parish government reserved \$77,051 for incomplete projects as of December 31, 1997.

Reserve for Debt Service

A summary of the changes in the reserve fund balance follows:

	Debt Service Funds
Balance at January 1, 1997	\$ 2,307,779
Payments	(5,787,145)
Collections	1,572,422
Loan Proceeds	4,335,000
Balance at December 31, 1997	\$ 2,428,056

Designated Fund Balances

The St. Bernard Parish Library's Board designated \$583,500 for future capital expansion.

b) Proprietary Funds - The Division - Reserved Retained Earnings

The St. Bernard Parish Government Department of Public Works Water and Sewer Division has established three reserves as reflected on the balance sheet.

Reserve for Capital Renewal and Replacement

The reserve for capital renewal and replacement accumulates monies to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the sewerage system. Such monies will also be available to pay the principal and interest on outstanding bonds in the event funds are not sufficient in the debt service and debt service reserve accounts. (Minimum deposits are made

**Note 15 - RESERVED AND DESIGNATED FUND BALANCES/RETAINED EARNINGS
(Continued)**

b) Proprietary Funds - The Division - Reserved Retained Earnings (Continued)

Reserve for Capital Renewal and Replacement (Continued)

monthly to the reserve account from revenues in an amount equal to 5% of the prior month's operating expenses.) In addition, net assets acquired with commission funds are included in the reserve per board resolution. The reserved retained earnings are \$7,205,819 at December 31, 1997.

Reserve for Construction

The reserve for construction was established in accordance with bond requirements and commission resolution. The reserved funds pay for construction projects required by the United States Environmental Protection Agency. The commission also irrevocably pledges money held in this reserve to the bond holders as additional security for the bonds. Upon completion of the projects, any remaining funds will be reserved for debt service to satisfy any deficiency in funds needed to pay principal and interest on the \$10,650,000 bond issue dated August 1, 1986 and principal and interest on the \$1,350,000 bond issue dated December 1, 1991 and principal and interest on the \$7,950,000 bond issue dated April 11, 1994. In addition, the construction projects are capitalized when completed and included in the reserve and the long-term portion of the 1986, 1991 and 1994 revenue bonds payable to reduce the reserve. The reserved retained earnings are \$1,622,258 at December 31, 1997.

Reserve for Debt Service

The reserve for debt service consists of two accounts. 1) The debt service account accumulates money from the net utilities revenues for the payment of interest and principal on the 1986, 1991 and 1994 revenue bond. 2) The debt service reserve account accumulates interest on the \$1,111,165 of bond proceeds set aside for the benefit of bond holders. In addition, the related 1986, 1991 and 1994 bond principal and accrued interest reduces the reserve. As of December 31, 1997, the reserved retained earnings deficit was \$(347,391).

**Note 15 - RESERVED AND DESIGNATED FUND BALANCES/RETAINED EARNINGS
(Continued)**

b) Proprietary Funds - The Division - Reserved Retained Earnings (Continued)

Reserve for Debt Service (Continued)

The components of the reserve accounts are as follows:

	Reserve For Capital Renewal and Replacement	Reserve For Construction	Reserve For Debt Service	Total
Assets				
Cash and cash equivalents	\$ 863,588	\$ -	\$1,629,015	\$ 2,492,603
Property, plant and equipment and bond issuance cost - net	<u>6,353,683</u>	<u>16,542,678</u>	<u>-</u>	<u>22,896,361</u>
Total assets	<u>7,217,271</u>	<u>16,542,678</u>	<u>1,629,015</u>	<u>25,388,964</u>
Liabilities				
Current portion of bonds payable	-	-	695,000	695,000
Accrued interest payable	-	-	170,241	170,241
Lease payable	11,452	-	-	11,452
Long-term 1991 and 1994 revenue bonds payable	<u>-</u>	<u>6,353,835</u>	<u>1,111,165</u>	<u>7,465,000</u>
Total liabilities	<u>11,452</u>	<u>6,353,835</u>	<u>1,976,406</u>	<u>8,341,693</u>
Contributed Capital	<u>-</u>	<u>8,566,585</u>	<u>-</u>	<u>8,566,585</u>
Reserved Retained Earnings	<u>\$7,205,819</u>	<u>\$ 1,622,258</u>	<u>\$ (347,391)</u>	<u>\$ 8,480,686</u>

**Note 16 - POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS -
PROPRIETARY FUNDS**

The Division provides certain continuing health care insurance benefits for its retired employees. Substantially all of the Division's employees become eligible for these benefits if they reach normal retirement age while working for the Division. As of the year end, 17 retirees were eligible and receiving benefits. These benefits for retirees and

Note 16 - POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS - PROPRIETARY FUNDS (Continued)

similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and the Division. Retirees and active employees are responsible for dependent coverage costs. The Division reimburses the first \$20,000 of validated claims for medical and hospitalization costs incurred by pre-Medicare retirees and their dependents. Expenditures for postretirement health care benefits are recognized as retirees report claims and include a provision for estimated claims incurred but not yet reported to the Division. During the year, expenses of approximately \$49,387 were recognized for postretirement health care.

Note 17 - SELF INSURANCE

Enterprise Funds

The St. Bernard Parish Government Department of Public Works Water and Sewer Division is self-insured for hospitalization claims up to approximately \$20,000 per employee or an aggregate of approximately \$230,884 per year. The excess is insured under an insurance policy. The fund is administered by an independent insurance service company.

The estimated claims liability is computed based on information received from the administrator of the plan. The following represents a reconciliation of total claims liability:

	<u>1997</u>	<u>1996</u>	<u>1995</u>
Claims liability at beginning of year	\$ 40,587	\$ 41,634	\$ 40,846
Less claims paid during the year	(320,624)	(406,558)	(233,394)
Plus claims incurred	<u>340,141</u>	<u>405,511</u>	<u>234,182</u>
Claims liability at end of year	<u>\$ 60,104</u>	<u>\$ 40,587</u>	<u>\$ 41,634</u>

The claims liability at December 31, 1997 is presented at current value and has not been discounted.

Note 17 - SELF INSURANCE (Continued)

Enterprise Funds (Continued)

Effective February 1, 1997, the Division established a insurance fund for their workman's compensation, unemployment compensation, general and automobile liability. The division is self insured for claims up to \$250,000 per occurrence. They have an insurance policy for claims between \$250,000 and \$5,000,000 per occurrence. This policy has a 20% coinsurance clause with a maximum liability to the division of \$1,000,000. The fund is administered by a independent insurance service company.

Estimated claims liability related to the current year's general liability, auto and workers compensation was determined by using the average annual claims expense incurred for each type of coverage.

The following represents a reconciliation of total claims liability:

Claims liability at January 1, 1997	\$ -
Claims paid during 1997	(63,532)
Plus provision for incurred claims	<u>86,858</u>
Claims liability at December 31, 1997	<u>\$ 23,326</u>

Internal Service Fund

The parish government established a self-insurance fund for their workman's compensation, unemployment compensation, general and automobile liability for all funds of the Parish except for the Enterprise Fund - Water and Sewer Division. The parish government is self insured for claims up to \$250,000 per occurrence. The government has an insurance policy for claims between \$250,000 and \$5,000,000 per occurrence. This policy has a 20% coinsurance clause with a maximum liability to the parish of \$1,000,000. The fund is administered by an independent insurance service company.

The estimated claims liability related to prior years' workers compensation claims are computed by subtracting paid claims from the reserves previously set up to arrive at "remaining reserves" and then "developing" that number based on factors determined by the third party administrator using historical data.

The estimated claims liability related to prior years' general liability and auto claims was estimated by the Parish's legal department based on a claim by claim evaluation to determine the potential loss.

Note 17 - SELF INSURANCE (Continued)

Internal Service Fund (Continued)

Estimated claims liability related to the current year's general liability, auto and workers compensation was determined by using the average annual claims expense incurred for each type of coverage based on the fund's history.

The following represents a reconciliation of total claims liability:

	<u>1997</u>	<u>1996</u>	<u>1995</u>
Claims liability at beginning of year	\$1,889,593	\$1,237,381	\$1,237,381
Less claims paid during the year	(779,203)	(224,327)	(655,156)
Plus provision for incurred claims	<u>765,610</u>	<u>876,539</u>	<u>655,156</u>
Claims liability at end of year	<u>\$1,876,000</u>	<u>\$1,889,593</u>	<u>\$1,237,381</u>

Note 18 - TRANSFERS - PROPRIETARY FUNDS - ST. BERNARD PARISH GOVERNMENT DEPARTMENT OF PUBLIC WORKS WATER AND SEWER DIVISION

An operating transfer of \$ 731,733 was made between the St. Bernard Parish Water and Sewer Division and Water District No. 1, Sewer District No. 1 and Sewer District No. 2. The transfer was made for the Division's portion of ad valorem taxes and state revenue sharing for maintenance and operations which was collected in 1997.

Note 19 - GAIN ON DAMAGE SETTLEMENT

The St. Bernard Water and Sewer Division suffered substantial damage to its Mississippi River water intake crib, fender and pipe from batture to crib in two separate tow boat accidents during 1994. The Water and Sewer Division has incurred \$572,262 in costs to repair the damaged structure. The Division has recovered \$364,135 from insurance

Note 19 - GAIN ON DAMAGE SETTLEMENT (Continued)

proceeds and \$344,414 from lawsuit judgement proceeds. For the year ended December 31, 1997 a gain on damage settlement in the amount of \$136,287 was recorded as other operating revenue in the general purpose financial statements.

Note 20 - JOINT VENTURE - GOVERNMENTAL FUNDS

There exists a joint venture between the St. Bernard Parish Government and the St. Bernard Cultural Center, Inc. (Corporation). The Corporation is a nonprofit entity which provides concession services to the St. Bernard Parish Cultural Center. The Corporation was organized on a nonstock basis and its shareholders pursuant to RS 12:210 consist of the St. Bernard Parish Manager, Secretary and Treasurer. The affairs and business of the Corporation are managed by a board of directors. The Corporation reimburses the parish government the cost of parish employees used for the concessions. In addition, any profit made is remitted to the parish government. Following is a condensed financial statement on the Corporation as of December 31, 1997.

Balance Sheet

Assets	\$ <u>19,572</u>
Retained Earnings	\$ <u>19,572</u>

Income Statement

Concession sales	\$151,321
Less refunds, commissions and cost of goods sold	<u>(40,793)</u>
Gross profit	110,528
Less expenses	(72,553)
Less transfers to St. Bernard Parish Government	<u>(34,379)</u>
Net profit	<u>\$ 3,596</u>

Note 21 - SECTION 8 HOUSING PROGRAM INVESTIGATION

Apparent irregularities involving the Section 8 Housing Program were discovered by the St. Bernard Parish Government during 1995. The matter was referred to the Department of Housing and Urban Development (HUD) and subsequently turned over to the Federal Bureau of Investigation for investigation. As a result of the investigation \$139,696 of ineligible payments have been identified and must be returned to the federal program. It is the Parish Government's contention that these amounts will be paid by the individuals responsible. No payment has been requested by the Parish Government from HUD. However, individuals responsible have been court ordered to make restitution. To date \$11,577 has been received by the Parish Governments as restitution.

Note 22 - ADMINISTRATIVE ORDER

During 1996, the St. Bernard Parish Department of Public Works Water and Sewer Division received an administrative order from the United States Environmental Protection Agency (EPA). The order stated that the Division has violated its National Pollutant Discharge Permit and the Clean Water Act. The EPA has allowed the Division a reasonable period to take corrective action to eliminate and prevent recurrence of the noncompliant discharges cited in the findings or to submit a comprehensive plan to eliminate and prevent recurrence of violations cited in findings.

The Division has filed a response to the deficiencies cited in the order. The Division can be assessed up to \$25,000 per day in penalties for noncompliance to the order. There have been no assessments by the EPA or penalties accrued in these general purpose financial statements.

Note 23 - COMMITMENTS AND CONTINGENCIES

The Parish Government received funding under grants from various federal and state governmental agencies. The agency grants specify the purpose for which the grant monies are to be used; the grants are subject to audit by the granting agency or its representative.

Note 24 - FEDERAL INVESTIGATION

During 1997, the Division has come under investigation by a federal agency concerning its waste water disposal from its facilities. The investigation is in its initial stage. Presently, it is not possible to determine the effect of this investigation on the financial statements, if any.

SUPPLEMENTAL INFORMATION SECTION

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues from specific taxes or other earmarked revenue sources which by law are designated to finance particular functions or activities of government and which, therefore, cannot be diverted to other uses.

**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET**

St. Bernard Parish Government

December 31, 1997

**Consolidated
Fire**

	Public Works Fund	Garbage District No. 1 Fund	Protection District No. 1 - 2 Fund	Recreation Department Fund	Health Fund	Urban Mass Transportation Administration Fund	Jobs Training Partnership Act Fund	Housing Rent Subsidy Fund	Housing Voucher Program Fund
Cash	\$ -	\$ -	\$ 820	\$ 152	\$ -	\$ -	\$ 3,371	\$ 222,722	\$ 73,769
Investment - at cost	-	-	-	-	-	-	-	-	-
Receivables - net	846,231	561,028	1,325,128	405,122	118,275	239,525	154,252	91,167	43,354
Due from other funds	-	-	-	-	-	-	-	-	2,105
Other assets	-	-	618	-	-	-	-	299	320
Total assets	\$ 846,231	\$ 561,028	\$ 1,326,566	\$ 405,274	\$ 118,275	\$ 239,525	\$ 157,623	\$ 314,188	\$ 119,548

Liabilities

Accounts payable	\$ 39,489	\$ 102,246	\$ 23,042	\$ -	\$ 6,712	\$ 250,369	\$ 52,646	\$ 216,125	\$ 88,670
Salaries and payroll deductions payable	73,171	12,241	182,686	18,820	-	6,934	45,265	-	-
Due to other funds	662,715	379,628	1,007,330	353,959	67,426	106,095	-	79,712	40,194
Other liabilities	-	-	-	5,448	-	-	58,363	-	-
Total liabilities	775,375	494,115	1,213,058	378,227	74,138	363,398	156,274	295,837	128,864

Fund Equity (Deficit)

Fund balances (deficit):									
Designated - capital developments	-	-	-	-	-	-	-	-	-
Unreserved - undesignated	70,856	66,913	113,508	27,047	44,137	(123,873)	1,349	18,351	(9,316)
Total fund equity (deficit)	70,856	66,913	113,508	27,047	44,137	(123,873)	1,349	18,351	(9,316)
Total liabilities and fund equity (deficit)	\$ 846,231	\$ 561,028	\$ 1,326,566	\$ 405,274	\$ 118,275	\$ 239,525	\$ 157,623	\$ 314,188	\$ 119,548

Schedule 1
(Continued)

	Judicial Court Reporter Fund	Criminal Court Fund	Contingency Criminal Court "A" Fund	District Attorney General Fund	Environmental Mitigation Fund	Deputy Witness Fee Fund	Library Fund	Road Lighting District No. 1 Fund	Group Home Fund
Assets									
Cash	\$ 2,906	\$ 29,226	\$ 861	\$ -	\$ 3,308	\$ 17,422	\$ 202,292	\$ -	\$ -
Investment - at cost	-	-	-	-	-	-	1,050,000	-	-
Receivables - net	3,320	15,661	-	-	-	5,970	697,898	221,718	-
Due from other funds	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 6,226</u>	<u>\$ 44,887</u>	<u>\$ 861</u>	<u>\$ -</u>	<u>\$ 3,308</u>	<u>\$ 23,392</u>	<u>\$ 1,950,190</u>	<u>\$ 221,718</u>	<u>\$ -</u>
Liabilities									
Accounts payable	\$ 581	\$ -	\$ 861	\$ 21,385	\$ -	\$ 8,300	\$ 1,990	\$ 4,542	\$ -
Salaries and payroll deductions payable	5,957	-	-	12,103	-	-	-	-	-
Due to other funds	-	40,687	-	3,200	-	-	11,080	180,684	-
Other liabilities	-	-	-	-	-	-	-	-	-
Total liabilities	<u>6,538</u>	<u>40,687</u>	<u>861</u>	<u>36,688</u>	<u>-</u>	<u>8,300</u>	<u>13,070</u>	<u>185,226</u>	<u>-</u>
Fund Equity (Deficit)									
Fund balances (deficit):									
Designated - capital developments	-	-	-	-	-	-	583,500	-	-
Unreserved - undesignated	(312)	4,200	-	(36,688)	3,308	15,092	1,353,620	36,492	-
Total fund equity (deficit)	<u>(312)</u>	<u>4,200</u>	<u>-</u>	<u>(36,688)</u>	<u>3,308</u>	<u>15,092</u>	<u>1,937,120</u>	<u>36,492</u>	<u>-</u>
Total liabilities and fund equity (deficit)	<u>\$ 6,226</u>	<u>\$ 44,887</u>	<u>\$ 861</u>	<u>\$ -</u>	<u>\$ 3,308</u>	<u>\$ 23,392</u>	<u>\$ 1,950,190</u>	<u>\$ 221,718</u>	<u>\$ -</u>

Schedule 1
(Continued)

	Group Home Resident Fund	Human Resources Fund	Civic Auditorium Fund	Communications Fund	Community Development Fund	Council On Aging Fund	Total
Assets							
Cash	\$ -	\$ 11,186	\$ 35,544	\$ 89,995	\$ 2,298	\$ 7,426	\$ 703,298
Investment - at cost	-	-	-	200,000	-	-	1,250,000
Receivables - net	-	41,340	627	1,457	19,420	160,003	4,951,496
Due from other funds	-	104,972	-	-	-	-	107,077
Other assets	-	-	-	-	-	-	1,237
Total assets	\$ -	\$ 157,498	\$ 36,171	\$ 291,452	\$ 21,718	\$ 167,429	\$ 7,013,108
Liabilities							
Accounts payable	\$ -	\$ 4,056	\$ 14,576	\$ 3,769	\$ 4,083	\$ 68	\$ 843,510
Salaries and payroll deductions payable	-	7,151	-	-	18,080	-	382,408
Due to other funds	-	79,903	-	10,095	-	-	3,022,708
Other liabilities	-	-	17,864	-	-	-	81,675
Total liabilities	-	91,110	32,440	13,864	22,163	68	4,330,301
Fund Equity (Deficit)							
Fund balances (deficit):							
Designated - capital developments	-	-	-	-	-	-	583,500
Unreserved - undesignated	-	66,388	3,731	277,588	(445)	167,361	2,099,307
Total fund equity (deficit)	-	66,388	3,731	277,588	(445)	167,361	2,682,807
Total liabilities and fund equity (deficit)	\$ -	\$ 157,498	\$ 36,171	\$ 291,452	\$ 21,718	\$ 167,429	\$ 7,013,108

**SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT)**

St. Bernard Parish Government

For the year ended December 31, 1997

	Public Works Fund	Garbage District No. 1 Fund	Consolidated Fire Protection District No. 1 - 2 Fund	Recreation Department Fund	Health Fund
Revenues					
Taxes:					
Ad valorem	\$ 569,586	\$ 569,586	\$ 1,415,617	\$ 404,333	\$ 116,019
Other taxes, penalties and interest, etc.	1,342	1,342	114,653	952	273
Licenses and permits					
Federal grants	-	-	-	-	-
State funds:					
Parish transportation funds	657,564	-	-	-	-
State revenue sharing	66,424	66,426	62,088	50,865	17,511
Other state funds	781,653	-	344,359	5,339	-
Fees, charges, and commissions for services	105,703	-	3,308	17,818	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	423	4,727	1,160	265	145
Other revenues	33,068	-	51,049	4,650	-
Total revenues	2,215,763	642,081	1,992,234	484,222	133,948
Expenditures					
General government:					
Legislative	4,385	31,268	-	-	1,050
Judicial	-	-	-	-	-
Finance and administrative	24,071	171,665	-	-	5,762
Other general government	-	-	-	-	-
Public safety	-	-	5,142,767	-	-
Public works	2,843,622	3,379,652	-	-	-
Health and welfare	-	-	-	-	96,754
Culture and recreation	-	-	-	1,083,169	-
Capital outlay	-	-	32,847	-	-
Total expenditures	2,872,078	3,582,585	5,175,614	1,083,169	103,566
Excess (Deficiency) of Revenues Over Expenditures	(656,315)	(2,940,504)	(3,183,380)	(598,947)	30,382
Other Financing Sources (Uses):					
Operating transfers in	514,432	2,886,145	3,472,943	507,553	-
Operating transfers out	(7,020)	(2,937)	(66)	(1,207)	-
Total other financing sources (uses)	507,412	2,883,208	3,472,877	506,346	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures And Other Financing Uses	(148,903)	(57,296)	289,497	(92,601)	30,382
Fund Balances (Deficit)					
Beginning of year	219,759	124,209	(175,989)	119,648	13,755
Residual equity transfer	-	-	-	-	-
End of year	\$ 70,856	\$ 66,913	\$ 113,508	\$ 27,047	\$ 44,137

Schedule 2

Urban Mass Transportation Administration Fund	Jobs Training Partnership Act Fund	Housing Rent Subsidy Fund	Housing Voucher Program Fund	Judicial Court Reporter Fund	Criminal Court Fund	Contingency Criminal Court "A" Fund	District Attorney General Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
356,484	2,905,170	921,250	337,532	-	-	-	-
-	-	-	-	-	-	-	-
83,147	-	-	-	-	-	-	-
108,200	-	-	-	44,238	12,070	-	-
-	-	5,178	2,378	-	169,190	-	-
3,194	103,199	-	-	-	3,860	-	-
551,025	3,008,369	926,428	339,910	44,238	185,120	-	-
-	-	-	-	-	-	-	-
-	-	-	-	191,494	62,006	26,361	481,270
325,022	3,008,369	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	932,677	353,094	-	-	-	-
-	-	-	-	-	7,945	-	-
234,789	-	7,753	-	-	-	-	-
559,811	3,008,369	940,430	353,094	191,494	69,951	26,361	481,270
(8,786)	-	(14,002)	(13,184)	(147,256)	115,169	(26,361)	(481,270)
-	-	77	-	153,815	-	26,477	454,417
-	-	-	(57)	-	(143,256)	-	(247)
-	-	77	(57)	153,815	(143,256)	26,477	454,170
(8,786)	-	(13,925)	(13,241)	6,559	(28,087)	116	(27,100)
(115,087)	1,349	32,276	3,925	(6,871)	36,487	(116)	(9,588)
-	-	-	-	-	(4,200)	-	-
\$ (123,873)	\$ 1,349	\$ 18,351	\$ (9,316)	\$ (312)	\$ 4,200	\$ -	\$ (36,688)

	Environmental Mitigation Fund	Deputy Witness Fee Fund	Library Fund	Road Lighting District No. 1 Fund
Revenues				
Taxes:				
Ad valorem	\$ -	\$ -	\$ 692,647	\$ 225,783
Other taxes, penalties and interest, etc.	-	-	-	534
Licenses and permits	-	-	-	-
Federal grants	-	-	10,000	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing	-	-	85,727	25,719
Other state funds	-	-	23,214	-
Fees, charges, and commissions for services	-	-	11,307	-
Fines and forfeitures	-	113,293	18,048	-
Use of money and property	108	300	70,460	-
Other revenues	-	-	10,098	-
Total revenues	108	113,593	921,501	252,036
Expenditures				
General government:				
Legislative	-	-	-	-
Judicial	-	87,808	-	-
Finance and administrative	-	-	-	-
Other general government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	632,566
Health and welfare	-	-	-	-
Culture and recreation	-	-	325,939	-
Capital outlay	-	-	168,994	-
Total expenditures	-	87,808	494,933	632,566
Excess (Deficiency) of Revenues Over Expenditures	108	25,785	426,568	(380,530)
Other Financing Sources (Uses):				
Operating transfers in	-	-	-	396,381
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	396,381
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures And Other Financing Uses	108	25,785	426,568	15,851
Fund Balances (Deficit)				
Beginning of year	3,200	(10,693)	1,510,552	20,641
Residual equity transfer	-	-	-	-
End of year	\$ 3,308	\$ 15,092	\$ 1,937,120	\$ 36,492

Schedule 2
(Continued)

Group Home Fund	Group Home Resident Fund	Human Resources Fund	Civic Auditorium Fund	Communications Fund	Community Development Fund	Council on Aging Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172,868	\$ 4,166,439
-	-	-	-	180,615	-	-	299,711
-	-	-	-	-	245,207	-	245,207
-	-	366,749	-	-	33,680	-	4,930,865
-	-	-	-	-	-	-	657,564
-	-	-	-	-	-	-	374,760
-	-	-	-	-	32,523	-	1,270,235
-	-	-	217,219	-	30,542	-	550,405
-	-	-	-	-	-	-	300,531
-	59	-	1,806	6,899	-	12	97,780
13	885	1,145	30,000	-	2,054	-	239,355
13	944	367,894	249,025	187,514	344,006	172,880	13,132,852
-	-	-	-	1,555	-	-	38,258
-	-	-	-	-	-	-	848,939
-	-	-	-	8,540	-	-	210,038
-	-	-	-	-	-	-	3,333,391
-	-	-	-	158,255	-	5,519	5,306,541
-	-	-	-	-	-	-	6,855,840
33,162	-	354,394	-	-	707,383	-	2,477,464
-	-	-	380,354	-	-	-	1,797,407
-	-	5,837	-	5,000	221	-	455,441
33,162	-	360,231	380,354	173,350	707,604	5,519	21,323,319
(33,149)	944	7,663	(131,329)	14,164	(363,598)	167,361	(8,190,467)
532,875	-	-	126,991	247	376,056	-	9,448,409
-	(2,157)	(20)	(4,042)	-	(324)	-	(161,333)
532,875	(2,157)	(20)	122,949	247	375,732	-	9,287,076
499,726	(1,213)	7,643	(8,380)	14,411	12,134	167,361	1,096,609
(499,726)	1,213	58,745	12,111	263,177	(12,579)	-	1,590,398
-	-	-	-	-	-	-	(4,200)
\$ -	\$ -	\$ 66,388	\$ 3,731	\$ 277,588	\$ (445)	\$ 167,361	\$ 2,682,807

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the payment of interest and principal on all general obligation debt. They do not include debt issued by the Proprietary Funds.

**DEBT SERVICE FUNDS
COMBINING BALANCE SHEET**

St. Bernard Parish Government

December 31, 1997

	Public Improvement Bond Funds		
	Series A, B, C	Series 1977	Series 1996
Assets			
Cash	\$ 208,140	\$ 231,240	\$ 236,615
Cash with fiscal agent	-	-	36
Investments - at cost	-	-	-
Receivables - net	-	-	-
Special assessments:			
Delinquent	-	-	-
Deferred	-	-	-
Due from other funds	-	-	131,600
	<u>\$ 208,140</u>	<u>\$ 231,240</u>	<u>\$ 368,251</u>
Total assets	<u>\$ 208,140</u>	<u>\$ 231,240</u>	<u>\$ 368,251</u>
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Deferred revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Equity			
Fund balances:			
Reserved for debt service	-	231,240	368,251
Unreserved - undesignated	208,140	-	-
	<u>208,140</u>	<u>231,240</u>	<u>368,251</u>
Total fund equity	<u>208,140</u>	<u>231,240</u>	<u>368,251</u>
Total liabilities and fund equity	<u>\$ 208,140</u>	<u>\$ 231,240</u>	<u>\$ 368,251</u>

Schedule 3

Bond Reserve 1996 Fund	Bond Reserve 1977 Fund	1990 And 1997 General Obligation Bond Fund	Versailles Industrial Park Sinking Fund	Total
\$ 94,650	\$ 70,042	\$ 363,846	\$ -	\$ 1,204,533
-	-	-	-	36
372,750	458,300	-	-	831,050
455	490	560,665	4,196	565,806
-	-	-	5,035	5,035
-	-	-	306,149	306,149
-	-	-	29,736	161,336
<u>\$ 467,855</u>	<u>\$ 528,832</u>	<u>\$ 924,511</u>	<u>\$ 345,116</u>	<u>\$ 3,073,945</u>
\$ 131,600	\$ -	\$ -	\$ -	\$ 131,600
-	-	-	306,149	306,149
<u>131,600</u>	<u>-</u>	<u>-</u>	<u>306,149</u>	<u>437,749</u>
336,255	528,832	924,511	38,967	2,428,056
-	-	-	-	208,140
<u>336,255</u>	<u>528,832</u>	<u>924,511</u>	<u>38,967</u>	<u>2,636,196</u>
<u>\$ 467,855</u>	<u>\$ 528,832</u>	<u>\$ 924,511</u>	<u>\$ 345,116</u>	<u>\$ 3,073,945</u>

**DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES**

St. Bernard Parish Government

For the year ended December 31, 1997

	Public Improvement Bond Funds		
	Series A, B, C	Series 1977	Series 1996
Revenues			
Taxes - ad valorem	\$	\$	\$
Use of money and property	6,800	6,132	4,072
Special assessments	-	-	-
Total revenues	<u>6,800</u>	<u>6,132</u>	<u>4,072</u>
Expenditures			
General government:			
Finance and administrative	-	389	926
Debt service:			
Principal retirement	-	325,000	175,000
Interest and service charges	-	120,318	121,596
Total expenditures	<u>-</u>	<u>445,707</u>	<u>297,522</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>6,800</u>	<u>(439,575)</u>	<u>(293,450)</u>
Other Financing Sources (Uses)			
Proceeds of refunding bonds	-	-	-
Payment to refunded bond escrow agent	-	-	-
Operating transfers in	-	464,974	339,326
Total other financing sources (uses)	<u>-</u>	<u>464,974</u>	<u>339,326</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>6,800</u>	<u>25,399</u>	<u>45,876</u>
Fund Balances			
Beginning of year	<u>201,340</u>	<u>205,841</u>	<u>322,375</u>
End of year	<u>\$ 208,140</u>	<u>\$ 231,240</u>	<u>\$ 368,251</u>

Schedule 4

Bond Reserve 1996 Fund	Bond Reserve 1977 Fund	1990 and 1997 General Obligation Bond Fund	Versailles Industrial Park Sinking Fund	Total
\$ 24,559	\$ - 28,610	\$ 616,547 31,617	\$ - 21,646 34,939	\$ 616,547 123,436 34,939
24,559	28,610	648,164	56,585	774,922
-	-	19,632	1,065	22,012
-	-	205,000	38,172	743,172
-	-	331,358	18,689	591,961
-	-	555,990	57,926	1,357,145
24,559	28,610	92,174	(1,341)	(582,223)
-	-	4,335,000	-	4,335,000
-	-	(4,430,000)	-	(4,430,000)
-	-	-	-	804,300
-	-	(95,000)	-	709,300
24,559	28,610	(2,826)	(1,341)	127,077
311,696	500,222	927,337	40,308	2,509,119
\$ 336,255	\$ 528,832	\$ 924,511	\$ 38,967	\$ 2,636,196

CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for all resources used for the acquisition and/or construction of capital facilities of the Parish, including those financed by special assessments. These funds do not include acquisitions and/or construction for Proprietary Funds.

**CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET**

St. Bernard Parish Government

December 31, 1997

	<u>Drainage and Siphon Fund</u>	<u>Fire District 1-2 C.I. Series Bond Fund</u>	<u>Road District Project Bond Fund</u>	<u>Public Improvement Bond Series D, E, F, G Fund</u>
Assets				
Cash	\$ 151,599	\$ 4,073	\$ 12,797	\$ 43,242
Due from other funds	-	-	-	-
Total assets	<u>\$ 151,599</u>	<u>\$ 4,073</u>	<u>\$ 12,797</u>	<u>\$ 43,242</u>
 Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund Equity				
Fund balances:				
Reserved for incomplete contracts	-	-	-	-
Unreserved - undesignated	<u>151,599</u>	<u>4,073</u>	<u>12,797</u>	<u>43,242</u>
Total fund equity	<u>151,599</u>	<u>4,073</u>	<u>12,797</u>	<u>43,242</u>
Total liabilities and fund equity	<u>\$ 151,599</u>	<u>\$ 4,073</u>	<u>\$ 12,797</u>	<u>\$ 43,242</u>

Schedule 5

Drainage Construction Bonds of 1967 and 1982 Fund	Capital Projects Fund	Courthouse Capital Fund	Islenos Multipurpose Bldg. Fund	Urban System Roadway Reconstruction Fund	Total
\$ 111,625	\$ -	\$ 220,368	\$ 250,598	\$ 208,911	\$1,003,213
-	1,608,169	-	-	-	1,608,169
<u>\$ 111,625</u>	<u>\$1,608,169</u>	<u>\$ 220,368</u>	<u>\$ 250,598</u>	<u>\$ 208,911</u>	<u>\$2,611,382</u>
\$ -	\$ 341,110	\$ -	\$ 50	\$ -	\$ 341,160
29,737	456,097	-	-	-	485,834
<u>29,737</u>	<u>797,207</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>826,994</u>
-	77,051	-	-	-	77,051
81,888	733,911	220,368	250,548	208,911	1,707,337
<u>81,888</u>	<u>810,962</u>	<u>220,368</u>	<u>250,548</u>	<u>208,911</u>	<u>1,784,388</u>
<u>\$ 111,625</u>	<u>\$1,608,169</u>	<u>\$ 220,368</u>	<u>\$ 250,598</u>	<u>\$ 208,911</u>	<u>\$2,611,382</u>

**CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES**

St. Bernard Parish Government

For the year ended December 31, 1997

	Drainage and Siphon Fund	Fire District 1-2 C.I. Series Bond Fund	Road District Project Bond Fund	Public Improvement Bond Series D, E, F, G Fund
Revenues				
Other state funds	\$ -	\$ -	\$ -	\$ -
Use of money and property	4,955	154	388	1,489
Other revenues	-	-	-	-
Total revenues	4,955	154	388	1,489
Expenditures				
Public works	-	-	-	4,060
Capital outlay	-	-	-	-
Total expenditures	-	-	-	4,060
Excess (Deficiency) of Revenues Over Expenditures	4,955	154	388	(2,571)
Other Financing Sources (Uses)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures And Other Financing Uses	4,955	154	388	(2,571)
Fund Balance				
Beginning of year	146,644	3,919	12,409	45,813
End of year	\$ 151,599	\$ 4,073	\$ 12,797	\$ 43,242

Schedule 6

Drainage Construction Bonds of 1967 and 1982 Fund	Capital Projects Fund	Courthouse Capital Fund	Islenos Multipurpose Bldg. Fund	Urban System Roadway Reconstruction Fund	Total
\$ -	\$ -	\$ -	\$ 248,930	\$ -	\$ 248,930
12,579	10	3,536	2,016	911	26,038
-	-	30,000	-	-	30,000
12,579	10	33,536	250,946	911	304,968
-	698,780	-	398	-	703,238
-	952,569	-	-	-	952,569
-	1,651,349	-	398	-	1,655,807
12,579	(1,651,339)	33,536	250,548	911	(1,350,839)
-	2,445,606	96,769	-	208,000	2,750,375
(354,539)	(4,159)	-	-	-	(358,698)
(354,539)	2,441,447	96,769	-	208,000	2,391,677
(341,960)	790,108	130,305	250,548	208,911	1,040,838
423,848	20,854	90,063	-	-	743,550
\$ 81,888	\$ 810,962	\$ 220,368	\$ 250,548	\$ 208,911	\$ 1,784,388

**SCHEDULE OF CHANGES IN LONG-TERM DEBT -
GOVERNMENTAL AND ENTERPRISE FUNDS**

St. Bernard Parish Government

For the year ended December 31, 1997

	Date Of Issue	Original Issue	Long-term Outstanding Balance January 1, 1997
Governmental Fund Bonds			
Public improvements:			
Series ST - 1977	June 1, 1977	\$ 5,350,000	\$ 2,255,000
Series ST - 1996	April 9, 1996	2,740,000	2,740,000
Special assessment:			
Versailles Industrial Park Project	October 24, 1997	381,721	381,721
General obligation:			
Series 1982-B	June 15, 1982	60,000	30,719
Series 1990	Feb. 1, 1990	5,850,000	5,050,000
Series 1997	December 1, 1997	4,335,000	-
Total Governmental funds		<u>\$ 18,716,721</u>	<u>\$ 10,457,440</u>

<u>Additions</u>	<u>Redemptions</u>	<u>Long-Term Outstanding Balance December 31, 1997</u>	<u>Maturities Outstanding December 31, 1997</u>	<u>Interest Rate</u>
\$ -	\$ 325,000	\$ 1,930,000	1998 - 2002	5.75
-	175,000	2,565,000	1998 - 2006	4.00 - 5.00
-	38,172	343,549	1998 - 2006	5.23
-	3,986	26,733	1998 - 2002	10.70
-	4,330,000	720,000	1998 - 2000	6.15 - 6.35
<u>4,335,000</u>	<u>-</u>	<u>4,335,000</u>	1998 - 2010	4.75
<u>\$ 4,335,000</u>	<u>\$ 4,872,158</u>	<u>\$ 9,920,282</u>		

	Date Of Issue	Original Issue	Long-term Outstanding Balance January 1, 1997
Enterprise Funds			
Sewer Division			
Revenue bonds	Dec. 1, 1991	\$ 1,350,000	\$ 1,165,000
Revenue bonds	Aug. 1, 1994	7,950,000	7,665,000
Water District No. 1:			
Public improvement bonds	Sept. 1, 1973	2,500,000	310,000
Sewer District No. 1			
General obligations bond	Sept. 1, 1991	675,000	505,000
Sewer District No. 2:			
Public improvement bonds	June 1, 1971	240,000	5,000
General obligations bonds	Sept. 1, 1991	3,295,000	2,690,000
Total Water and Sewer Division		<u>16,010,000</u>	<u>12,340,000</u>
Home Mortgage Authority:			
Single Family Revenue Bonds -			
1992 Program Series C		607,505	820,286
Single Family Refunding Bonds -			
1991 Program		4,435,000	2,076,703
1992 Program Series B-1		1,819,653	975,421
1992 Program Series B-2		29,218	41,950
Total Home Mortgage Authority		<u>6,891,376</u>	<u>3,914,360</u>
Total Enterprise Funds		<u>\$ 22,901,376</u>	<u>\$ 16,254,360</u>

**Schedule 7
(Continued)**

<u>Additions</u>	<u>Redemptions</u>	<u>Long-Term Outstanding Balance December 31, 1997</u>	<u>Maturities Outstanding December 31, 1997</u>	<u>Interest Rate</u>
\$ -	\$ 45,000	\$ 1,120,000	1997 - 2011	6.00 - 7.00
-	625,000	7,040,000	1997 - 2006	4.00 - 5.20
-	155,000	155,000	1997 - 1998	5.70
-	60,000	445,000	1997 - 2003	5.90 - 6.50
-	1,000	4,000	1997 - 2001	6.00
-	330,000	2,360,000	1997 - 2005	5.90 - 6.65
-	<u>1,216,000</u>	<u>11,124,000</u>		
63,953	-	884,239	1997 - 2014	7.65
-	282,277	1,794,426	1997 - 2012	8.00
-	213,248	762,173	1997 - 2011	7.84
3,970	-	45,920	1997 - 2014	9.25
<u>67,923</u>	<u>495,525</u>	<u>3,486,758</u>		
<u>\$ 67,923</u>	<u>\$ 1,711,525</u>	<u>\$ 14,610,758</u>		

COMPENSATION PAID PARISH COUNCIL MEMBERS**St. Bernard Parish Government**

For the year ended December 31, 1997

Clay A. Cosse', Council Chairman	\$ 8,247
Daniel L. Dysart	7,253
Curtis B. Pitre	7,200
Joseph S. DiFatta, Jr.	7,200
Nita Rusich Hutter	7,200
Craig P. Taffaro, Jr.	7,200
Henry J. Rodriguez, Jr.	<u>7,200</u>
 Total	 <u>\$51,500</u>

The schedule of compensation paid to parish council members was prepared in compliance with Home Rule Charter, Section 2-05 Compensation. According to the Charter, the compensation of the first council members elected under this charter shall be \$7,200 per annum. The chairman of the council will receive \$1,200 per annum in addition to the regular annual compensation. The salary of the President of the parish government shall be \$45,000 per annum.

SPECIAL REPORTS ON CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

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

To the St. Bernard Parish Council,
Chalmette, Louisiana.

We have audited the general purpose financial statements of the St. Bernard Parish Government (the Primary Government), State of Louisiana, as of and for the year ended December 31, 1997, and have issued our report thereon dated June 5, 1998. 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.

We did not audit the financial statements of the discretely presented component unit, St. Bernard Parish Home Mortgage Authority. Those financial statements were audited by other auditors and our report on internal control over financial reporting and on compliance does not include this entity. Separate reports were issued on the blended component unit, St. Bernard Parish Library and the Propriety Fund - Enterprise Fund.

Compliance

As part of obtaining reasonable assurance about whether the Primary Government's general purpose 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 instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item 97-3.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Primary Government's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the Primary Government's general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 judgement, could adversely affect the Primary Government's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 97-1 and 97-2.

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 Primary Government's general purpose 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 necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 97-1 to be a material weakness.

This report is intended for the information of the Administration of the St. Bernard Parish Government, the St. Bernard Parish Council, the Legislative Auditor for the State of Louisiana, and federal awarding agencies and pass-through entities. However, this report is a matter of public record, and its distribution is not limited.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, La.,
June 5, 1998.



Bourgeois Bennett

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

To the St. Bernard Parish Council,
Chalmette, Louisiana.

Compliance

We have audited the compliance of the St. Bernard Parish Government (the Primary Government), State of Louisiana, 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 each of its major federal programs for the year ended December 31, 1997. The Primary Government's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Primary Government's management. Our responsibility is to express an opinion on the Primary Government'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 Primary Government'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 of the Primary Government's compliance with those requirements.

As described in items 97-6, through 97-9 in the accompanying schedule of findings and questioned costs, the Primary Government did not comply with requirements regarding allowable costs/costs principles, equipment and real property management, procurement, suspension and debarment, and reporting that are applicable to its Section 8 Rental Voucher Program and Certificate Program and Job Training Partnership Act programs. Compliance with such requirements is necessary, in our opinion, for the Primary Government to comply with the requirements applicable to the programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Primary Government complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1997.

Internal Control Over Compliance

The management of the Primary Government is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Primary Government'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 the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect the Primary Government's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 97-4 and 97-5.

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we considered item 97-4 to be a material weakness.

This report is intended for the information of the Administration of the St. Bernard Parish, the St. Bernard Parish Council, the Legislative Auditor for the State of Louisiana, and federal awarding agencies and pass-through entities. However, this report is a matter of public record, and its distribution is not limited.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, La.,
June 5, 1998.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS -
PRIMARY GOVERNMENT**

St. Bernard Parish Government

For the year ended December 31, 1997

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Federal Expenditure
U.S. Department of Agriculture		
Passed through Louisiana Department of Agriculture and Forestry:		
Food Coupon Program (Value of coupon issued)	10.551	\$ 3,111,004
Administrative Costs of Food Coupons Distribution	10.551	30,206
Food Distribution Program	10.550	26,615
Emergency Food Assistance Program (Administrative Cost)	10.568	8,672
		<u>3,176,497</u>
Passed through Louisiana Department of Education:		
Family Day Care Home Program	10.558	96,960
		<u>3,273,457</u>
U.S. Department of Housing and Urban Development		
Section 8 Cluster:		
Section 8 Rental Voucher Program	14.855	337,697
Section 8 Rental Certificate Program	14.857	922,513
		<u>1,260,210</u>
Subtotal direct programs		
Passed through Louisiana Housing Finance Agency:		
Home Investment Partnerships Program	14.239	456
		<u>1,260,666</u>
Total U.S. Department of Housing and Urban Development		

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Federal Expenditure
U.S. Department of Labor		
Passed through Louisiana Department of Labor:		
Job Training Partnership Act - Title II-A	17.250	708,684
Job Training Partnership Act - Title II-B	17.250	514,830
Job Training Partnership Act - Title II-C	17.250	480,083
Job Training Partnership Act - Title III-F	17.246	782,598
Job Training Partnership Act - 6%	17.250	20,963
Job Training Partnership Act - 5%	17.250	27,600
JobNET, One-Stop Career Center	17.250	101,850
School to Work/Out of School	17.250	9,800
		2,646,408
Passed through Louisiana Department of Education:		
Job Training Partnership Act - 8%	17.250	80,432
Total U.S. Department of Labor		2,726,840
U.S. Department of Transportation		
Direct program - FTA Operating/Capital Grant	20.507	356,484
U.S. Department of Health and Human Services		
Passed through Louisiana Department of Social Services:		
Office of Community Services:		
Low Income Home Energy Assistance Program	93.568	62,924
Weatherization Assistance Program	93.568	11,979
		74,903
Office of Family Support:		
Family Independence Work Program	93.561	178,330
Passed through Louisiana Department of Labor:		
Community Services Block Grant	93.569	109,988
Total U.S. Department of Health and Human Services		363,221

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Federal Expenditure
U.S. Federal Emergency Management Agency		
Passed through Louisiana Military Department: Emergency Food and Shelter Program	83.523	28,269
Passed through United Way: Emergency Food and Shelter Program	83.523	28,059
Total Federal Emergency Management Agency		56,328
Total Expenditures of Federal Awards		<u>\$ 8,036,996</u>

See accompanying notes to schedule of expenditures of federal awards.

**NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS - PRIMARY GOVERNMENT**

St. Bernard Parish Government

For the year ended December 31, 1997

Note 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the St. Bernard Parish Government (The Primary Government) and is presented on the modified accrual basis of accounting. Commodities received, which are non-cash revenues are valued at prices provided by the U.S. Department of Agriculture. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Note 2 - SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the Primary Government provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Job Training Partnership Act - Title II-A	17.250	\$62,743
Job Training Partnership Act - Title II-C	17.250	122,328
Job Training Partnership Act - Title III-F	17.246	27,916

Note 3 - FINDINGS OF NONCOMPLIANCE

The findings of noncompliance are disclosed in the accompanying schedule of findings and questioned costs. The potential reimbursement effects of the findings are not ascertainable.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

St. Bernard Parish Government

For the year ended December 31, 1997

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are not considered to be material weakness yes none reported

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes No
- Reportable condition(s) identified that are not considered to be material weakness yes none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 yes no

Section I Summary of Auditor's Results (Continued)

c) Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program (or Cluster)</u>
10.551	Food Coupon Program and Administrative Costs
14.855	Section 8 Rental Voucher Program
14.857	Section 8 Rental Certificate Program
17.246	Job Training Partnership Act Program
17.250	Job Training Partnership Act Programs
20.507	FTA Operating/Capital Grant

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

Auditee qualified as a low-risk auditee? ___ yes X no

Section II Financial Statement Findings

Internal Control

97-1 Criteria - There should be a segregation of duties for the review of invoices, coding invoices, processing invoices for payment and having checks signed.

Condition - One person is responsible for reviewing invoices, coding invoices to various programs, processing invoices for payment, having checks signed by a check-signing machine, and requesting funds from governmental agency for payment of invoices. On occasion, the person who is responsible for reconciling bank statements and posting receipts and disbursements to the general ledger performs the previously mentioned duties.

Questioned Costs - None noted.

Context - This condition was reported in the previous audit.

Effect - The possibility of fraud or collusion exists.

Cause - There is a limited number of personnel available to handle different functions.

Section II Financial Statement Findings (Continued)

Internal Control (Continued)

97-1 (Continued)

Recommendation - The Primary Government should assign someone independent of the review, approval and processing of cash disbursements to receive the bank statements unopened and review the canceled checks and statements for unusual items. We understand that this recommendation from the previous audit is being followed but not on a consistent basis.

Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical - None.

97-2 Criteria - There should be a reconciliation of federal reports filed with the granting agency and the general ledger.

Condition - The year-end reports were not reconciled to the general ledger.

Questioned Costs - None noted.

Context - This condition was reported in the previous audit.

Effect - Erroneous reports submitted to funding agencies.

Cause - There was no reconciliation between federal reports and general ledgers.

Recommendations - The Accounting Department should review all completed federal reports to ensure reconciliation between report and general ledger.

Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical - None.

Compliance

97-3 Criteria - The Louisiana Budget Act, Louisiana Revised Statute 39:1310, requires that the Primary Government amend their budget when total revenue and other sources are failing to meet budgeted revenues and other sources by 5% or more or total expenditures and other uses are exceeding budgeted expenditures and their uses by 5% or more.

Section II Financial Statement Findings (Continued)

Compliance (Continued)

97-3 (Continued)

Condition - Several instances were noted where revenues and other sources fell by more than 5% of projected revenues and where expenditures and other uses exceeded the projected budget by 5% or more.

Questioned Costs - None noted.

Context - This condition was reported in the previous audit.

Effect - The Primary Government is in violation of Louisiana statutes.

Cause - The Primary Government did not comply with the requirements of state law.

Recommendation - The Primary Government should provide the requirements of the Louisiana Budget Act to all responsible parties and instill the importance of complying with all aspects of the law.

Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical - None.

Section III Federal Award Findings and Questioned Cost

Internal Control

97-4 Federal Program and Specific Federal Award Identification - CFDA Title: Job Training Partnership Act, CFDA Numbers: 17.246, 17.250

Criteria - There should be a proper segregation of duties for the review of invoices, coding invoices, processing invoices for payment and having checks signed.

Condition - One person is responsible for reviewing invoices, coding invoices to various programs, processing invoices for payment, having checks signed by a check-signing machine, and requesting funds from governmental agency for payment of invoices. On occasion, the person who is responsible for reconciling bank statements and posting receipts and disbursements to the general ledger performs the previously mentioned duties.

Section III Federal Award Findings and Questioned Cost (Continued)

Internal Control (Continued)

97-4 (Continued)

Questioned Costs - None noted.

Context - This condition was reported in the previous audit.

Effect - The possibility of fraud or collusion exists.

Cause - There is a limited number of personnel available to handle different federal functions.

Recommendations - The First Planning District (which administers the JTPA programs) should assign someone independent of the review, approval and processing of cash disbursements to receive the bank statements unopened and review the canceled checks and statements for unusual items. We understand that this recommendation from the previous audit is being followed but not on a consistent basis.

Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical - None.

97-5 Federal Program and Specific Federal Award Identification - CFDA Title: Family Day Care Home Program, CFDA Number: 10.558, CFDA Title: Community Service Block Grant, CFDA Number: 93.569, CFDA Title: Section 8 Rental Certificate Program, CFDA Number: 14.857

Criteria - Reports submitted to federal awarding agency for reimbursement should include all activity of the reporting period, be supported by underlying accounting or performance records, and are fairly presented in accordance with program requirements.

Condition - The year-end close out reports were submitted, however, the reports did not reconcile to the financial records.

Questioned Costs - None noted.

Context - The finding is an ongoing problem.

Effect - The funding agencies are receiving erroneous information which could affect future funding.

Section III Federal Award Findings and Questioned Cost (Continued)

Internal Control (Continued)

97-5 (Continued)

Cause - There is no reconciliation between the federal reports and the general ledgers.

Recommendations - The Primary Government should establish separate fund accounts for each of the various programs administered by the Human Resources Department. The persons responsible for the preparation of reports for federal agencies or pass-through agencies should coordinate the results with the Finance Department before submission.

Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical - None.

Compliance

97-6 Federal Program and Specific Federal Award Identification - CFDA Title: Family Day Care Home Program, CFDA Number: 10.558, CFDA Title: Community Services Block Grant, CFDA Number: 93.569

Criteria - Certain provisions of the Office of Management and Budget (OMB) A-87, Allowable Costs and Cost Principles (A-87) require various documentation to be compiled with regarding direct billed services such as self-insurance premiums.

Condition - The Primary Government has not complied with the documentation and certification requirements of A-87 as it relates to federal programs.

Questioned Costs - Allocation to these programs amounted to \$39,224.

Context - This finding was noted in the previous audit.

Effect - Funding for these programs could be jeopardized by not following requirements of A-87.

Cause - The Primary Government has not complied with the requirements of A-87.

Recommendations - The Primary Government should comply with the documentation requirements of A-87 with respect to self-insurance fund as follows:

Section III Federal Award Findings and Questioned Cost (Continued)

Compliance (Continued)

97-6 (Continued)

Recommendations (Continued)

- There should be fund financial statements which include a balance sheet and statement of revenues and expenses.
- A summary of billings and claims paid by each participating fund.
- A listing of all non-operating transfers into and out of the fund.
- A listing of the types of risk covered by the fund (e.g., automobile liability, workers compensation, etc.).
- A description of how premiums are calculated to be charged to participating funds.
- There should be certification by the responsible government official that billing from the self-insurance fund are in accordance with OMB Circular A-87.

Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical - None

97-7 Federal Program and Specific Federal Award Identification - CFDA Title: Job Training Partnership Act (JobNET program), CFDA Number: 17.250

Criteria - Provisions of A-87 require the proper recording of equipment acquired with federal funds.

Condition - Inventory records for the purchase of equipment in the JobNET program do not agree with the amounts listed in the financial records.

Questioned Costs - None noted.

Context - The finding is an isolated incident. The inventory records of purchases of equipment in other JTPA programs agree with the financial records.

Effect - Inventory records are incomplete, a violation of A-87.

Section III Federal Award Findings and Questioned Cost (Continued)

Compliance (Continued)

97-7 (Continued)

Cause - The client has not had the opportunity to record the equipment purchased with federal funds.

Recommendations - The fixed asset inventory records should be updated to record the equipment purchased and the property control specialist should maintain proper records to comply with A-87.

Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical - None.

97-8 Federal Program And Specific Federal Award Identification - CFDA Title: Job Training Partnership Act (JTPA), CFDA Number: 17.250

Criteria - Draw down of federal cash is only for immediate needs and limits payments to subrecipients for immediate cash needs.

Condition - Funds requested and received in JTPA II-A program were in excess of requirements.

Questioned Costs - None noted.

Context - The excess funds in JTPA II-A provided funding for cost reimbursement contracts in other JTPA programs.

Effect - The First Planning District is in violation of their contract and could jeopardize future participation in the JTPA II-A program.

Cause - The First Planning District does not have any funding from the Primary Government to operate cost reimbursement programs.

Recommendations - The Primary Government should provide the First Planning District sufficient funding to operate the cost reimbursement programs.

Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical - None.

Section III Federal Award Findings and Questioned Cost (Continued)

Compliance (Continued)

97-9 Federal Program and Specific Federal Award Identification - CFDA Title: Family Day Care Home Program, CFDA Number: 10.558, CFDA Title: Weatherization Assistance Program, CFDA Number: 93.568, CFDA Title: Community Service Block Grant, CFDA Number: 93.569

Criteria - Provisions of A-87 regulating the documentation of salaries and wages for employees who work on more than one federal program require personnel activity reports (time sheets) which meet the following standards:

- a) Must reflect an after-the-fact distribution of the actual activity of each employee.
- b) Must account for the total activity for which the employee is compensated.
- c) Must be prepared at least monthly and must coincide with one or more pay periods.
- d) Must be signed by the employee.

Condition - Records are not available to support allocation of salary and wages for the Human Resources Department.

Questioned Costs - The salary and wages allocated to the above programs amounted to \$105,006.

Context - The oversight agency for the Section 8 programs, the Department of Housing and Urban Development, has approved the allocation of wages to their programs since the HUD funding is for reimbursement of rental assistance and utility allowances paid to landlords and tenants.

Effect - Funding for the other federally financed programs could be jeopardized by not following the requirements of A-87.

Cause - The Primary Government has not complied with the requirements of A-87.

Recommendations - The Primary Government should implement a policy requiring all federal program managers to maintain compliance with the applicable sections of A-87 with respect to the documentation of services and wages.

Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical - None.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

St. Bernard Parish Government

For the year ended December 31, 1997

Section I - Internal Control and Compliance Material to the Primary Government's General Purpose Financial Statements

Internal Control

96-1 Recommendation - The First Planning District should have assigned someone independent of the review, approval and processing of cash disbursements receive the unopened bank statements and review the canceled checks and statements for unusual items.

Management's Response - Unresolved, see finding 97-1 in the accompanying schedule of findings and questioned costs.

96-2 Recommendation - The Accounting Department should have reconciled to the general ledger so as not to jeopardize funding of the various programs.

Management's Response - Unresolved, see finding 97-2 in the accompanying schedule of findings and questioned costs.

Compliance

96-3 Recommendation - The Primary Government should have provided the requirements of the Louisiana Budget Act to all responsible parties and instill the importance of complying with all aspects of the law.

Management's Response - Unresolved, see finding 97-3 in the accompanying Schedule of Findings and Questioned Costs.

Section II - Internal Control and Compliance Material to Federal Awards

Internal Control

96-4 Recommendation - The First Planning District should have assigned someone independent of the review, approval and processing of cash disbursements receive the bank statements unopened and review the canceled checks and statements for unusual items.

Management's Response - Unresolved, see finding 97-4 in the accompanying schedule of findings and questioned costs.

96-5 Recommendation - The Accounting Department should reconciled reports submitted to federal awarding agencies to the general ledger so as not to jeopardize funding of the various programs.

Management's Response - Unresolved, see finding 97-2 in the accompanying schedule of findings and questioned costs.

Compliance

All Programs

96-6 Recommendation - The Primary Government should have complied with the documentation requirements of OMB Circular A-87 for direct billing of self-insurance premiums.

Management's Response - Unresolved, see finding 97-6 in the accompanying schedule of findings and questioned costs.

96-7 Recommendation - The Primary Government should have complied with the documentation requirements of OMB Circular A-87 for allocating salary and wages to federal programs.

Management's Response - Partially resolved, see finding 97-9 in the accompanying schedule of findings and questioned costs.

Section II - Internal Control and Compliance Material to Federal Awards (Continued)

Compliance (Continued)

All Programs (Continued)

96-8 Recommendation - Fixed assets purchases should have been included by the Accounting Department in the listing of the First Planning District, detailing the funding source, cost, date purchased and asset description in accordance with the provisions of OMB Circular A-87.

Management's Response - Unresolved, see finding 97-7 in the accompanying schedule of findings and questioned costs.

Section 8 Rent Subsidy

96-9 Recommendation - All tenant files are to be reviewed by responsible personnel during the annual recertification process for required documents and tenant and landlord allowances be reviewed for accuracy.

Management's Response - Resolved, the parish government has assigned an internal auditor to perform procedures that would eliminate the majority of these types of errors.

96-10 Recommendation - Proper documentation are to be maintained by responsible personnel for the preparation of reports projecting estimates in housing assistance payments and tenant rental payments.

Management's Response - Resolved, the parish government has been following the procedures prescribed by the federal program to estimate the annual cash needs which resulted in excess cash on hand at year end.

Section 8 Housing Vouchers

96-11 Recommendation - All tenant files are to be reviewed by responsible personnel during the annual recertification process for required documents and tenant and landlord allowances be reviewed for accuracy.

Management's Response - Resolved, the parish government has assigned an internal auditor to perform procedures that would eliminate the majority of these types of errors.

Section II - Internal Control and Compliance Material to Federal Awards (Continued)

Compliance (Continued)

Section 8 Housing Vouchers(Continued)

96-12 Recommendation - The Primary Government should have maintained proper documentation for the preparation of reports projecting estimates in housing assistance payments and tenant rental payments.

Management's Response - Resolved, the parish government has been following the procedures prescribed by the federal program to estimate the annual cash needs which resulted in excess cash on hand at year end.

Day Care Home Program

96-13 Recommendation - The Primary Government should have agreed the reports filed with the granting agency to the general ledger and any differences should have been documented.

Management's Response - Unresolved, see finding 97-5 in the accompanying schedule of findings and questioned costs.

Community Service Block Grant

96-14 Recommendation - The Primary Government should have agreed the reports filed with the granting agency to the general ledger and any differences should have been documented.

Management's Response - Unresolved, see finding 97-5 in the accompanying schedule of findings and questioned costs.

Section III Management Letter

96-15 Recommendation - Cash and checks received for the payment of beer and liquor permits should be forwarded to the accounting department for processing and deposited on a daily basis. Also, pre-numbered receipts should be completed for all payments received for these permits.

Management's Response - Resolved, the Parish Government now uses pre-numbered beer and liquor permits.

Section III Management Letter (Continued)

96-16 Recommendation - Separate time and attendance reports should be developed for the public works department which would provide greater detail of the work performed by parish employees. This would enable the parish government to capture all cost on a project by project basis.

Management's Response - Unresolved, see Management's Corrective Action Plan finding 97-10.

96-17 Recommendation - A lease should be drawn up and executed with Mobile Oil Co. for lease of land to replace the original lease which expired in 1994.

Management's Response - Resolved.

MANAGEMENT'S CORRECTIVE ACTION PLAN

St. Bernard Parish Government

For the year ended December 31, 1997

Section I - Internal Control and Compliance Material to the Primary Government's General Purpose Financial Statements

Internal Control

97-1 Recommendation - The First Planning District should assign someone independent of the review, approval and processing of cash disbursements to receive the bank statements unopened and review the canceled checks and statements for unusual items. We understand that this recommendation from the previous audit is being followed but not on a consistent basis.

Management's Corrective Action - The JTPA office has implemented a procedure for a person to review the bank statements on a monthly basis as of June 1998 as suggested by the external auditors.

97-2 Recommendations - The Accounting Department should review all completed federal reports to ensure reconciliation between the report and the general ledger.

Management's Corrective Action - The Human Resource Department did experience a problem with one close out report in 1997 that was not reviewed by the Finance Department because of annual leave taken. However, a corrected report was filed and the matter was eliminated. The finance department has separate the programs into different individual funds for 1998. This will allow for more accurate record keeping for the individual programs.

Compliance

97-3 Recommendation - The Primary Government should provide the requirements of the Louisiana Budget Act to all responsible parties and instill upon them the importance of complying with all aspects of the law.

Section I - Internal Control and Compliance Material to the Primary Government's General Purpose Financial Statements (Continued)

Compliance (Continued)

97-3 (Continued)

Management's Corrective Action - Due to the lengthy process of amending the budget, it is very difficult for the Parish to administer amendments to the budget that occur late in the fiscal year and have them implemented prior to year-end. The Parish could amend the budget after year-end, but the only benefit to the Parish would be to remain within the 5% margin. The variances stated in Exhibit I are minor, however, the administration will make every effort to adhere to all requirements of the Louisiana Budget Act.

Section II - Internal Control and Compliance Material to Federal Awards

Internal Control

97-4 Recommendations - The First Planning District should assign someone independent of the review, approval and processing of cash disbursements to receive the bank statements unopened and review the canceled checks and statements for unusual items. We understand that this recommendation from the previous audit is being followed but not on a consistent basis.

Management's Corrective Action - The JTPA office has implemented a procedure for a person to review the bank statements on a monthly basis as of June 1998 as suggested by the external auditors.

97-5 Recommendations - The Primary Government should establish separate fund accounts for each of the various programs administered by the Human Resources Department. The persons responsible for the preparation of reports for federal agencies or pass-through agencies should coordinate the results with the Finance Department before submission.

Management's Corrective Action - The Human Resource Department did experience a problem with one close out report in 1997 that was not reviewed by the Finance Department because of annual leave taken. However, a corrected report was filed and the matter was eliminated. The finance department has separated the programs into different individual funds for 1998. This will allow for more accurate record keeping for the individual programs.

Section II - Internal Control and Compliance Material to Federal Awards (Continued)

Compliance

97-6 Recommendations - The Primary Government should comply with the documentation requirements of A-87 with respect to self-insurance fund as follows:

- There should be fund financial statements which include a balance sheet and statement of revenues and expenses.
- A summary of billings and claims paid by each participating fund.
- A listing of all non-operating transfers into an out of the fund.
- A listing of the types of risk covered by the fund (e.g., automobile liability, workers compensation, etc.).
- A description of how premiums are calculated to be charged to participating funds.
- There should be a certificate by the responsible government official that billing from the self-insurance fund are in accordance with OMB Circular A-87.

Management's Corrective Action - It is the opinion of the auditors that the Parish Government should consider retaining the services of an actuary to estimate the costs associated with the insurance program. The administration has considered this suggestion and has concluded that its method of cost estimates are more than adequate (see Note 17) and that the use of an actuary would be an additional cost with little benefit.

97-7 Recommendations - The fixed asset inventory records should be updated to record the equipment purchased and the property control specialist should maintain proper records to comply with OMB Circular A-87.

Management's Corrective Action - JTPA has reconciled their inventory, fixed asset listing, and financial records as of June 1998. The audit finding has been rectified and should not occur in the future.

97-8 Recommendations - The Primary Government should provide the First Planning District sufficient funding to operate the cost reimbursement programs.

Section II - Internal Control and Compliance Material to Federal Awards (Continued)

Compliance (Continued)

97-8 (Continued)

Management's Corrective Action - JTPA is working with all programs in an effort to receive funding in a more efficient manner. JTPA is also conferring with the Parish government to receive seed money to resolve the cash flow restrictions imposed on the programs. A decision should be made by the Parish Government by the end of 1998.

97-9 Recommendations - The Primary Government should implement a policy requiring all federal program managers to maintain compliance with the applicable sections of A-87 with respect to the documentation of salaries and wages.

Management's Corrective Action - Administration has received written approval from its cognizant agent (HUD) as to its current allocation method of salaries and wages. Circular A-87 states that "Substitute system for allocating salaries and wages to Federal awards may be used in place of activity reports. These system are subject to approval if required by the cognizant agency." Based on this approval the administration feels it is compliance with the requirements of Circular A-87.

Section III Management Letter

97-10 Recommendation - The Parish Government should develop separate time and attendance reports for the public works department which provides greater detail of the work performed by public works employees.

Management's Corrective Action - When the new reporting model is introduced we will review the requirements and implement the needed changes.